

Nefe Digest

November/December 2010

NEFE CEO Appointed to President's Council on Financial Capability

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Ted Beck Tapped for Key Advisor Position



NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

President Barack Obama announced October 12 his intent to install a new council to help enhance the financial literacy and capability of the American people. Ted Beck, president and CEO of NEFE, is one of 12 appointees charged with advising the President's Advisory Council on Financial Capability.

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"I am honored to be appointed to the council and I commend President Obama for his commitment to this important issue," says Beck. "The need for improved financial capability has never been greater as Americans continue to struggle with their financial lives."

Increased Protections for Consumers

Beck and his fellow council members specifically will be charged with advising President Obama on financial education efforts; promoting financial products and services that benefit consumers — especially low- and moderate-income consumers — and promoting the understanding and effective use of such products and services.

"I look forward to working to improve the delivery of reliable education resources that instill in all Americans the capability to create a sound future for themselves and their families," says Beck.

The council also will play an important role in complementing recent financial protections instituted by the Obama administration, such as the Consumer Financial Protection Bureau (CFPB), the sole mission of which is to protect and empower consumers with clear and concise information they need to make financial decisions, and the U.S. Department of the Treasury's Office of Financial Education.

"I look forward to working to improve the delivery of reliable education resources that instill in all Americans the capability to create a sound future for themselves and their families."

– Ted Beck



Council Members

John W. Rogers Jr., chairman, CEO, and chief investment officer of Ariel Investments will serve as chairman of the council. Appointed vice chair is Lorraine Cole, currently an executive management consultant who served as the CEO of YWCA USA from 2006 to 2010. Joining Rogers, Cole, and Beck are:

- **Roland A. Arteaga**, president and CEO of the Defense Credit Union Council (DCUC)
- **John Hope Bryant**, chairman and founder of Operation HOPE, Inc.
- **Samuel T. Jackson**, founder, chairman, and CEO of the Economic Empowerment Initiative, Inc.
- **Richard Ketchum**, chairman and CEO of the Financial Industry Regulatory Authority (FINRA)
- **Beth Kobliner**, a personal finance commentator, journalist, and author
- **Addison Barry Rand**, CEO of AARP
- **Amy Rosen**, president and CEO of the Network for Teaching Entrepreneurship (NFTE)
- **Carrie Schwab-Pomerantz**, president of the Charles Schwab Foundation
- **Kenneth Wade**, CEO of NeighborWorks America

"I am confident that these highly qualified men and women will greatly serve the American people as they work to improve financial literacy and promote services that benefit consumers," said President Obama in announcing the appointment of the council. "I look forward to their sound advice on these issues as we work together in the months and years ahead."

President Obama says he will announce additional members to the council at a later date. Beck and his fellow council members expect their first council meeting to be scheduled in November in Washington, D.C. Look for updates on the council's activities in future issues of the *NEFE Digest*.

For more on NEFE's public policy activities, visit www.nefe.org/publicpolicy.

A History of Involvement

In January of 2008, Beck was appointed to President George W. Bush's President's Advisory Council on Financial Literacy. The 16-member council was charged with prescribing recommendations to the president and the U.S. Department of the Treasury on educating the public on matters related to their finances and futures. Shortly thereafter, Beck was appointed chair of the Committee on Outreach and a member of the Youth Committee, both of which worked to further the reach of financial literacy in America.

Smith Retires After 26 Years at NEFE



On September 30, Eileen Smith retired as NEFE's longest-tenured employee after 26 years serving the company in accounting.

"Eileen has been a mainstay in the administrative operations of the foundation," says Dave Kaus, chief financial officer of NEFE. "She has always been a superb employee and friend and we could always depend on her to get the job done."

Smith arrived at NEFE in 1984 while the company still was a part of the College for Financial Planning®. Since then, she has seen NEFE transition through the sale of the College, three office moves, and numerous programs and initiatives for financial literacy.

"I've enjoyed my work at NEFE, because I love doing this sort of thing. Numbers are logical and make sense to me," says Smith. "Beyond accounting, I've been able to help out in different departments, and I've made friends that I'll always stay in touch with."

During retirement, Smith plans to improve her golf swing, continue her quilting hobby, and work part time. She also looks forward to spending time with her grandchildren and husband, Don, and celebrating their 50th anniversary in two years with a family trip.

