

Nefe Digest

September/October 2010

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What's Behind Your Financial Decisions?

NEFE Research and Online Quiz Reveals the Impact of LifeValues

When Carter and Jennifer got married and moved into Jennifer's unfinished house, Carter wanted to spend money to complete the home, but Jennifer dragged her feet. Eventually, this difference of opinion caused a big rift in their relationship.

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NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

Failing to see eye to eye financially with your partner can be a serious problem. A 2009 study from Utah State University found that couples who disagreed about financial matters once a week were 30 percent more likely to get divorced than couples who disagreed about finances a few times a month. The study also found that of all issues a couple commonly argued about, fighting over finances was the most accurate predictor of a future breakup.

Why do couples fight about finances in the first place? Lois Vitt, Ph.D., chair and founding director of the Institute for Socio-Financial Studies (ISFS), points to the social,

Take the LifeValues Profile Quiz

1. Visit www.smartaboutmoney.org/lifevaluesquiz.
2. Take the quiz now to establish a baseline. Then, take it every time you have a major change in your life: marriage, divorce, birth of a child, purchase of a house.
3. Ask the financially important people in your life also to take it: spouse, partner, parents.
4. Be open to the fact that you and your significant other(s) are going to have different LifeValues.
5. Read the analysis and use it to understand your financial decision preferences (or if you are a financial educator, the preferences of your learners).

environmental, and psychological factors that shape people's life values. Vitt examined how human emotion affects financial decision making through a recent study supported by NEFE.

"The secret is in your feelings," says Vitt. "If you have strong negative feelings, something's wrong. The goal is being happy together with your financial decisions. If you have to 'sell' one another too much on anything, there's something you need to work out."

Starting the Conversation

Vitt spent time with Carter and Jennifer and asked some very specific questions she had developed in her research about how people's financial and other values were formed. These questions have become the LifeValues Profile Quiz, a tool designed to help financial educators and their learners understand and direct important financial decisions. NEFE now offers access to the quiz, both for financial educators and for individuals, on its site www.smartaboutmoney.org.

If you're part of a couple, Vitt suggests taking the quiz separately then examining your results together.

"You absolutely must respect the values of the other person," Vitt says. "They form the basis for the actions of that person."

Just as important as the 20-question quiz is the written material that tells you how to figure out what your results mean. There are four categories — Inner, Physical, Social, and Financial — that will help identify your preferences. And Vitt stresses there are no right or wrong answers.

"It's finding out whether you're a decorator pillow or an adventure vacation type of person," says Patricia Seaman, senior director of marketing and communications for NEFE. "A high score in the 'Physical' category means your physical surroundings are very important to you; a low score indicates you may be more interested in experiences than environment."

What to Expect

Questions on the LifeValues Profile Quiz may surprise you—they're not all about money. Here is a sampling of the multiple choice questions you'll encounter when you take the quiz:

- The definition of "health" most appropriate for me would be...
- When I hear the word "security," I automatically think of...
- When people visit my home and see my lifestyle they...

The Payoff

So what happened to Carter and Jennifer? Vitt says after taking the quiz, the couple found that Jennifer, a child of divorced parents, had always preferred her father's rambling, old, never-finished Victorian to her mother's house.

"Once Jennifer realized that was the stumbling block, she was able to let go of it, and Carter and Jennifer happily finished their home," says Vitt.

Although identifying and working with their LifeValues helped resolve Carter and Jennifer's financial stresses, it cannot guarantee your marital bliss. However, it can help you and your partner identify and talk about some of your own values and beliefs.

"If you really use this system, it helps demystify the process and helps you talk unemotionally with your partner about your decisions," says Vitt. "A good choice should result in equilibrium for all those involved."

Take the LifeValues Profile Quiz at www.smartaboutmoney.org/lifevaluesquiz.

Resource Rundown

Tools for Helping You Deliver Financial Literacy to Your Learners

In late May, Mary J. Schultz, manager of Strategic Programs and Alliances at NEFE, gave 150 people the inside scoop.

Schultz's presentation at the Florida Prosperity Partnership's state conference covered the numerous resources NEFE offers to help teachers, schools, planners, community leaders, and ordinary citizens trying to make a difference in their community.

If you missed the presentation, don't worry. The *NEFE Digest* has developed a handy rundown of everything for you.



