

Nefe Digest

July/August 2009

NEFE Chair Teaches
Personal Finance
(Page 3)

Building Knowledge by
Sharing Knowledge (Page 4)

NEFE Sponsors Journalist Debate
(Page 5)

Faces Behind NEFE: Dana Small
Helping Teens Manage
Money Better (Page 6)

NEFE Helps Reporters
Cover the Recession
(Page 7)

Giving Youth a Financial Leg Up



NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

It's a question that has plagued many financial education proponents: why do so many Americans manage their money poorly? Too often, the financial education community dismisses people who cannot manage their money well as spoiled and unable to control their spending.

Continued on page 2

Giving Youth a Financial Leg Up

continued from page 1

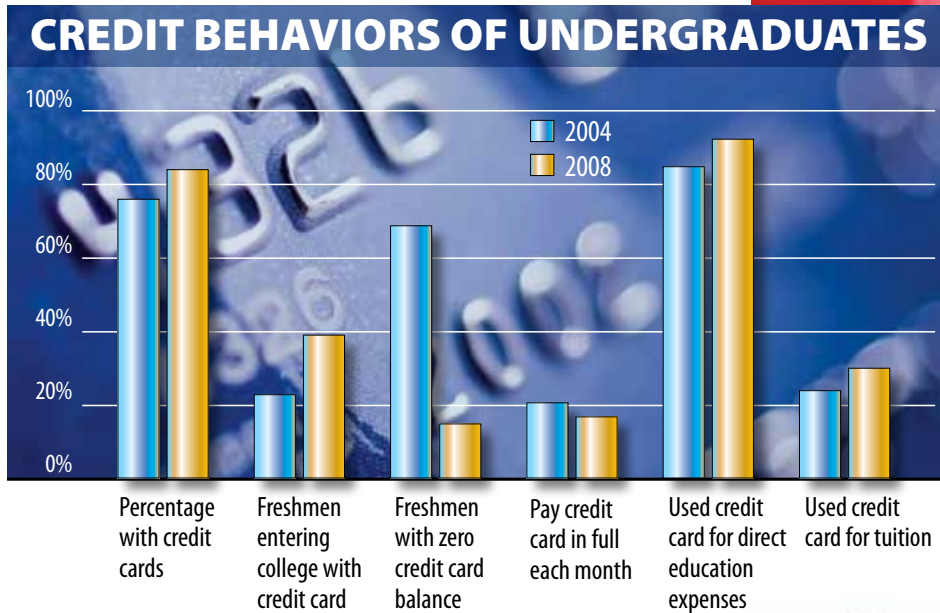
But, if the financial education community wants to find ways to advance financial education, it needs to go beyond that simplistic judgment and look into the diverse social factors that influence the attitudes and behaviors of today's young adults. Those attitudes and behaviors can determine their financial success or failure as adults.

A new study at the University of Arizona — led by Soyeon Shim and her colleagues, and partly funded by NEFE — explores the connections between financial success and well-being among college students.



72.5% of college students reported engaging in at least one risky financial behavior in the last six months.

Source: APLUS Research, 2009.



Source: Sallie Mae, 2009

In findings from its first year, the Arizona Pathways to Life Success for University Students (APLUS) study already offers promising data for how we, as a culture, can begin to move toward healthier personal finances. Preliminary findings from the study show that parents are poised to be the true heroes when it comes to better money management. APLUS researchers found that parents have more influence over their children's financial knowledge, attitudes, and behaviors than work experience and high school financial education combined.

The survey also shows that young people with experience in the workplace developed more positive financial attitudes and behaviors overall, and were better off than their non-working peers.

At the same time, the research yields some troubling information. Nearly 73 percent of students surveyed have resorted to at least one "risky" financial behavior, such as maxing out credit card limits or not paying bills on time. Nearly one in five of those surveyed has used some extreme strategy for meeting

day-to-day financial needs, such as taking out payday loans or using one credit card to pay another.

This is just a snapshot of what APLUS researchers hope to learn as they follow more than 2,000 young people through their emerging adult years, ages 18 to 25. The study will examine their financial behaviors, uncover attitudes driving those behaviors, and better trace how those attitudes form.

The APLUS team published a summary of findings from its first survey and held a webinar on the findings; both are available at www.nefe.org/APLUS.

NEFE approved funding for the next wave of the APLUS study, which will examine how the economic crisis has affected college students. Future *Digests* will provide updates on the longitudinal study.



