

Nefe Digest

January/February 2004

A Publication of the National Endowment for Financial Education



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A Publication of



Pro Bono Financial Planning Project Nears Launch

The Project for Financial Independence, the nation's first multi-organizational pro bono financial planning effort, will take another step toward full implementation with a controlled launch beginning in January. The groundbreaking project, which will offer free financial guidance to individuals who cannot afford a financial advisor, or who are facing an immediate or unusual financial need, has been in development since August 2001 under the leadership of the National Endowment for Financial Education® (NEFE®). Joining NEFE in

the effort are the American Institute of Certified Public Accountants (AICPA), Certified Financial Planner Board of Standards (CFP Board), Financial Planning Association (FPA), National Association of Personal Financial Advisors (NAPFA), and Society of Financial Service Professionals (SFSP).

When completed, the project will use a dedicated Web site as the primary vehicle to link volunteer financial advisors and individuals who qualify for no-cost financial assistance. During the controlled launch, the site will be

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Collaboration Provides College-Bound Youth with Financial Education

NEFE recently collaborated with EDFUND, the nation's second leading provider of student loan services, to create the financial guide *Credit for College: Tools for Managing Your Money*. Although EDFUND is in the student loan business, the publication goes well beyond the subject of borrowing. The booklet emphasizes the importance of attending college, researching financial aid alternatives, banking, budgeting, and planning for long-term success.

"The booklet combines information about college planning with insight on financial management and does it in a way that captures both the eye and the imagination of young people," said Brent Neiser, NEFE director of

Collaborative Programs. "With this tool, a student can determine what it will take to get into college and, just as important, what options are available to help pay the costs."

According to Dana Callihan, EDFUND vice president of external relations, the information in the guide covers a vast array of money management topics. "It isn't just about funding higher education, but also about being successful in terms of handling finances while attending college," she said.

Throughout its 24 pages, the booklet uses color, tables, and stylized graphics to emphasize its messages. It lists career options and salary ranges for various levels of education. The guide

also suggests ways to overcome barriers to attending college, from poor grades to lack of funds. A chapter on budgeting includes several worksheets to help students develop a spending plan. The publication's final pages include a list of information resources and a section titled "My Handy College Checklist." This section lists activities for each year of high school to help prepare a student for college in academic, financial, and psychological ways.

To create the guide, EDFUND covered the costs and management of both design and printing, while NEFE contributed research, writing, and project management. *Credit for College* is reaching well over half a million high school students with its dual message about the value of college and the role of money management in financing education.

Headquartered in Rancho Cordova, California, EDFUND processes more than \$5.5 billion in student loans annually. Copies of *Credit for College* and additional information about EDFUND are available through the organization's Web site at www.edfund.org.

Economic Independence Fund to Support Financial Literacy Projects

For the fifth year in a row, the American Express Foundation and NEFE will jointly administer the American Express Economic Independence Fund. Through The Fund, American Express will grant a minimum of \$500,000 in 2004 to community organizations. The grant money will support projects and programs that deliver financial education to underserved adult populations.

Applicants to The Fund grants program are encouraged to consult the Financial

Education Clearinghouse, located on the NEFE Web site, as a resource to identify curricula and teaching materials for use in their projects. The Clearinghouse was developed as a component to The Fund, and provides a comprehensive list of financial resources available for use by nonprofit organizations in the delivery of money management education programs. For more information, log on to the Multimedia Access section of the Web site, at www.nefe.org, and click on Financial Education Clearinghouse.

Community organizations interested in applying for an Economic Independence Fund grant should view the Request for Proposals, which will be posted to the NEFE Web site, beginning January 10, at www.nefe.org/amexeconfundrfp. In addition to the application guidelines, the Web site also contains answers to frequently asked questions and a list of common application mistakes. All applications to The Fund grants program for 2004 must be postmarked on or before March 5.

Project for Financial Independence Approaches Launch

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made available to qualified financial advisors who have expressed an interest in volunteering their services. The site also will be made available to three national nonprofit organizations that will help NEFE field test the project before it is introduced to the general public. During the controlled launch, Habitat for Humanity, Mothers Against Drunk Driving, and Volunteers of America will identify clients who could benefit from no-cost financial advice. These organizations then will help the individuals schedule a meeting with a volunteer advisor from one of the four participating financial services membership organizations (AICPA, FPA, NAPFA, and SFSP).

