

Nefe Digest

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Many Americans fear their retirement years will be anything but golden. According to a 2010 Retirement Confidence Survey from the Employee Benefit Research Institute (EBRI), 46 percent of American workers say they don't feel confident they'll have enough money to live a comfortable retirement.

And the latest retirement savings statistics are enough to shake anybody's confidence.

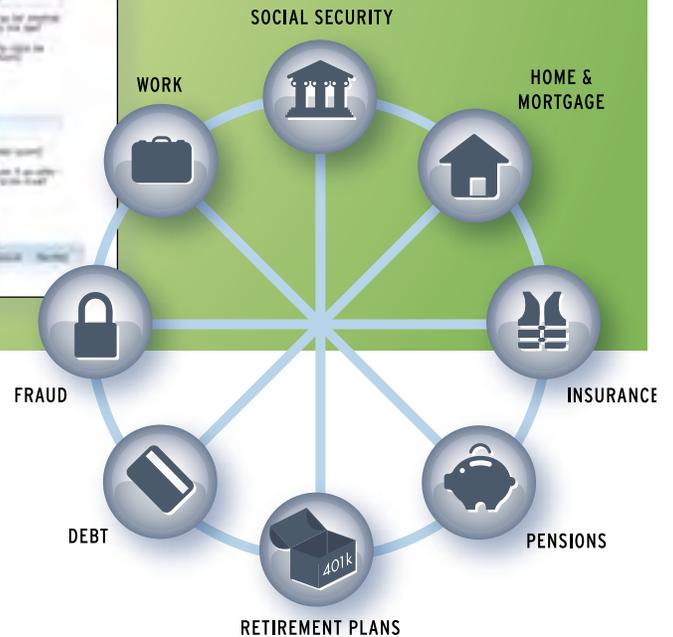
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NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION



The newly redesigned www.myretirementpaycheck.org (left) features eight interrelated decision-making areas (below) for retirees to consider.



NEFE Site Empowers Retirees
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EBRI found that 78 percent of American workers and 73 percent of retirees have saved less than \$100,000 for retirement. And 43 percent of American workers and 42 percent of retirees have retirement savings of \$10,000 or less.

“Americans who have saved far less than expected for retirement will need to be especially mindful of retirement planning decisions and how those decisions impact each other,” says Brent Neiser, CFP®, director of strategic programs and alliances at NEFE. “They need a resource that will give them the bigger picture.”

That’s where NEFE’s newly redesigned website, www.myretirementpaycheck.org, comes in.

Aiding all Retirees

Whether you’ve saved a lot or a little for retirement, *My Retirement Paycheck* will show you smart ways to pay yourself throughout retirement with the money you have.

“There’s no prejudgment in the approach,” Neiser says. “The site is designed for people who have saved — and for the vast majority of Americans who have under-saved — for retirement.”

The website, first launched in April 2009 as www.decumulation.org, has its roots in the landmark Retirement Income Decumulation Think Tank, which NEFE convened in December 2007. The think tank focused on the retirement needs of Americans with annual incomes of \$30,000 to \$100,000. Its goal: to develop easily understood principles to educate and empower middle-income Americans to make good choices with their more limited retirement resources.

The resulting site is a tool for building financial capability for consumers who are unlikely to pay a financial planner for professional advice.

“We provided a framework of thinking and perspective, a place where people really can feel comfortable and begin to act,” Neiser says.

A Holistic Approach

My Retirement Paycheck covers eight important decision-making areas related to retirement: Home and Mortgage, Social Security, Work, Insurance, Retirement Plans, Pensions, Debt, and Fraud. For each decision-making area, the site provides essential tips and guidelines, in-depth articles exploring special situations and considerations, and links to additional retirement resources.

“It’s very holistic,” says Mary Hoch, the strategic programs and alliances associate who helped develop the site. “None of these decisions are made in isolation. They work together.”

At *My Retirement Paycheck*, users can find resources to help them decide, based on their assets:

- When to start collecting Social Security benefits
- Whether to opt for early or phased retirement
- What kind of investments to maintain during retirement
- How to pay for medical care in their old age

And users can make those decisions without any commercial influences, because unlike many retirement sites, *My Retirement Paycheck* doesn’t have a product to sell.

“Our focus groups told us that having a safe, neutral site like *My Retirement Paycheck* was important to them,” Neiser says.

To learn more, visit www.myretirementpaycheck.org.

Reporting on Recovery

NEFE Backs Dialogue on Improving Coverage of a Changing Economy

The end of the first quarter 2010 was tricky economically, especially for those in the media charged with analyzing the current state of the economy for the general consumer.