Neiser Recognized with Heart of Financial Planning Award

Brent Neiser, CFP®, senior director of Strategic Programs and Alliances for NEFE, received the Heart of Financial Planning Award on October 11 at the Financial Planning Association® (FPA®) Annual Conference in Denver. Neiser was one of eight individuals given the annual award, which recognizes professionals, firms, and organizations using their financial planning expertise to contribute and give back to the planner community and public.

FPA honored Neiser particularly for his enthusiasm and commitment to educating the public in all areas of personal finance. Neiser has been with NEFE for 15 years and has been involved with FPA through various task forces, advisory boards, and speaker roles.

"I feel deeply honored and affirmed with this professional recognition," says Neiser. "And I think it demonstrates that planner involvement in the community not only is increasing in relevance, but also is helpful in applying solutions for families and individuals."



Photo: Povy Kendall

Brent Neiser and Marv Tuttle, CAE, executive director and CEO of FPA, celebrate Neiser's Heart of Financial Planning Award at the awards ceremony on October 11 in Denver.

After receiving his award, Neiser spent the conference speaking with fellow planners about NEFE's new resource for pro bono community involvement, Financial Workshop Kits.

Learn more at www.financialworkshopkits.org.

What Have We Learned?

NEFE Commissions Review of 25 Years of Personal Finance Research



(left) Annamaria Lusardi, Ph.D. presents findings from her research group's analysis of learning strategies and (right) John Gannon shares his research group's findings on consumer trends on August 3 in Denver.



How do we effectively educate Americans on personal finance? It's a question NEFE and others in the financial literacy community have been grappling with for the past few decades. Researchers have studied consumer behavior, psychology, and values; teaching methods; learning strategies; and numerous other aspects of learning in an attempt to propel financial education forward.

With all that concurrent research going on, NEFE thought it was time to take a breath and collectively evaluate what, and how, we've all been doing. What have we covered? What have we missed? And most importantly, where should we go from here?

To ignite that discussion, NEFE invited many of the nation's top financial educators, practitioners, and researchers from nonprofit organizations, government agencies, and academic institutions to meet in Denver in early August and discuss at the *Implications of Research in Personal Finance* colloquium.

Condensing Years of Research

Before any discussion took place, NEFE first produced an analysis of financial education research to date, condensing findings from more than 1,400 research citations into four core themes:

- Consumer trends
- Key motivators for healthy financial behavior
- Successful learning strategies
- Evaluation and measurement of financial education programs



The leaders of the analysis were colloquium project leader, Tahira Hira, Ph.D., professor of Personal Finance and Consumer Economics at Iowa State University, and four teams of researchers, led by:

- John Gannon, president of the FINRA Investor Education Foundation
- Jing Jian Xiao, Ph.D., professor of Human Development and Family Studies at the University of Rhode Island
- Annamaria Lusardi, Ph.D., director of the Financial Literacy Center
- Lois Vitt, Ph.D., chair and founding director of the Institute for Socio-Financial Studies

Each team produced a white paper with recommendations for colloquium attendees to consider.

"We wanted to dig deep into our four main topic areas and, with the help of leaders in the field, create a baseline of what we know from the research and identify the gaps for future researchers to address," said Hira.

HOLIDAY CLOSINGS

NEFE will be closed on November 25 and 26 for Thanksgiving, December 23, 24, and 27 for Christmas, and December 31 for New Year's.



Laura Levine, executive director of Jump\$Start Coalition®, shares her thoughts with colloquium attendees.

Five (of Many) Takeaways from the Colloquium

- 1. Focus on real life.** Financial educators should look at real life when generating research topics and programs.
 - **Adults learn through experience.** Informal learning — workshops, seminars, discussions with family and friends, surfing the Internet, working with advisors — is the most prevalent source of adult learning.
 - **Financial decisions are not made in isolation.** Take a “whole family” approach and consider learners’ socioeconomic backgrounds, values, and experiences.
 - **Consider gender and cultural differences.** Women have different levels of risk tolerance and make decisions differently than men. Religious, cultural, and family backgrounds also affect how people view their finances.
- 2. Target teachable moments.** Consumers appreciate financial education that applies to their own lives. Workplace education, for example, meets consumers at financially significant times (starting a new job, enrolling in a retirement plan, retiring).
- 3. Keep it simple.** Constrain choices to provide consumers action-oriented decision making. For example, structured default products such as automatic enrollment for retirement plans have been successful.
- 4. Diversify teaching techniques.** From videos and social media to video games, experimenting with technology and listening to how the learner wants to learn is important for the future of financial education.
- 5. Evaluate and measure.** Research and programs only can be effective if we continue to evaluate and improve them. Measure your program against its objectives and at the individual level, but also consider how it affects overall financial well-being of a population.

