

## WHAT THE FEDERAL GOVERNMENT IS DOING TO IMPROVE FINANCIAL EDUCATION

### U.S. TREASURY EFFORTS

#### **Bureau of Public Debt (BPD):**

- *MoneyMath*: BPD launched the *MoneyMath* program to teach the importance of savings and financial literacy. *MoneyMath* is an education kit for grades 7 through 9, which includes lesson plans and supplemental learning activities focused on savings and investing, money management, and spending and credit. The kits were provided, free of charge, to over 110,000 middle school math teachers in 16,000 school districts nationwide. *MoneyMath* was kicked off at the NASDAQ MarketSite in New York City on May 7, 2001. The Securities Industry Foundation for Economic Education, sponsor of the Stock Market Game, agreed to incorporate the *MoneyMath* kit into their distribution system. Partners for the *MoneyMath* program include the Jump\$tart Coalition, the Center for Economic Education, Merrill Lynch, the Fannie Mae Foundation, the MetLife Foundation, the NASDAQ Stock Market, and many others.

#### **Office of the Comptroller of the Currency**

- In its Advisory Letter on Financial Literacy (AL 2001-1) published in January 2001, the OCC encourages national banks to develop and refine their financial education activities. The advisory described characteristics of successful financial literacy programs and noted that involvement in these programs has helped national banks develop new customers while enhancing their visibility in the communities they serve.
- In conjunction with the advisory letter, the OCC published an on-line Financial Literacy Resource Directory. This directory provides an on-line listing of financial literacy resources, including national and local organizations that offer financial literacy programs. The OCC updates this directory on a regular basis.
- OCC staff participate in the National Forum to promote Low-Income Savings, an effort directed by the Consumer Federation of America to increase the savings rate in local communities. An OCC staff member chairs the forum's Hispanic Advisory Committee, an advisory group that helps the larger forum incorporate strategies for reaching the Hispanic community.
- Through *Community Developments*, a quarterly newsletter produced by the Community Affairs Division, the OCC provides ongoing education about financial literacy programs, through articles that highlight financial literacy programs in which banks are involved. The newsletter is widely distributed to banks and community and consumer organizations, and is available on the OCC web site.

- OCC has been a national partner of the National Academy Foundation since 1997. The National Academy Foundation sponsors the Academy of Finance, a school-to-career curriculum operating in 40 states and 300 high schools. The OCC is now partnering with schools or school districts in 28 locations across the country to support academies of finance and provides summer internships for Academy of Finance students.
- Under regulations promulgated by the OCC and the other federal banking regulators, bank participation in financial literacy programs targeted to low- and moderate-income individuals may be eligible for consideration under the Community Reinvestment Act.

### **Office of Thrift Supervision**

- Since 1998, Office of Thrift Supervision (OTS) employees have participated as tutors in financial education programs in local schools and in the community as part of the agency's Community Service Program. Examples of financial education programs that the agency has participated in over the past three years include Operation Hope's Banking on the Future Day in Los Angeles and New York, the NHS of New York Financial Life Skills Course, Junior Achievement, American Bankers Association's National Teach Children to Save Day, Seahawks Academy Financial Literacy Training and the Central City Lutheran Mission Financial Literacy Training.
- OTS has produced several articles dealing with financial literacy issues. Primarily through the *Community Liaison*, a quarterly newsletter edited and produced by the Community Affairs staff, OTS works to inform and educate the thrift industry and others about financial literacy issues and to highlight best practices and financial education programs that the thrift industry is involved in.
- The OTS plays a role in financial literacy initiatives through a number of regional activities. For example, OTS is a partner in a campaign targeted to the primarily Latino neighborhood called Back of the Yards in West Chicago to get more people who qualify for the "Earned Income Tax Credit (EITC) to file and deposit these refunds in a bank account. Local financial institutions open these new bank accounts and provide basic financial education to these individuals as well. The staff in each regional office participates in a number of anti-predatory lending activities designed to educate consumers about predatory lending and avoid abusive lending practices.
- OTS is currently working on the development of an industry bulletin on the issue of financial abuse of the elderly. They are also working with the Federal Reserve Bank of San Francisco to produce an educational video addressing financial abuse of the elderly and dependent adults and will take part in a public service campaign.