FINANCIAL REALITIES OF YOUNG ADULTS

NEFE's recent symposium on the financial challenges faced by young adults generated valuable content now available online at www.nefe.org/NEFEYoungAdultSymposium. View focus group videos with young adults, presentations and session summaries from the symposium, statistics on young adults, and a graphic rendering of the symposium presentations.



NEFE Chair Teaches Personal Finance

Dr. Booth Takes on One of Orlando's Neediest Schools

Maynard Evans High School in Orlando, Fla., doesn't have a very good reputation. It's in a tough neighborhood, student attendance can be sporadic, and the school recently received an "F" in the state's education ranking system.

While that might scare off some volunteers, it's specifically what attracted Dr. Booth, a 29-year education veteran and chair of NEFE's board of trustees. Dr. Booth volunteered at Evans this spring to teach the JA Worldwide™ (Junior Achievement) version of NEFE's High School Financial Planning Program® (HSFPP).

"When I volunteered, they wanted to put me in one of the top schools in the city and I said no. I wanted to see students I could help the most," said Dr. Booth. "One of our goals at NEFE is to try to serve the underserved, and I thought the underserved would benefit the most."

In the 2008-2009 academic year, nearly 5,000 schools signed on for NEFE's free High School program, and more than 650,000 student guides were sent to schools in all 50 states. The 161 Florida schools that signed up for the program received more than 4,500 student guides.

Dr. Booth taught students such as Judith Edmond, an 18-year-old single mother whose family almost lost its home to foreclosure last year. Edmond also is facing a \$4,000 hospital bill from the birth of her 10-month-old son — she doesn't have health insurance — and she wasn't sure how she could find the money to pay.

"Everything costs so much now — clothes, food, Pampers, and all that. The economy is bad," the high school senior said. "I work at Universal, but I can't get more hours to make any extra money. It's really tough."

Students facing money challenges like Edmond's were common in Dr. Booth's classroom. Many are teen parents dealing with everyday budgeting concerns and mounting medical bills for their uninsured families. Others wanted to talk about their troubles with credit, understand how to protect against fraud and identity theft, and how to earn additional income. Dr. Booth said the students simply wanted to learn.

"When I walked into the classroom, they were genuinely interested to see me there. They were engaged and very excited to talk about their specific issues," Dr. Booth said.

Dr. Booth said she was surprised to see how many of her 24 students had jobs or planned to work this summer, and how many already understood the importance of saving, rather than blowing their money on short-term items.

"That was eye-opening for me," she said. "The generalization is that kids have lots of disposable income and that poor people make poor choices. My students were thoughtful about how they spend their money."

The students also wanted to understand the banking system. Their neighborhood is peppered with check cashing storefronts, and the students knew those businesses charged high fees. What they didn't know was that they could get the same services — or more — for free at local banks.

"I got so much out of it," Dr. Booth said. "Sometimes you just have to plant the seed that we're not victims here, there's always something you can do and knowledge is a really powerful tool." Dr. Booth said the NEFE teaching materials make that knowledge easy to share, and she's not done teaching yet.

School administrators have asked Dr. Booth to return to the school to give a financial literacy lesson to the teachers. Dr. Booth said if the teachers at the school could increase their knowledge and feel competent in their ability to talk about money issues, they would be able to integrate what they learn into other subjects, such as math, science, and every other subject they teach.

"That's what we're trying to do here: help the kids teach their friends and their parents to develop money sense and make good decisions," Dr. Booth said.

If you want to bring the HSFPP into your community, visit <http://hsfpp.nefe.org>. Junior Achievement (JA) has an alliance with NEFE to teach its version of the HSFPP. To volunteer your time to teach financial education through JA, visit www.ja.org/programs/programs_high_nefe.shtml.

Building Knowledge by Sharing Knowledge

When NEFE's Grants and Research department realized that four simultaneous grants covered compatible topics, the team decided to bring together the grantees to spark breakthroughs in their thinking and let them benefit from each other's work while the grants were still in progress.

AWARD RECOGNITION

NEFE and Habitat Win Technical Publications Award

The Intermountain chapter of the Society for Technical Communications honored NEFE and Habitat for Humanity's *Recipes for Financial Fitness* Web site with an Award of Excellence in the Technical Publications Competition. View the award-winning site at www.habitat.org/habitat_learns/nefe/index.html.

Spendster Wins Gold Quill Merit Award

NEFE recently won the prestigious Gold Quill Merit Award in the Social Media category for its Spendster project. The International Association for Business Communicators (IABC) presents the Gold Quill awards for excellence in communication annually. Check out the site at www.Spendster.org.