Financial Workshop Kits • www.financialworkshopkits.org

Intended for: Planners, social services professionals, and others presenting in the community

Why we like this:

- One-stop shop for presentations (prepared PowerPoint® presentations, answers to FAQs)
- Customized for presentations to specific audiences (victims of domestic violence, college students, military)



My Retirement Paycheck • www.myretirementpaycheck.org

Intended for: Consumers nearing retirement

Why we like this:

- Eight interrelated decision-making areas to help manage retirement income (Work, Home/Mortgage, Insurance, Social Security, Pensions, Retirement Plans, Debt, Fraud)



Smart About Money • www.smartaboutmoney.org

Intended for: Consumers of all ages

Why we like this:

- Covers all the bases
- **Economic Survival Tips** – Addresses crises from credit and debt to housing and job changes
- **LifeValues Quiz** – Reveals how life values affect financial decision making
- **Resource Library** – Houses booklets, worksheets, and articles developed by NEFE and its partners in financial literacy
- **Life Events and Financial Decisions** – Features articles for consumers' big life decisions (marriage, education, kids, job)



NEFE Financial Education Evaluation Toolkit® • www.nefe.org/eval

Intended for: Individuals teaching a class, program, or seminar

Why we like this:

- Easy-to-use tools (evaluation concepts, manual, database) to help improve financial literacy initiatives



CashCourse® • www.cashcourse.org

Intended for: Colleges and universities

Why we like this:

- An entire website schools easily add to their websites
- Articles on age-specific topics (financial aid, student loans, college life, career)
- Interactive budgeting tool, quizzes, worksheets



NEFE High School Financial Planning Program® (HSFPP) • hsfpp.nefe.org

Intended for: High schools and their teachers and students

Why we like this:

- Ready for immediate classroom implementation
- Booklets and instructions for teachers and students; seven units on financial basics (credit, banking, goal setting, budgeting, savings and investing, risk management, lifestyle)



Spendster • www.spendster.org

Intended for: Social media users

Why we like this:

- A YouTube-like entertaining confessional for spending choices we later regret
- User-generated videos, spending stats, downloadable resources



As with all NEFE resources, the sites and booklets listed are:

- Free
- Developed with help from experts in the field
- Continually updated to retain relevance and meet your needs

NEFE Welcomes New High School Program Director

Susan Sharkey first experienced NEFE's High School Financial Planning Program® (HSFPP) in the classroom. As a business educator at Ripon High School in Ripon, Wis., Sharkey gladly inherited the HSFPP from her predecessor and incorporated the program into her personal finance curriculum.

Years later, in 2005, Sharkey used her hands-on experience with the HSFPP to guide its latest content redesign. As an instructional design consultant at Worldwide Instructional Design System (WIDS), a division of the Wisconsin Technical College System Foundation, Sharkey worked with NEFE to revamp program materials and generate a HSFPP teacher training program.

Now, as the new director of the HSFPP, Sharkey looks forward to improving and expanding the program even more.

"Susan's experience with the high school program, from classroom to curriculum development, makes her the perfect person to lead the HSFPP into the future," says Ted Beck, president and CEO of NEFE.



NEFE Digest: What excites you about working at NEFE?

Sharkey: I'm excited to be part of the whole movement: helping individuals become more financially responsible; helping people deliver knowledge to teachers, trainers, and state Cooperative Extension agents; and the bigger picture of helping our communities and society.

NEFE Digest: What from your background will lend to your work at NEFE?

Sharkey: Personal finance has been one of my passions throughout my life. Through my education career, my friends, and my personal life, I've learned that teaching financial management in any way can help people obtain the skills and tools necessary to relieve some of their stresses. We all have different life circumstances, but we at NEFE can instill guiding principles.

Through my experiences in business and then business education, I feel I have a good foundation. But not all

teachers have that background, and they're still expected to teach personal finance. If teachers aren't comfortable with their curriculum, they're not going to teach it. We have a fabulous product, but if it doesn't get to the kids, what's the point? That's why I'm excited about ensuring that our teachers have the tools, knowledge, and skills they need to take our curriculum to their learners.

NEFE Digest: Where would you like to direct the HSFPP program in the future?

Sharkey: I would like to build on the quality program that Elizabeth Schiever and John Parfrey have built with the help of the whole national network. I'm proud that I have been involved with the HSFPP and its

partnerships in the past, so I am familiar with several of the players and can keep the momentum going.

The existing program targets students in their final years of high school. In reality, the content is delivered to a wider audience. Also, NEFE developed the previous materials at a time when states and schools were just beginning to establish financial literacy mandates. Using feedback from our front-line users, we can build on the quality foundational content already in place to address financial issues suitable to a broader group of young people.

To address the varied conditions across the country, I expect that will involve assorted delivery formats, additional and more in-depth and timely content, and expanded support and training for novice and experienced teachers. Along the way, we will continue to verify that we're headed down the right path and keeping the program fresh and relevant.