At-odds information cropped up on both sides of the “recovery” fence. In March, journalists learned that sales of new single-family homes had climbed 27 percent over the previous month and manufacturing increased at its fastest rate in more than five years. At the same time, the Department of Commerce reported an unexpected fall in retail sales after a couple months on the rise.



(From left) John F. Wasik moderates as Stephen Happel, Kathy Kristof, and Ali Malekzadeh participate during NEFE's panel at the Society of American Business Editors and Writers (SABEW) Conference in Phoenix, Ariz. on March 19.

Credit: Evie Carpenter

What should journalists emphasize? And when are they missing the mark?

On March 19, NEFE brought together some of the nation's top economists and finance-focused professionals to discuss reporting of the recovery at the 2010 Society of American Business Editors and Writers (SABEW) conference hosted at Arizona State University's downtown campus in Phoenix, Ariz.

The panel session “Getting it Wrong: What journalists are missing in coverage of the stimulus and recovery” continued the dialogue NEFE began in a 2009 SABEW session, which examined the economic meltdown in great detail. Three experts offering a range of perspectives led the 2010 event:

- Stephen Happel, Ph.D., professor of economics at Arizona State University

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— Ted Beck

- Kathy Kristof, personal finance columnist for Tribune Media Services
- Ali Malekzadeh, Ph.D., dean of the Williams College of Business at Xavier University in Ohio

John F. Wasik, freelance journalist, speaker, and author, moderated the discussion and interaction with the audience, which included reporters and editors of some of the nation's media leaders, including *The New York Times* and *CBS MoneyWatch*.

In an effort to skim the best reporting intelligence going forward, the panel ultimately advised several strategies for reporting on the recovery, including:

- Pressing sources to explain complex financial concepts until they can be reported on in ways that make sense to average readers
- Being careful not to desensitize readers through over-coverage so that important information sinks in
- Writing about the recovery from human-interest angles in ways that emphasize “why this matters to you”
- Developing more sources and relying more on expert, neutral sources such as universities and other noncommercial organizations

“It was inspiring to see some of our best financial minds gathered in one room sharing ideas on how we can do better at helping people understand economic realities and the impact of their financial decisions,” says Ted Beck, president and CEO of NEFE. “We're pleased to have the opportunity to stimulate dialogue that provokes the media and other thought leaders to help consumers responsibly navigate their financial lives.”

More Ahead: On April 13, NEFE sponsored another panel at a Radio and Television News Directors Association (RTNDA) convention. Read about the discussion in the July/August edition of the *NEFE Digest*.



Faces Behind NEFE: Margie Cheatum Keeping the Endowment on Track

Margie Cheatum had her hands in NEFE's books long before she actually was hired as Accounting Manager. While working at a Denver accounting firm, Cheatum assisted during the 1997 sale of the College for Financial Planning®, from which NEFE evolved.

"I thought, wouldn't it be cool to work for them [NEFE]," Cheatum remembers. In July, Cheatum officially joined NEFE and has since spearheaded another big move — an office relocation to downtown Denver.

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

I report about what goes in and out of the organization. The reports show what bills we have to pay and what earnings we have to pay those bills. I make sure everything is recorded in the right category, that the computer knows what the bank knows, and that the reports are up to date.

What has been an accomplishment you're most proud of from your time at NEFE?

I'm proud that I was able to streamline the budget process from many boxes of paper into a single standardized electronic format. I also felt I contributed significantly while coordinating, implementing, and overseeing some of the projects related to the office move in January.

What would you say you would most like to achieve while at NEFE?

I would like to continue to learn the inner working of the organization and grow with the company. And I'd like to accomplish any responsibility bestowed upon me with excellence.

What personally drove you toward financial education nonprofit work or nonprofit work in general?

I consider being part of the nonprofit world as energizing. During a previous job as an auditor, I worked with a lot of nonprofits. I enjoyed talking with the different clients and developing an understanding for their business. It was great timing for me that NEFE had an opening that fit my background.

Can you describe one special memory that you have from your work with NEFE?

There already are a lot of special memories. One, in particular, was a going-away party for one of our colleagues who moved out of the country. I work with a great group of people!

NEFE HIGH SCHOOL FINANCIAL PLANNING PROGRAM TAUGHT AT WHITE HOUSE



After years of implementation across the country, NEFE's High School Financial Planning Program® (HSFPP) reached the White House. On April 23, the State Dining Room transformed into a classroom as Arlington (Va.) Public Schools teacher Lisa Moore gave a 90-minute lesson on budgeting to 13 high school girls in First Lady Michelle Obama's mentorship program. The

program, designed to help Obama's mentees develop life skills, invited the HSFPP to demonstrate the importance of financial literacy.

On May 4, Moore returned to Washington, D.C. — this time to the Eisenhower Executive Office Building — to teach the same HSFPP lesson to a group of high school boys in President Barack Obama's mentorship program.

