

Nefe Digest

Fall 2019

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BUILDING A PERSONAL FINANCE ECOSYSTEM

In 2019, NEFE embarked on a strategic planning process to help us better focus on our resources. Throughout this course it became clear that the role of financial education and what it can realistically achieve is neither well-defined nor well-understood. We know that high-quality financial education is a powerful force for positive change. It builds knowledge, boosts confidence and is the cornerstone of better decision making. But financial education alone does not create financial well-being. It is one factor in a complex landscape of internal and external elements—some controlled by individuals and some not.

(Continued on page 2-3)



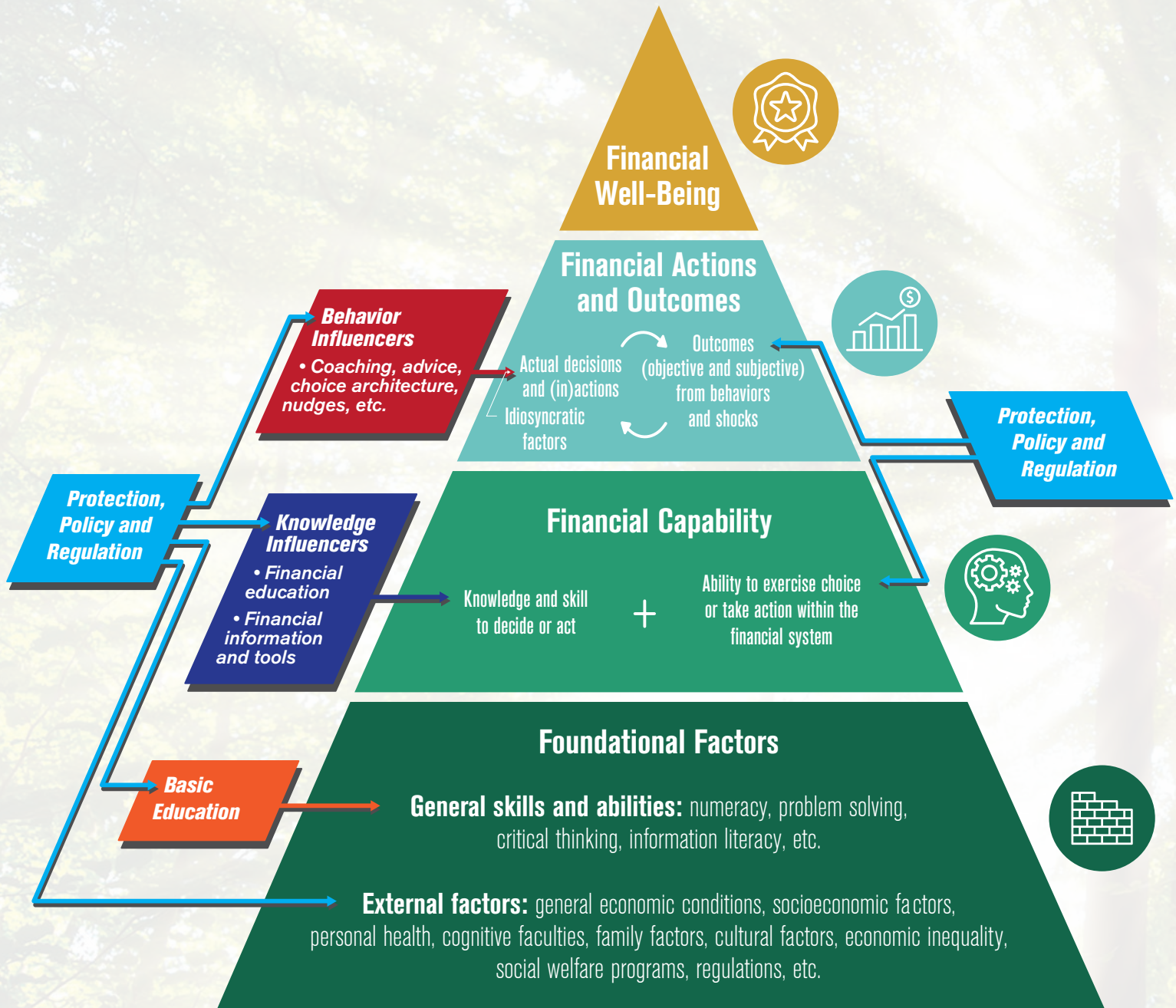
NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

NEFE's purpose in defining the ecosystem is to:

- Chart the foundations that underpin an individual's level of financial well-being.
- Give context to the elements that comprise financial well-being.
- Rightsize expectations for what various educational and behavioral influences, interventions and efforts realistically can achieve.

Research is conducted throughout the ecosystem.

Assessment and evaluation are conducted on educational engagements.



This is an evolving framework and is subject to change. Please visit www.nefe.org for the latest version.

To help us better understand the role of financial education as it relates to financial well-being, and to begin defining terms in the field that are being used interchangeably, NEFE developed the Personal Finance Ecosystem. The goal of the ecosystem is to outline the interrelated landscape that impacts an individual's financial circumstances. As the Personal Finance Ecosystem framework evolved, we realized its potential value to the field at large and began sharing it at various events. The current version of the ecosystem presented here is the product of thoughtful critique and insight from leaders and practitioners in our field.

