

Nefe Digest

July/August 2008

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Realities of Latinos Saving for Retirement in America

Did you know that Latino workers are more likely than other ethnic groups to rely heavily on Social Security for their retirement income? It's true — Latinos also are far less likely to be covered by employer-provided pensions or to be contributing to employer-based retirement savings plans. And, with limited individual assets, Latinos remain more vulnerable than other groups to low income and poverty.

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NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

Realities of Latinos Saving for Retirement in America

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The National Endowment for Financial Education® (NEFE®) and its grant to the University of Notre Dame, titled *La Tercera Edad: Latinos' Pensions, Retirement, and Impact on Families*, looks into the multiple causes and effects of Latinos' lack of preparedness for retirement. View the entire report at www.nefe.org/Grantmaking under the Awarded Grants section.

"If you have good work, then you are able to save. But for people like us, the pay was insufficient even to pay the rent. There isn't a way to save for retirement. You have all of these bills to pay."

– Retired participant

"Good work leads to good pay which leads to good retirement."

– Senior citizen

"Mommy, I love you, I adore you, but I'm not going to do for you what you are doing for Grandmother."

– Daughter saying to her mother who is taking care of her mother

"Our parents thought of us as their retirement. We are all here [in the United States]. We send money home. It is the custom. We're accustomed to it. But we see there is another custom here."

– Woman helping take care of her parents

In addition to analyzing data from two nationally recognized surveys, the Notre Dame researchers held several focus groups with 31 Latinos who are either taking care of their retired parents or are retired themselves. The participants told the NEFE grantees:

NEFE REQUESTING PROPOSALS

In a new initiative, NEFE is asking researchers directly for research proposals on the best teaching methods for various underserved audiences. NEFE defines underserved audiences as those for whom there are real or perceived barriers — whether social, material, educational, or motivational — in achieving financial independence. After the research is complete, NEFE will develop a best practices model of teaching methods specific to each group. Stay tuned to future *Digests* to hear more about this project.

The Coming Storm:

Americans are quickly coming to a retirement crossroad. One side contains a society overwhelmed by people unprepared for retirement. On the other side, people happily live in retirement because they have prepared themselves for it. Unfortunately, it is becoming apparent that without a concentrated effort to engage Americans in their retirement decision making process, a national crisis looms.

Currently, many in Middle America (see definition to right) do not have the financial resources, preparation, support systems, or protections to sustain increasingly lengthy retirements. People in this demographic tend to take Social Security too early and many do not always understand how to best manage their limited retirement assets. Exacerbating the issue, attitudes about money often are confused and complicated by deep-set feelings of spending pressure, financial insecurity, and unrealistic expectations. At this critical junction, NEFE is stepping in to help more Americans not only prepare for retirement, but make wise financial decisions during retirement as well.

"The undersaved, underengaged, and underadvised of this country are trying to survive on literally nothing but Social Security for decades," said Brent A. Neiser, CFP®, director of

Middle America's Looming Retirement Crisis

NEFE's Strategic Programs and Alliances, and chief organizer of NEFE's Retirement Income Decumulation Think Tank held in December 2007. "They need simple, accessible messages — based on research — to give them direction and confidence when making retirement decisions."

Neiser presented some preliminary think tank messages for Middle America at an AARP Retirement Security Conference in Washington, D.C., in May. He noted that "as a nation we must rethink and reposition the very notion of retirement, deemphasizing early retirement as a symbol of success and, in most cases, encouraging people to work longer, save more, and delay taking Social Security."

NEFE staff members currently are researching and refining messages, and implementing engagement strategies related to the think tank. The *Digest* will continue to update readers. Look to the September/October issue for the next installment titled *A National Call to Action: Critical Outcomes for America* in our series on the Retirement Income Decumulation Think Tank.

DEFINITIONS

Middle America: This demographic includes more than half of the nation's households whose combined pre-retirement income is between \$30,000 and \$100,000.

Decumulation: The process of spending and managing your retirement income and assets.