Learn more about the HSFPP by visiting <http://hsfpp.nefe.org>.

Congress Taps NEFE for Insight on Retirement Income

Ted Beck Shares Holistic Approach to Planning

On June 16, Herb Kohl, chairman of the U.S. Senate Special Committee on Aging, opened an important hearing on retirement income by noting: “Most of our education efforts have been on encouraging people to save, but we’ve done very little to help the average retiree make the difficult choices about how to make their savings last.”

Kohl’s acknowledgement set the stage for testimony by NEFE President and CEO Ted Beck, who had been called before the committee to share NEFE’s distinguished years of work on retirement: an approach that emphasizes options, reveals how decisions in one area impact another, and makes livable retirement income both personal and achievable.

Identifying the Problem

“In 2006, we took a step back and looked very hard at the questions around retirement,” Beck told the committee and panel gathered for the hearing, “The Retirement Challenge: Making Savings Last a Lifetime.” “We were very concerned at how few people were actually calculating what their financial needs were.”

Beck noted that decision making for retirement has increasingly shifted to an unprepared population, especially for people making \$30,000 to \$100,000 a year, who are less likely to pay for financial planning. Yet despite not understanding the impact of their choices, adults of all ages make critical and often irrevocable decisions that can affect retirement income.

In fact, research by the Employee Benefit Research Institute projects that nearly half of early baby boomers are at risk of not having sufficient post-retirement resources to cover basic needs and uninsured health care costs. The numbers are slightly better for late boomers and Generation X, but they still are high at roughly 44 percent and 45 percent, respectively.



NEFE President and CEO Ted Beck testifies before the U.S. Senate Special Committee on Aging in Washington, D.C.

Addressing the Issue

Beck described a sequence of initiatives through which NEFE has developed a holistic model for preparing for and managing income in retirement.

- 1) A roundtable of retirement experts in 2006;
- 2) A pioneering academic review of commonly proposed consumer retirement guidelines, which NEFE commissioned from Boston College’s Center for Retirement Research;
- 3) A 2007 think tank on retirement decumulation;
- 4) Identification of eight interrelated retirement decision areas: Work, Social Security, Home/Mortgage, Insurance, Pensions, Retirement Plans, Debt, and Fraud;
- 5) The launch of www.myretirementpaycheck.org, NEFE’s online resource of information and planning tools for consumers; and,
- 6) A 2009 study conducted by Dartmouth University on social and peer marketing techniques for educating people about options related to retirement.

Beck closed his testimony with a look at next steps in helping Americans better prepare for retirement, including closer examination of populations that face special challenges — such as seniors with disabilities and their caregivers — and continuing to deliver information to people in a manner to which they accept and respond.



Learn more: Watch Ted Beck’s testimony at www.nefe.org/publicpolicy.

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Join NEFE at the Financial Planning Association (FPA) Annual Conference and Expo in Denver, October 9 – 12.

There, FPA and the Financial Planning Days Consortium will kick off Financial Planning Days, a series of free events across the country where volunteer financial planners will meet one-on-one with consumers to answer their financial questions. The events also will feature a series of 50-minute educational workshops on a wide range of financial planning topics. Learn more at: www.financialplanningdays.org.



Stop by our booth or look for us at the following conferences:

Corporation for Enterprise Development (CFED)		
Assets Learning Conference	September 22 – 24	Washington, D.C.
Employee Benefit News Benefits Forum and Expo	September 26 – 28	Boca Raton, FL
American Association of Retired Persons (AARP) Conference	September 30 – October 2	Orlando, FL
Society of American Business Editors and Writers (SABEW) Fall Conference	October 1 – 2	New York, NY
Society of Professional Journalists (SPJ) Convention & National Journalism Conference	October 2 – 5	Las Vegas, NV
Financial Planning Association (FPA) Annual Conference	October 9 – 12	Denver, CO
National College Access Network (NCAN) Annual Conference	October 11 – 13	Washington, D.C.
The Philanthropy Roundtable Annual Meeting	October 14 – 16	Amelia Island, FL
Alternative Cooperative Education Conference	October 14 – 15	Denver, CO
Radio and Television Digital News Association (RTDNA) Regional Conference	October 16	Austin, TX
Independent Sector Annual Conference	October 20 – 22	Atlanta, GA
American Association for Adult and Continuing Education (AAACE) Annual Conference	October 24 – 29	Clearwater Beach, FL
Society for Financial Education and Professional Development (SFEPD) Financial Literacy Leadership Conference	October 25 – 26	Arlington, VA
Online News Association (ONA) Annual Conference	October 28 – 30	Washington, D.C.

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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