### **Bureau of the Mint**

- The mission of the Mint includes providing marketing, education, and advertising for U.S. coinage. The Mint, while not directly engaged in financial literacy efforts, supports a Treasury-led financial literacy initiative, and will use its resources to promote a national

financial literacy initiative. The Mint has worked with the National Education Association (NEA) to educate young people about U.S. currency. The Mint also uses its website, [www.usmint.gov](http://www.usmint.gov) and other media to educate the public on coinage and to promote its 50 State Quarters and H.I.P. Pocket Change programs—both of which leverage our youth’s interest in American coinage to promote their knowledge of money’s role in financial transactions. Additionally, the Mint is working with Congress to obtain final approvals necessary to move forward on its plans to open a Mint Museum at its Washington, DC, Headquarters, which will serve as an interactive forum to better educate the public on the heritage of our nation’s coinage.

### **Office of the Treasurer**

- The Treasurer serves as an effective venue to communicate the importance of financial literacy.

### **OTHER FEDERAL EFFORTS**

- *Social Security Administration:* The Social Security Administration (SSA) is engaged in a number of initiatives to educate people about the importance of planning for their financial future. SSA produces nationally broadcast public service announcements that explain the importance of saving for retirement. In addition, by law, SSA mails all workers copies of their Social Security Statement that includes customized benefit estimates. SSA mails statements to half a million Americans each day. The purpose is to allow workers to ensure that their earnings are credited for benefit purposes and to convey to the public the need for financial resources in addition to social security for retirement.
- *Housing and Urban Development:* In conjunction with the Treasury Department, the Department of Housing and Urban Development (HUD) published a 2000 report on predatory lending, which listed the need for greater financial literacy as a tool to curb predatory lending practices. Financial education is an eligible activity in a number of HUD programs, including Youthbuild; Resident Opportunity and Self-Sufficiency and Housing Counseling. The President’s 2003 Budget proposes to increase funding for the housing counseling program by 75 percent. The HUD website provides the names of local financial education and housing counselors throughout the country.
- *Department of Labor:* For over 6 years, the Department of Labor’s Pension and Welfare Benefits Administration has maintained a retirement savings education and outreach program through its **Savings Matters Campaign**. The Campaign is designed to promote retirement savings and security for the 21<sup>st</sup> century workforce. DOL’s efforts are mandated under the Savings Are Vital to Everyone’s Retirement Act (SAVER) of 1997. DOL has developed a variety of free informational tools, which are distributed through a toll-free telephone line and on the Internet and highlighted through radio, television, and print public services announcements. These tools include a publication, “Savings Fitness: A Guide to Your Financial Future,” developed jointly with the Certified Financial Planner Board of Standards and an interactive website for small employers, [selectretirementplan.org](http://selectretirementplan.org), developed in partnership with the U.S. Chamber of Commerce and the Small Business Administration. In

addition, the Department, in conjunction with the Federal Deposit Insurance Corporation, credited Money Smart, a financial literacy curriculum that is available through more than 600 One-Stop Career Centers across the country.<sup>1</sup> The second National Summit on Retirement Savings, co-hosted by President Bush and the Congressional leadership and planned by Secretary of Labor Elaine L. Chao, is scheduled for February 27-March 1, 2002.