Faces behind NEFE **Londell Jackson; Grants and More**

With only 21 staff members, NEFE is about the size of two small soccer teams. And like a soccer team, every position is crucial to the success of NEFE. However, some players tend to be more recognizable than others. In the upcoming issues, the *Digest* will be showcasing our “behind the scenes” team members who support NEFE’s programs and activities, such as grantmaking, media relations, Web strategy, collaborations, HSFPP, and CashCourse. To start off the series, we would like to introduce Londell Jackson, the assistant director of Grants and Research at NEFE.

Londell Jackson has devoted most of his professional life to the nonprofit sector and has worked diligently at NEFE to help award inspiring financial education grants and research. On a daily basis, Londell manages a wide variety of current active grants for NEFE and helps administer grants for the Foundation for Financial Planning and the FINRA Investor Education Foundation.

In addition to his work at NEFE, he recently was elected to the board of directors for the Grants Managers Network, an association for foundation professionals responsible for grants management, and was named co-chair of its Program Committee. Londell also was appointed commissioner for the Denver Office of Strategic Partnerships. The organization acts as a connecting bridge between the City of Denver and its nonprofit and philanthropic organizations to improve everyone’s quality of life. NEFE wishes to congratulate and recognize Londell’s great achievements both in and out of the workplace.

Londell, if you were to describe your job to a fifth grader, what would you say?

Londell: Let’s say you wanted to learn about how to make a better, safer, and more fun playground. You would come to me and if my organization thought it was a good idea, we would give you money to study it. Once you learned what would make the best, safest, and most fun playground, we would help you build that playground and then encourage others to build them, too. That’s what I do, except instead of studying playgrounds, I deal with learning more about financial education.

In terms of your work at NEFE, what would you say has been the achievement you’re proudest of?

Londell: I’m proud of the work I’ve done with my team

to establish an active grants portfolio in such a short time here at NEFE. In less than 18 months, we have solved the few existing problems and now are moving forward with strong and extraordinary grantees.

What would you say you would most like to accomplish at NEFE?

Londell: I’d like to help NEFE create a stronger presence here in Colorado. Having worked within Colorado’s nonprofit sector for more than 10 years, I know there are many organizations that would benefit from a partnership with NEFE.

What do you like most about nonprofit work?

Londell: This is work that benefits people and improves everyone’s quality of life. In a way, it’s like building the better playground.

Describe one memorable NEFE program that you have witnessed.

Londell: That would have to be the project with Dr. Ruby Beale at Hampton University. Far too often, funders are not able to witness the projects they have funded and the good that comes from them. This project was especially memorable because Ruby created an atmosphere where people readily talked about very intimate details of their life — their finances — in a public place. It’s indescribable how quickly and effortlessly she and her student facilitators put everyone at ease and helped them get better at managing money. The project was almost completed by the time I joined the NEFE staff, but in seeing the finished product, I gained a whole new appreciation for NEFE’s work.

If you are interested in learning more about Londell Jackson’s department, visit www.nefe.org/Grantmaking.

Credit Union Foundation Spreads High School Program Across Texas

For Kathy Crim, the NEFE High School Financial Planning Program® (HSFPP) is much more than just a tool she uses in her job as education director for the Texas Dow Employees Credit Union (TDECU) in Victoria, Tex.

“NEFE has given me a purpose in life...created a passion,” says Crim. “That is what I take into the classroom each day.” She adds that there is a “joy” in being able to instill in a young person something important that will help him or her have a better life.

Crim started promoting and teaching the HSFPP curriculum about 10 years ago, after finding a box of NEFE materials in a credit union closet. She refers to that box as the “treasure chest” that changed her life. Since starting in 1998, Crim has spent most of her days in one classroom or another, reaching more than 100,000 students and receiving numerous awards for her efforts. Crim started the HSFPP in Lake Jackson, TDECU’s home office, but has since moved to Victoria to branch out to the credit union’s other communities throughout Texas.