Normally, grants work is not revealed until the final report is published. However, in this case, the project principals and team members were able to share information and discuss preliminary research findings directly with one another at NEFE's first-ever Grants Salon in 2008.

Three of the grants projects in progress explored the overwhelming effect social and psychological factors can have in financial decisions — often to the exclusion of rational, objective decision making. The fourth project showed consistent findings with the other grants on young adult financial literacy and behaviors.

Participants in this Grants Salon — named after the salons commonly associated with French literary and philosophical gatherings of the 17th and 18th centuries — comprised researchers from the Institute for Socio-Financial Studies, University of Arizona, University of Florida, and University of Wisconsin-Madison.

Encouraged by the positive feedback of this salon experience, NEFE will hold a second salon in July 2009 to bring together key players of one grant project — University of Wisconsin-Madison professor Wendy Way's work to understand new teachers' capability to manage their personal finances and its effect on teaching personal finance to students. Look to future *Digests* for more information on the next salon.

To learn more about the Salon, visit www.nefe.org/GrantsFallSalon.

NEFE Sponsors Journalist Debate

Did business and finance journalists fail to inform the public about a looming financial crisis, or did the public fail to listen?

This question launched heated debate among journalists, academics, and media critics at the Society of American Business Editors and Writers (SABEW) conference in Denver in April. NEFE sponsored the annual meeting of SABEW, which is the world's largest association of journalists covering business, finance, and the economy.

At the spotlight session "Coverage of the Meltdown: Did 9,000 Business Journalists Blow It?" media came under fire for inadequately warning consumers about risks in housing and banking and for not pushing regulators to examine questionable accounting practices at Fannie Mae, Freddie Mac, and other significant financial institutions.

Panelist and award-winning personal finance columnist Jane Bryant Quinn cited numerous stories she and others wrote about troubling issues that have cost millions of Americans their jobs and their homes.

"I wrote about these terrible [adjustable rate] mortgages, to take one little piece of it," she said. But Quinn, who now writes for Bloomberg.com, said she failed to connect the dots between lenders, investment banks, and global investors. "I didn't think about following the daisy chain back. I'd never heard of a credit default swap until it started hitting me in the head."

Larry Ingrassia, business editor of *The New York Times*, also cited numerous articles written between 2000 and 2008 on everything from predatory lending and mortgage-backed securities to executive pay. Ingrassia said that business reporters should have watched regulators more closely, asking "what they weren't doing" and about their relationships with industry lobbyists.

Dean Starkman, panelist and media critic for the *Columbia Journalism Review*, discussed his research on how well the press did its job warning the public before and into the financial crisis. He pointed out that some experts believe the press did its job and that the public just ignored the warnings.

Starkman stated, however: "Did the business press provide

adequate warnings to the public? The answer would be no."

"I disagree fundamentally with Dean's conclusion," said Ingrassia. "Could we have done better? Yes, you can always do better. But I think the record shows the press was ... ringing the alarm bell."

This debate underscores the need for financial professionals and educators to help consumers focus on tried-and-true advice: save money and live within your means, in good times as well as bad. What looks "flush" on paper — the value of a home or of a 401(k) — can change quickly, and economic downturns are inevitable.

"Consumers won't take action on something they don't care about — and they won't care about what they don't understand," said panelist Greg Miller, a professor at the University of Michigan's Ross School of Business, who studies how financial information is communicated.

Former managing editor of the *Wall Street Journal* Paul Steiger shared a personal anecdote about just how seductive the real estate market was a few years ago. When his daughter married, she and her husband bought a new house before selling their respective condos.

"I asked her, 'doesn't that make you nervous?' She said, 'Dad, in Southern California, you buy before you sell.' Well, they bought a new

place, sold the old places and as equity grew in the new place, [they] took [equity] out and made two further real estate investments." Steiger implied that the strategy backfired.

"The lesson emerges," he said.

How can business journalists keep better pace with market complexities, when oftentimes one reporter wears many hats? The answer, conceded all panelists, is reaching out to the experts.

Even so, Miller explained how hard it's been for him to keep up.

"There are no longer just investment bankers who do everything — everyone is a specialist," he said. "In 2007, I did some work on securitization. No one person at a bank could walk me through how securitization works. [Each person] knew what the people did directly next to them in the chain, but no more."