Gathering an Entire Community

To cultivate a wide range of experience and expertise, NEFE invited more than 50 researchers and practitioners from across the country to weigh in at the colloquium. From classrooms and corporations to nonprofits and universities, each individual shared a different perspective on how he or she educates consumers.



“The colloquium was a great place for researchers from diverse disciplines to meet and discuss,” said Xiao. “It also allowed researchers to meet the people who deliver financial education in the field—practitioners who provided helpful insights and suggestions for future research.”

Heading in A New Direction

The colloquium helped identify research accomplishments and gaps and produced numerous ideas for future programs, many of which soon will be available in an executive summary, *The NEFE Quarter Century Project: Implications for Researchers, Educators, and Policymakers from a Quarter Century of Financial Education*.

“This colloquium will help us direct our limited research money to the most important and feasible ideas that were identified here,” said Ted Beck, president and CEO of NEFE. “We also hope that the participants will take some of the ideas they discussed here and run with them—by forming new alliances, finding new partners, and developing their own programs.”

To learn more about the colloquium and read the four white papers, visit www.nefe.org/researchandstrategy/nefesalonsthinktanksandsymposiums.

Year in Review

This year, financial literacy has been at the forefront of many Americans' minds—from researchers and practitioners to government leaders and consumers. After a recession that affected so many individuals and families across the

country, NEFE's mission of helping all Americans acquire the knowledge and skills necessary to take control of their financial lives has proven to be even more important. In case you missed it, catch up on some of what we've accomplished this year in working toward that mission.



New Tools for Practitioners and Consumers

- **Financial Workshop Kits**

NEFE's turnkey resource for financial education presentations in the community provides practitioners and volunteers a one-stop shop for helping others with financial basics. The site features prepared PowerPoint® presentations, scripts, and resources on 16 specific community groups and topics.

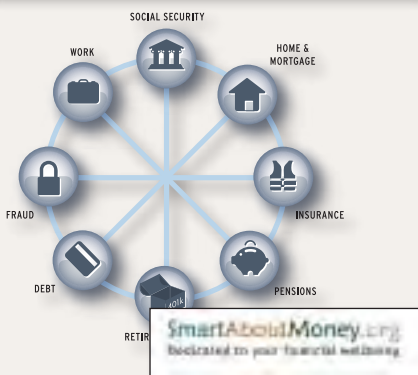
Visit www.financialworkshopkits.org.

- **My Retirement Paycheck**

Regardless of how much consumers have saved for retirement, My Retirement Paycheck helps them figure out how to pay themselves through retirement with the assets they have. This holistically focused site covers eight interrelated issues that affect users' retirement assets and decisions, and provides resources for common retirement questions. Visit www.myretirementpaycheck.org.

- **Smart About Money LifeValues Quiz**

Talking about money with loved ones — and facing your own financial influences — no longer has to be taboo. The Smart About Money LifeValues Quiz helps individuals discover how their attitudes and behaviors affect how they manage their finances and how to start the conversation with important people in their lives. Learn more about this tool for individuals and educators at www.smartaboutmoney.org/lifvaluesquiz.



Research on Youth and Financial Education

- **Arizona Pathways to Life Success in University Students (APLUS) Wave 1.5**

Following a groundbreaking first wave of research on how young adults obtain financial knowledge, attitudes, and behaviors, APLUS 1.5 discovered how college students were affected by the recession, from increases in credit card and education loan debt to decreases in perceived knowledge and capabilities for handling finances. Read the full report at www.nefe.org/aplus.

- **Financial Management Practices of College Students from States with Varying Financial Education Mandates**

The number of states with financial education mandates reached 46 this year, and although any standard is a step in the right direction, Michael Gutter, Ph.D., wanted to test which standards were most effective in educating young adults. Gutter surveyed more than 15,000 students in 15 states and found that standards with required courses and assessments were most effective in creating positive financial knowledge and behaviors in students. Read the full report at www.nefe.org/finedmandates.