"These were really big days for NEFE and financial literacy," says John Parfrey, director of the HSFPP who attended both events. "After a journey of finding its way into the hands of 7 million students over 25 years, it's great for the HSFPP finally to make it to the White House!"

To learn more about the HSFPP, visit hsfpp.nefe.org.



HOLIDAY CLOSINGS

NEFE will be closed on May 31 for Memorial Day.

How Effective Are State Standards for Financial Education?

NEFE Research Puts High School Curriculum to the Test

Today, 46 states have financial education standards, up from 21 states in 1998, reflecting a clear trend that policymakers recognize the importance of high school financial education to the financial well-being of students and young adults. Yet, new research suggests that merely having a state standard is not enough.

In a study funded by the National Endowment for Financial Education® (NEFE)® and completed in December 2009, Dr. Michael Gutter of the University of Florida examined the relationship between exposure to varying state mandates about high school financial education and college students' financial savvy. Gutter found that to be most effective, states should go beyond standards to require a financial education course.

"Having any kind of state standard is associated with students having higher financial knowledge and behavior scores; so, clearly, having a standard is a positive start," says Gutter. "But having more rigorous policies in place seems to be a tipping point in our study for more positive outcomes."

Survey of States and Students

In 2008, Gutter electronically surveyed students at 15 geographically diverse college campuses across the U.S. to assess their financial knowledge, financial dispositions, and financial behaviors. Gutter then organized student responses by the type of high school financial education policy their college's state had in place. Each state fell into one of six categories, ranging from: states without standards and states with standards that were or were not implemented to states that required a financial education course, an assessment, or both.

Gutter characterized state policy categories as those that ideally would produce students with high levels of financial knowledge, positive financial dispositions (such as low materialism or low compulsive buying), and positive financial behaviors (such as paying off credit card balances fully each month or refraining from "maxing out" a line of credit).

Well-educated Students Led to Positive Financial Well-being

After analyzing data from 15,797 college students, Gutter found that students from states where a financial education course or assessment was required had the highest reported financial knowledge and were more likely to display positive

financial behaviors and dispositions. Compared to other students, these young adults were:

- More likely to save
- Less likely to max out their credit cards
- Less likely to make late credit card payments
- More likely to pay off credit cards fully each month
- Less likely to be compulsive buyers
- More likely to be willing to take average financial risk



"Because financial education is a key predictor of financial knowledge, and thus healthier financial behaviors, adopting state standards that require financial education courses is ideal," Gutter concludes.

NEFE President and CEO Ted Beck links the research to a broader goal within the financial literacy community. Beck says, "To ensure the financial health of our nation's young adults, we need to make sure our high school financial education programs are as effective as possible. NEFE continually assesses its own High School Financial Planning Program® (HSFPP), and we encourage policymakers to do the same."

To read the full research report, *Financial Management Practices of College Students from States with Varying Financial Education Mandates*, visit www.nefe.org/mandatesreport.

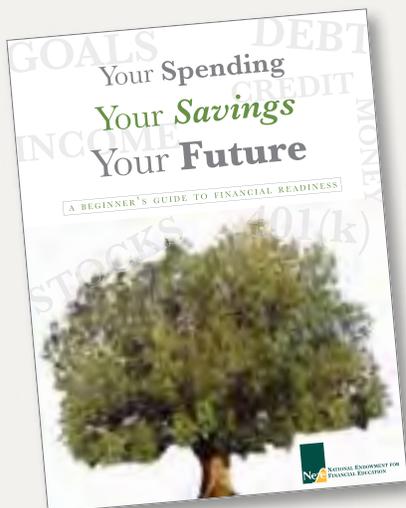
NEFE Debuts New Beginner's Guide to Financial Readiness

All-in-one Booklet Addresses Money Management Basics

Opening a checking account, maintaining a budget, and saving for the future are familiar concepts for many professionals, but countless Americans still need to learn the basics of money management. To help, NEFE introduced its third version of *Your Spending, Your Savings, Your Future: A Beginner's Guide to Financial Readiness*.

The booklet, available for download since March, serves as an easy-to-understand introduction to establishing financial stability and maintaining financial wellness. Topics covered in the resource include:

- Tracking spending
- Smart buying and time value of money
- Borrowing and managing debt
- Using credit cards and checking accounts
- Establishing savings and retirement plans
- Investing and goal setting



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Not only does the booklet include helpful information, but also it features charts, worksheets, and links to additional money management resources. This makes the booklet useful for a range of educational purposes, such as:

- pro bono financial planning seminars in the community
- implementation in the classroom or workplace
- family discussions and youth education on finances
- handout at financial literacy events

To download the booklet, visit www.smartaboutmoney.org/ysysyf.

For more information on NEFE, visit www.nefe.org.

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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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