



System and Structures for Financial and Investment Education (U.S. Perspective)

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Literacy Awareness

- Literacy became a phenomenon in the 1980's and 1990's
- General literacy, cultural literacy, and basic skills were a focus of public policy and nonprofit organizations
- People need to be literate to be competitive
- Literacy discussion became a precursor for financial literacy education reform
- Financial education emerged because of an:
 - Increase in financial product and strategy complexity
 - Increased personal responsibility regarding finances

What is Financial Literacy?

“the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial wellbeing”

-The President's Advisory Council on Financial Literacy

What is Financial Education?

“the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial wellbeing” -The President’s Advisory Council on Financial Literacy

Convergence

- Actors pull together around an issue or crisis
- In financial literacy education, many actors are involved:
 - Academics, nonprofit leaders, financial planners and counselors, politicians, foundations, labor unions, educators and teachers, financial services, popular media, authors, journalists, etc.
- Organizations, coalitions, and associations are formed (ex: American Savings Education Council, Jump\$tart Coalition)

Different Sectors, Different Goals

- Advance recognition of one's own field/industry
- Promote business
- Advance market share/grow profits
- Promote appropriate use of products and services
- Increase brand/organizational awareness
- Provide good corporate citizenship
- Influence policy
- Educate populous
- Promote research
- Grow a profession

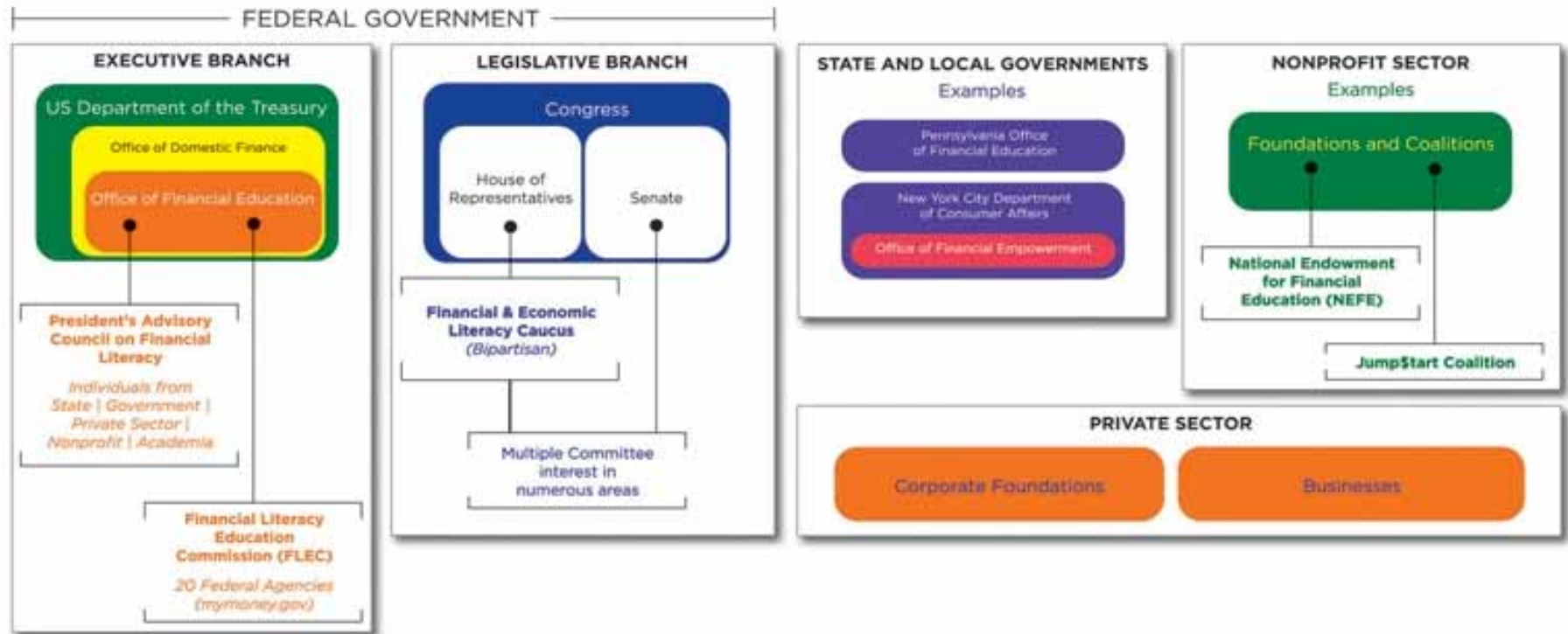
Issues and Populations

- Coalitions are formed around issues (savings retirement, credit, etc.) and populations (age groups, ethnicities, life circumstances, health, economic conditions, etc.)
- Example of a NEFE financial literacy initiative:
 - American Red Cross
 - Disaster preparedness and recovery related to personal finance
 - Later, the Federal Emergency Management Agency (FEMA) adopted it

Government Initiatives

- Financial literacy education initiatives at the:
 - Local/City level
 - “Bank on San Francisco”
 - State level
 - Standards for personal finance education;
State Offices of Financial Education
 - National level
 - Congressional activity; U.S. Dept. of the Treasury;
Office of Financial Education; President’s Advisory
Council on Financial Literacy; FLEC (20 Federal
Agencies)

Existing Financial Literacy Infrastructure



What NEFE has Learned

- Financial capability vs. financial literacy
- Continuous learning
 - Youth through post-retirement
- Just-in-time
- One size does not fit all
 - Relevance, context
- Leaning on influencers and trusted advisors
 - Parents, advisors, teachers, etc.

What NEFE has Learned, Cont.

- Public Awareness/Social Marketing
 - Simplicity; messaging
- Need for Evaluation and Research
- Behavioral Economics
 - Automatic features: “defaults,” “opt out,”
use inertia

Department of the Treasury: Eight Elements of a Successful Financial Education Program

A successful program:

1. Focuses on **basic savings, credit management, home ownership** and/or **retirement planning**
2. Is **tailored to its target audience**, taking into account its language, culture, age, and experience
3. Is offered through a **local distribution channel** that makes effective use of community resources and contacts
4. **Follows up with participants** to reinforce the message and ensure that participants are able to apply the skills taught

Eight Elements of a Successful Financial Education Program, Continued

5. **Establishes specific program goals** and uses performance measures to track progress toward meeting those goals
6. **Demonstrates a positive impact on participants' attitudes, knowledge or behavior** through testing, surveys, or other objective evaluation
7. **Can be easily replicated** on a local, regional or national basis so as to have broad impact and sustainability
8. Is **built to last** as evidenced by factors such as continuing financial support, legislative backing or integration into an established course of instruction.

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