Joining Quinn, Miller, Starkman, Ingrassia, and Steiger on the panel was Allan Dodds Frank, an investigative reporter and former television correspondent.





Faces Behind NEFE: **Dana Small** Helping Teens Manage Money Better

Dana Small graduated a semester early from high school and decided she wasn't ready to go to college yet. Instead, she joined the U.S. Army's medical field and served otolaryngology and audiology/speech pathology clinics in several states. With her military service, Dana became part of the long line of her family members who have served this country — from her great-grandfather, who served with distinction in World Wars I and II, to her younger sister, who currently is stationed at the Pentagon after several tours in Iraq and Afghanistan.

After her time in the Army, Dana worked as a marketing project manager and a human resources trainer in a nonprofit organization. NEFE hired Dana as the NEFE High School Financial Planning Program's associate in October 2008, making her the latest staff member to join NEFE. Welcome, Dana!

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

Dana: Good question! I have a son in the fifth grade and this is how I explained it to him. My job is to help others help NEFE. There are many ways I do this. One way is by showing teachers how to teach our program to their students, so that students can learn about being responsible with money. Another way is by helping other teachers across the United States train more teachers so they can then teach the program to students in their area. There are lots of people working together to make sure as many young people as possible become smart about money.

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

Dana: In the short time I've served NEFE, I'm proud of the work I've done to develop and now implement an initiative called "NEFE Congratulates." NEFE Congratulates is a program designed to publicly recognize our hardest working partners across the United States. It allows our entire network to take part in celebrating the accomplishments of their fellow educators in the great work they are doing to promote the HSFPF in their state.

I'm also proud of the student training events I've participated in. It's always rewarding to train and teach students, and get their wheels turning about the critically important issue of good financial management.

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

Dana: I would like to see young people get more realistic about money. I'd like to see teens develop new, reasonable ideas about money based on fact, rather than on what they see in the media they read or watch. I would feel very accomplished in my position at NEFE if I could contribute to educating teens who would then take that information and pay it forward.

I'd like to see a nonstop cycle of financial education, ideally starting with adult educators, but then evolving into a teen-to-teen cycle of information sharing.

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

Dana: I fell into the nonprofit arena and found myself working for NEFE through a referral. The individual that referred me knew my personal and professional strengths, and believed they would be a perfect fit with NEFE. She was right. I imagine that I will always work in the nonprofit industry and I'm thrilled to be able to contribute to NEFE's mission of providing financial education to every American.

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

Dana: One special memory I have from my work thus far is training a class of first semester college freshmen. I had an opportunity to assist with a financial education class at the University of Denver. My director and I had been asked to come and present some basic financial information to these students. The students began to enter and you could see that they anticipated a long, boring "lecture" about the dos and don'ts of money management.

Continued on page 8

NEFE Helps Reporters Cover the Recession

From the smallest TV newsroom in the smallest local market to the three major networks, broadcast journalists are looking for new and better ways to explain business and the economy.

Every day they hit the street with assignments to cover mortgage foreclosures, credit meltdowns, plant closings, bankruptcies, and job losses. Every day they are charged with the task of relating the effects of macroeconomic events to the lives of their listeners and viewers.

Reporting on the recession and related stories is complicated, however, and most radio and television journalists are generalists, not financial experts. "No one has time to go back to school," said Ted Beck, NEFE's president and CEO, "but organizations like NEFE are uniquely qualified to assist reporters in learning how to better understand the fundamentals of economics and business and how to report on it. What better place to do it than at a conference attended by thousands of broadcasters?"

NEFE sponsored a Super Session on "Reporting the Recession" at the Radio-Television News Directors Association's national convention in Las Vegas in April. Deborah Potter, a former CBS and CNN journalist, veteran trainer and executive director of NewsLab in Washington, D.C., moderated.

As stations spend more time reporting on business, they realize that their general assignment reporters need more than just a passing understanding of economics and business. "I think there is an inherent fear of what we don't understand and what we can't explain," said Altman. "We are more comfortable covering things that we understand. The misnomer in that is that we don't necessarily need to understand all of the intricacies of it. We just need to know who we need to talk to who can help us explain that to people."

NEFE AND RTNDF LAUNCH FINANCIAL REPORTING RESOURCE

NEFE has teamed up with the Radio and Television News Directors Foundation (RTNDF) to provide journalists covering the economy with story ideas, strategies to cover stories and research, sources, and information on financial issues. The resource is designed primarily for local television and radio reporters who are not assigned to a business beat, but often are assigned to cover business stories. You can view the resource at: www.rtnda.org/pages/best-practices/financial-reporting.php.