“During the past year, we have worked intensively to define the roles and responsibilities of participants, refine the Web site, develop resource materials, and recruit financial advisors,” said Nan Mead, director of Communications at NEFE and chair of the Project for Financial Independence task force. “Now, we’re ready to test the project on a national level with these three charitable organizations. When we are confident that the appropriate mechanisms are in place, including sufficient numbers of volunteers to ensure that the project is running smoothly, we’ll add additional nonprofits during 2004. At the end of the test year, we will ascertain if the project is ready to go public,” she said.

When the Web site is officially launched, it will not only link clients to advisors, but also serve as an information source for advisors, clients, nonprofit groups interested in joining the effort, and members of the public.

“Even if someone does not qualify for one-on-one counseling, he or she will be able to take advantage of the personal finance information and resources on the Web site,” Mead explained. “We also will provide financial advisors with suggested meeting agendas, worksheets, and tips to make their volunteer



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-Nan Mead, NEFE director of Communications

experience both easy and effective as they give advice on cash flow, budgeting, debt, the handling of important financial documents, and more.”

Clients who may qualify for pro bono assistance under the Project for Financial Independence include:

- Low-income individuals
- Individuals who are facing a financial crisis (for example, a natural disaster, long-term illness, death of a family member, eldercare crisis, job loss, etc.)
- Individuals who are struggling with significant indebtedness or recovering from bankruptcy
- Enlisted military personnel

In 2002, the Project for Financial Independence underwent a small pilot in Denver with the assistance of local chapters of the American Cancer Society and Volunteers of America. During the pilot, financial advisors spent a day volunteering their time to clients of these organizations.

“The pilot far exceeded not only our expectations, but also those of the charitable organizations, advisors, and clients,” Mead said. “It was truly gratifying to see how far a relatively small amount of basic personal finance information can go toward changing people’s lives. The Project for Financial Independence will provide an avenue for critically needed advice that many individuals may never be able to access otherwise.”

Financial advisors seeking pro bono opportunities with the Project for Financial Independence must be members in good standing of the AICPA, FPA, NAPFA, or SFSP, abide by the codes of ethics and policies of their membership organizations, and sign an agreement that they will volunteer their time and services at no cost to the client.

Interested advisors should contact the appropriate membership organization from the list provided below:

- AICPA: (212-596-6200)
- FPA: (800-647-6340)
SupportCenter@fpanet.org
- NAPFA: (800-366-2732)
- SFSP: (800-927-2427),
probono@financialpro.org

Please do not call NEFE or CFP Board, as they are not membership organizations.

Holiday Closings

NEFE will be closed January 1 for New Year’s Day and February 16 for Presidents Day.

5299 DTC Boulevard
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NEFE Signs New Grant Agreement

The NEFE Board of Trustees recently awarded a \$70,369 grant to support the development of personal financial management materials for newly married couples and first-time parents.

The recipient and the project are:

**Tufts-New England Medical Center,
Boston, Massachusetts
(Marcia M. Boumil, MA, MS, JD, LL.M,
Associate Clinical Professor,
Department of Pediatrics)
“New Families—New Finances:
A Concise Program of Money Management”**

Marriage and childbirth are two important adult milestones that often force people to assess their patterns of consump-

tion and saving. Unfortunately, many newlyweds and new parents do not have concrete economic guidance, and therefore fall victim to financial pitfalls. Through this project, financial education tools will be developed to provide this much-needed guidance.

Tufts will conduct a literature search and focus group research to identify common financial issues among newly married couples and first-time parents. With the help of the NEFE grant, the organization then will develop a booklet for each target audience to aid readers in managing financial matters unique to their changed family status.

This project is scheduled for completion in October 2004. It was submitted in response to a Request for Proposals (RFP). To view other NEFE RFPs and the grant guidelines, log on to the Innovative Thinking section of www.nefe.org.