High School and College Programs Reach New Heights

- **NEFE High School Program Taught at White House**

After educating millions of students across the country, NEFE's High School Financial Planning Program® (HSFPP) reached the White House. In April, Arlington (Va.) Public Schools teacher Lisa Moore gave a HSFPP lesson on budgeting to girls in First Lady Michelle Obama's mentorship program. In May, Moore taught the same lesson to boys in President Barack Obama's mentorship program. The programs, designed to help the Obamas' mentees develop life skills, invited the HSFPP to demonstrate the importance of financial literacy.

- **NEFE HSFPP Anchors Chicago Public Schools Pilot**

When Chicago Public Schools (CPS) decided to pilot a new financial literacy course this February, it looked to NEFE's HSFPP curriculum to educate its students. Along with lessons from the Council for Economic Education (CEE), NEFE's HSFPP made its way into the hands of students at 12 schools in the CPS district. After one semester, CPS teachers already had seen an impact. Learn more by visiting hsfpp.nefe.org.

- **CashCourse Reaches 500 Schools**

In just two years, CashCourse®, NEFE's financial education resource for colleges and universities, has reached more than 500 schools. With age-specific articles, interactive tools and quizzes, and on-campus support from CashCourse administrators, the program has provided college students nationwide with answers to their financial questions. The 500th school is the University of Utah. Learn more at www.cashcourse.org.

NEFE Weighs in On Retirement Planning and Coverage of the Economy

- **Ted Beck Testifies Before Congress**

On June 16, NEFE President and CEO Ted Beck testified before the U.S. Senate Special Committee on Aging. The hearing, "The Retirement Challenge: Making Savings Last a Lifetime," addressed the fact that many consumers will have a difficult time paying themselves through retirement. Beck shared NEFE's years of work on the subject, from a 2007 think tank on retirement income to the consumer-friendly website, My Retirement Paycheck. To read Beck's testimony, visit www.nefe.org/publicpolicy.

- **Panels for Journalists Covering the Economy**

NEFE continued its support for media covering personal finance issues for consumers with two sessions at journalism conferences this spring. In partnerships with the Radio Television Digital News Foundation (RTDNF) and the Society of American Business Editors and Writers (SABEW), NEFE addressed how journalists can better cover complex financial news and deliver it in a way consumers could relate to. For more resources for media, visit www.nefe.org/pressroom.

To read more about NEFE's activities in 2010, visit the *NEFE Digest* archive at www.nefe.org/nefedigest.

Digest Goes Electronic

NEFE's Newsletter Now Delivered Via E-mail and Mail

Attention, *Digest* readers. You now have a choice as to how you would like to receive the *NEFE Digest*. In response to reader requests, NEFE will offer this newsletter via e-mail and mail starting with the January/February issue.

What will be in the e-mail?

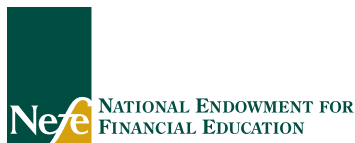
The electronic *Digest* will arrive to you as an e-newsletter showing the cover of the *Digest* and the table of contents. To read the *Digest*, you will be directed to a new and improved PDF of the publication on www.nefe.org. There, you can page through the *Digest* just as you have done before, only this time with your computer mouse.

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1. After following the steps above, visit www.nefe.org/unsubscribe.
2. Fill out all your contact information and check the boxes next to "*NEFE Digest*" and "I prefer e-newsletters."
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Stop by our booth or look for us at the following conferences:



- Consumer Federation of America Financial Services Conference
December 2 – 3 Washington, D.C.
- Association for Career and Technical Education Convention
and Career Tech Expo
December 2 – 4 Las Vegas, NV
- Catholic Charities Financial Education Train-the-Trainer Event
December 6 – 7 Los Angeles, CA
- Ohio Association of Student Financial Aid Administrators/
Ohio College Access Network Conference for College Access
and Financial Aid Professionals
December 13 – 15 Columbus, OH
- IRS-SPEC (Stakeholder, Partnerships, Education, and
Communication) Division Financial Resource Workshop
December 13 – 14 Columbus, GA
- Southwest Association of Student Financial Aid
Administrators Conference
December 15 – 17 New Orleans, LA

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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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All questions regarding *NEFE Digest* may be addressed to the Marketing and Communications department. Editor: Lauren Burke. NEFE is open Monday through Friday, from 8:30 a.m. to 5:00 p.m. Mountain Time. The main telephone number is (303) 741-6333; the fax number is (303) 220-0838.