Stations have come to rely on financial experts to help explain the economy and business. Scott Brady, news director at KYTV in Springfield, Mo., said transparency is very important when doing so. "The first thing I ask a source is 'what positions do you have in the company

we're talking about.' I need to know that up front and we will disclose that as part of the story." Otherwise, he said, you wind up with "salesmen who are trying to promote their own holdings or move the market."

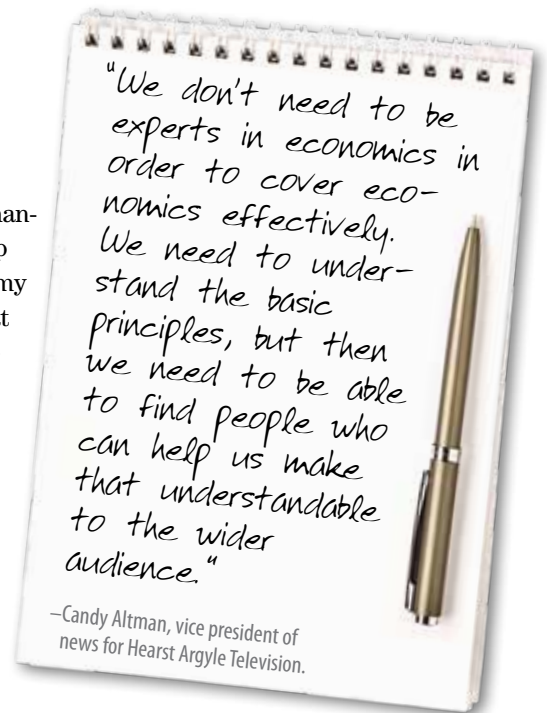
Reporter David Louie of KGO-TV in San Francisco said that while it is important to talk to experts who can put the business closings and layoffs into perspective, journalists also need to "talk to average people whose pocketbooks and quality of life are really being impacted by all these cuts and the downdraft in the economy."

And while reporting about the economy and "your money" often becomes a very personal story, Brady said journalists have to be very careful not to become advisors. "We will often get emails from viewers asking, 'what should I do about this,'" said Brady, who tells them, "I am not licensed to give financial advice and you really ought to turn to an expert."

Patrice Sikora, managing editor of the Wall Street Journal Radio Network in New York, concurs. Her team uses podcasts and one-minute reports to provide listeners information and direction. "Tips and suggestions are one thing," said Sikora, "but giving them advice, financial advice, is something totally different."

And Altman said covering business, the economy, and the effects of the recession currently is "incredibly important" to viewers and listeners. Some stations are taking on a much greater role, said Altman, going so far as to run job fairs where thousands and even tens of thousands have come to look for work.

"There is no story right now that impacts more people and resonates with more people on so many levels."



For full coverage of the "Reporting the Recession" panel, go to <http://rtnda.org/convention/?p=201>.

5299 DTC Boulevard, Suite 1300
Greenwood Village, CO 80111-3334

Faces behind NEFE: Dana Small

Continued from page 5

Minutes into the class, there was a real connection with these kids and before long, that connection developed into real, honest dialogue about their accomplishments and fears and their individual issues involving money, credit, credit cards, spending habits, etc.

Young people want to be successful. They want to learn how not to make mistakes. They crave direction. In most cases, they had received little education from parents about the ways to correctly manage money and few had had financial literacy education in high school. I was glad to be the conduit for information that will help them develop smart (and hopefully lifelong) behaviors about money.

Learn more about Dana's department at <http://hsfpp.nefe.org>.

**ADD YOUR
NAME TO OR
REMOVE IT
FROM OUR
MAILING LIST**

Add your name to our mailing list by visiting
www.nefe.org/subscribe. Please note that NEFE
does not sell its mailing list to other organizations.

Remove your name from our list by visiting
www.nefe.org/unsubscribe.

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.

© July 2009, National Endowment for Financial Education (NEFE). All rights reserved. *NEFE Digest*, NEFE Financial Literacy Resource Center, CashCourse, and NEFE High School Financial Planning Program are service marks of the National Endowment for Financial Education. Certified Financial Planner and CFP are marks of the Certified Financial Planner Board of Standards, Inc.

All questions regarding *NEFE Digest* may be addressed to the Marketing and Communications department. Editor: Ayelet Golz. 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. Visit the NEFE Web site at www.nefe.org.