Today, Crim is part of a group called the Project NEFE Network, whose mission is to bring the HSFPP to all corners of the Lone Star State. The Texas Credit Union Foundation created the Network to facilitate NEFE train-the-trainer events and present in classrooms throughout Texas. The full-day trainings prepare participants — typically credit union employees, community groups, teachers, and parents — to go back into their communities and classrooms, and implement the High School Program or train others to do so.

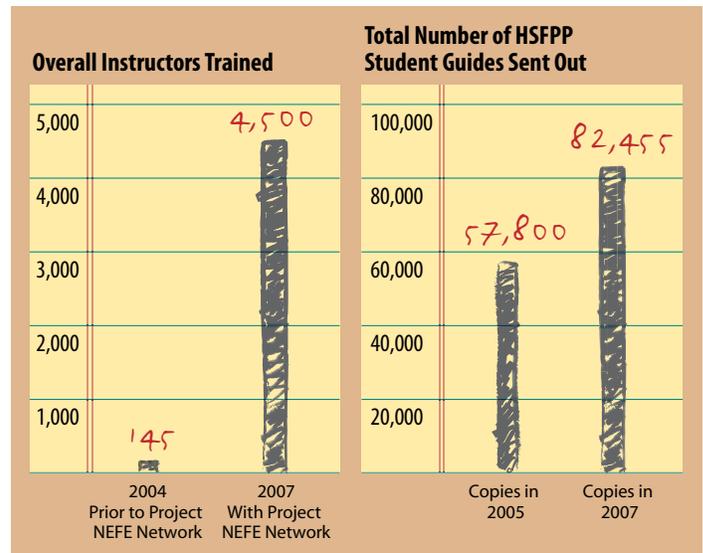
“What these ambassadors are doing is so very important for youth and the foundation,” says Courtney Nickles, the foundation’s associate director and lead trainer. The Network’s 65 volunteers — up from 15 just a year ago — are strategically

“NEFE has given me a purpose in life...created a passion. That is what I take into the classroom each day.”

dispersed throughout the state. This makes it possible for the foundation to serve all parts of Texas, something its small staff couldn’t do on its own.

Jill Pharr, executive director of the foundation, says “financial education outreach is critical, especially in a time like this.” She also points out that, “from a practical standpoint, [the HSFPP] is an award-winning, academically acclaimed product that is available free of charge, in an economy where everyone is having to cut back.”

The foundation and Network members have had great success getting into schools, but Crim assures advocates



new to the effort that even a single individual can make a difference. Her approach has been to write an introductory letter to the school superintendent, and then to walk into a school and introduce herself and the program to the secretary and principal. If she gets permission, she puts flyers into the teachers’ mailboxes.

“Once you get into one classroom, then all the other classrooms want you,” she says. “Teachers and parents love us talking to their kids about money.”

How You Can Help

For those inspired to join the drive to get financial education into every state’s schools, the timing couldn’t be better. The NEFE curriculum, which meets education standards in all 50 states, is now easier than ever for teachers to implement. And, NEFE provides program information kits to share with local school administrators, teachers, or

curriculum coordinators.

Of course, you don’t have to go it alone. Contact your state’s credit union foundation, a local credit union, your county’s Cooperative Extension Service, or NEFE to discuss what efforts are in place — or are needed — and how you can get involved.

Or, get in touch with the Texas Credit Union Foundation. “There’s no reason to reinvent the wheel,” says Pharr. “We’d be more than happy to share information.”

Learn more about the HSFPP at hsfpp.nefe.org.

Getting Down to Business

“The use of jargon... which is ubiquitous in financial journalism, is a barrier between me the broadcaster and you the audience.”
— Stuart Varney, FOX Business News

That is what broadcasters call the “take away” sound bite from a NEFE-sponsored panel at this year’s Radio-Television News Directors Association annual convention in Las Vegas. The conference draws thousands of broadcasters from all across the country, a perfect opportunity according to NEFE president and CEO Ted Beck, “to help them understand how to report business stories to a diverse audience

that in many cases knows little about their own finances.”