- *Department of Agriculture:* The United States Department of Agriculture (USDA), through its Cooperative State Research, Education, and Extension Service makes financial literacy materials available throughout rural and agricultural areas. USDA is also launching a significant financial literacy initiative entitled “Financial Security in Later Life.” The initiative’s goal is to provide senior Americans with financial literacy information most relevant for them. In addition, the USDA is able to draw on the resources of academic professionals found throughout the U.S. in the Land Grant University System. Financial literacy courses are taught at many land grant universities, which pool together teaching plans and other educational materials intended for adults.
- *General Service Administration:* The General Services Administration places financial literacy information from various governmental sources on its website. For example, the DOL’s “Savings Fitness: A Guide to Your Money and Your Financial Future” can be found there.
- *Federal Trade Commission:* In 1998, the Federal Trade Commission (FTC) joined with the Securities and Exchange Commission, the North American Securities Administrators Association, and a number of public and private organizations including government, industry associations, and consumer organizations to launch a campaign to educate consumers about investing and saving. The FTC has an entire Webpage dedicated to consumer credit issues, investments, and abusive lending. In addition, the FTC continues to publish reports on personal finance issues such as “Avoiding Home Equity Scams,” “Cancellation of Private Mortgage Insurance: Federal Law May Save You Hundreds of Dollars Each Year,” and “Credit Repair, Help Yourself First.”
- *Federal Reserve Board:* The Federal Reserve Board (FRB) provides consumer and financial information through such means as the Federal Reserve website, and a number of publications. The website features informational pages such as “Building Wealth, A Beginner’s Guide to Securing Your Financial Future.” Many of the FRB’s publications are provided in Spanish as well as English. Publications include “Understanding the Process and Your Right to Fair lending,” “Looking for the Best Mortgage: Shop, Compare, Negotiate,” and “Keys to Vehicle Leasing: A Consumer Guide.” Chairman Greenspan has publicly expressed his support for financial education. In January 2002, he gave an address that focused on the need for increased personal financial education at the Ninth Annual Economic Development Summit held by the Greenlining Institute.

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<sup>1</sup> The Workforce Investment Act established a state and local administered system of “One-Stop Career Centers,” throughout the country that provide access to labor market information, job training courses, financial education, and child care, and other services.

- *Federal Deposit Insurance Corporation:* In September 2000, the Federal Deposit Insurance Corporation (FDIC) initiated a national financial education campaign by developing *Money Smart*, a comprehensive financial education curriculum designed to help adults outside the financial mainstream develop financial skills and positive banking relationships. The curriculum, which is built on the foundation of delivering quality education at the local level, is available free to banks and others interested in sponsoring financial education workshops. *Money Smart* contains everything necessary to begin teaching the program right away and includes take-home booklets and other resources for participants. FDIC has worked with the Department of Labor (DOL) to connect financial institutions with locally based employment service centers (One Stop Centers) around the country and encourage joint efforts establishing financial education as a service regularly available to the public. FDIC began providing the *Money Smart* curriculum to banks, One Stop Centers and other interested parties in July 2001. By the end of 2001, the FDIC had received nearly 5,000 orders for *Money Smart*, including nearly 2000 from banks and over 400 from credit unions.

The FDIC Consumer News, which is published quarterly, features a range of articles on personal finance topics, such as credit card use and identity theft. This publication is disseminated widely to approximately 60,000 subscribers. In addition, the FDIC has arranged to make copies of articles of interest that may have broad national appeal available through the Consumer Information Center in Pueblo, Colorado.

As part of the Financial Services Education Coalition, the FDIC helped write and publish “A Comprehensive Guide for Community Educators.” The guide, which was issued in 1999, is used by community educators with a variety of audiences who do not have accounts with financial institutions or who need basic information about how to use accounts.

- *The Securities and Exchange Commission:* The Securities and Exchange Commission (SEC) provides public information on the fundamentals of investing and investment products. The SEC provides information that is balanced and neutral regarding securities markets and the types of investment products available to average investors. In addition, the SEC works to ensure that its documents and the documents of the companies that it regulates are easily readable by typical investors.
- *Department of Defense:* Many military credit unions work with local commanders to provide personal financial education for military personnel.
- *Neighborhood Reinvestment Corporation:* Neighborhood Reinvestment has developed a financial education program that is implemented around the country by a network of local nonprofit organizations as part of their community education efforts. The program consists of ten hours of workshops followed by individual counseling to help participants learn and practice money management skills; the program also includes a component for training trainers. Six private sector partners have been recruited to support the program. In the twelve months ending on December 31, 2001, more than 1,600 participants graduated from the program. Neighborhood Reinvestment and FDIC are negotiating a partnership to use their *Money Smart* curriculum.