It is no secret that most broadcasters shy away from business reporting. It’s complicated. Subprime mortgages, structured investment vehicles and injection of liquidity are all terms that seem designed to confuse rather than to clarify. But Denver-based KUSA-TV news director Patti Dennis is a believer, like Varney, that the killer is jargon. “What

I have to be able to do is tell them [the reporters] to start over as if I didn’t have any idea what they’re talking about.”

Dennis not only talks about the need for good, clear business reporting, her station follows through with the money to accomplish it. Dennis hired her first business reporter at KUSA 17 years ago and recently added a second. Very few stations have even one business staffer,

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The NEFE-sponsored panel at the Radio-Television News Directors Association convention included (left to right) Patti Dennis, Lynn Jimenez, Carrie Schwab Pomerantz, and Stuart Varney.

Taking the Challenge Throughout America

The newly formed President’s Advisory Council on Financial Literacy has recommended that the Department of the Treasury challenge U.S. students to learn more about personal finance. This challenge comes in the form of the 2008 National Financial Literacy Challenge, a voluntary, 35-question test that high school students can take to earn recognition of their financial knowledge.

It was offered online through May 16, 2008, and there was no fee to participate. Approximately 2,000 classrooms registered to participate and 46,000 students took part in the test. NEFE helped promote the Challenge to teachers through the NEFE High School Financial Planning Program® (HSFPP) national network and to teachers who recently ordered the HSFPP.

Ten of America’s most financially

savvy high school students were rewarded with scholarships and a two-day, all expenses paid visit to Washington, D.C., in June, courtesy of the Charles Schwab Foundation.

“The Challenge has been a positive, motivational exercise for many high school students to learn about their personal finances,” said Ted Beck, president and CEO of NEFE and member of the President’s Council. “I was inspired by the knowledge and leadership potential

of the deserving winners of the Schwab scholarships.”

The Challenge was developed by the U.S. Department of the Treasury in consultation with economists and The Jump\$tart Coalition for Personal Financial Literacy, Junior Achievement USA, the National Council on Economic Education, and NEFE. The Challenge will run again in the fall. More information on the test will be available at www.nefe.org or the Treasury’s Web site at www.treas.gov.

NEFE CEO APPOINTED TO OUTREACH COMMITTEE OF PRESIDENT’S COUNCIL

Ted Beck, president and CEO of NEFE, recently was appointed as the leader of the Committee on Outreach by Charles Schwab, Chairman of the President’s Advisory Council on Financial Literacy. Beck will help set the goals for the Council’s outreach in the upcoming months and also will serve as a member of the Youth Committee. President Bush established the advisory council in January to focus on expanding Americans’ access to financial services and increasing financial education for youth in school and for adults in the workplace.

For more information on the work of the Council and its committees, visit www.nefe.org/PublicPolicy and look for the box on the right hand side.

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Getting Down to Business *Continued from page 5*

usually relying on a general assignment reporter who may cover a five-alarm fire one day and the voluminous intricacies involved with the merger of two local corporate giants the next.

But like Dennis of KUSA, business reporter Lynn Jimenez of San Francisco-based KGO-AM radio, says her station also recognizes the need for concise reporting of local business issues. Jimenez says it is imperative for reporters to have a fundamental understanding of the economy and business jargon so they can “translate it” into regular everyday language. Her personal goal? Jimenez says it is to write in such a way that “no one who listens to my reports will feel bored or stupid.”

If the use of jargon is the largest barrier facing reporters and business executives trying to communicate with the listener, the most important financial issue may be credit and savings. Carrie Schwab Pomerantz, chief strategist for consumer education at Charles Schwab & Co., Inc., says “too many Americans are simply drowning in debt, with too little saved for retirement. And students just getting out of college have their own set of problems. The average grad leaves school about \$20,000 in debt.”

But for his part, Varney says business reporting has been getting better over the last five to 10 years because of two reasons. Reporters, he says, are learning more about business and personal finance, thanks to groups like NEFE. Secondly, Varney says, “it’s no longer just the facts. Our job today is to explain the context of what it means to our audience.”

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The mission of the National Endowment for Financial Education is to help Americans acquire the knowledge and skills necessary to take control of their financial destiny.

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