It is our hope that the Personal Finance Ecosystem will help our field better define how we collectively can enhance Americans' financial well-being. No one intervention can fix the problem, but each has an important role to play. NEFE's primary focus in the ecosystem is one of the catalysts:

knowledge influencers, comprised of financial education and financial information. High-quality financial education and timely financial information can assist people with navigating the financial system as it exists, but we need clarity on what realistically can be achieved within these frameworks, insight into the factors that education alone cannot overcome.

NEFE seeks to be a catalyst for growth, along with impact and change for our field. Outlining this ecosystem is one of the many ways we seek to best serve our community. A more detailed explanation of the ecosystem, including expanded definitions of terminology, can be found at www.nefe.org. We look forward to sharing the results of our strategic planning process in the next issue of Digest.

** Your feedback on this framework is needed. Please send insights to MarCom@nefe.org. This document will evolve as we incorporate additional response. Check www.nefe.org regularly for the latest version

A Modern Glossary

Financial Education:	A systematic approach to cultivating financial knowledge and financial decision-making skills. It implies the use of appropriate pedagogy, learning objectives and assessment techniques, as well as being of adequate duration to allow the learner to incorporate new knowledge into their existing schema.
Financial Information:	A variety of tools, resources and activities that inform the individual about a topic or decision. Examples include small-dose lessons not part of a broader program or curriculum, articles or reference resources, tips and tricks, calculators and decision aids. They often are used in self-directed inquiry or in conjunction with behavioral interventions. They can and should be used as a part of a financial education program or initiative, but on their own do not constitute education as they lack pedagogy, learning outcomes and assessment techniques as well as sufficient duration for the learner to fully assimilate the information into lasting knowledge.
Financial Well-Being [aka Financial Wellness]	Self-defined by the individual. Typically includes elements such as satisfaction with ability to manage current situation, ability to exercise choice, feel in control and future prospects.
Financial Actions and Outcomes	The decisions made and actions taken by the individual, as well as the resulting outcomes and impacts of any external shocks. Outcomes can be objective (e.g., credit score) or subjective (e.g., confidence). Shocks can be positive (e.g., work raise) or negative (e.g., large health care bill, fraud). There is a feedback loop between actions and outcomes.
Financial Capability	The individual's ability to act in their own self-defined best interest. It is comprised of two key elements: <ul style="list-style-type: none"> The knowledge and expertise to decide or act (aka financial literacy)—can be built through external knowledge interventions or self-directed inquiry and experience. The ability to exercise choice or take action (aka access to appropriate financial instruments).
Foundational Factors	The individual's general skills and abilities (e.g., critical thinking) and external factors (e.g., economic inequality, health).

*Additional terms and concepts are defined in the ecosystem framework.



Chief Financial Officer

Joanne Flores Moses comes to NEFE after 20 years at the Boettcher Foundation in Denver. Born in Guam and raised everywhere from Oklahoma and New York to Libya, due to her father's career in the U.S. Air Force, Joanne earned a bachelor's degree from the University of Denver and is a certified public accountant (CPA®).

How did you learn about money growing up?

My parents were pretty frugal, but I can't say I remember learning about money at home. I was born in 1961—of course, there was no internet—and, I learned a lot from TV. Seeing things on the news and talk shows like “Oprah.” I would hear about a book on personal finance and then I'd go get the book.

Even having an accounting degree and becoming a CPA doesn't tell you how to manage your own money. In college, I started getting credit card offers and back then, nobody was talking about how to build good credit. So, I signed up for a credit card. But through that, I started to learn that if you only make the minimum payments, you will never pay it off. I'm smart and I know math, but that wasn't really intuitive. Part of my learning came through experience.

Later in my career, I was laid off. That event was a real wake-up call. I had never thought about what would happen if my paycheck stopped, even for a month. Some of that kind of learning comes just as your life happens.

How has being at NEFE impacted your views on financial education?

Today, it's almost the opposite situation from when I was growing up. There is so much information out there that you don't know what good advice is. At least teaching the basics of personal finance in schools gives people an understanding to make their own choices.

When I had a credit card, you could deduct credit card interest on your tax return. At the time, having that interest was not as negative as it is today. When rules change, or tax laws change, or your credit card company updates your agreement for the thousandth time, there is just so much information being thrown at you. What you do with that infor-

mation is up to you. Having basic personal finance knowledge, just like having basic math, at least gives you a starting point.

What led you to pursue nonprofit work?

I was laid off when I was seven months pregnant. Luckily, I knew it was coming a year in advance, and I had a great severance package. I got to stay home for 2 1/2 years. It was such a treasure. Then I started doing contract work. I had received the Boettcher Foundation scholarship in high school, and I had a long-standing relationship with them. I reconnected with them in 1998 and eventually came onboard as a part-time controller. That introduced me to private foundations, which is really how I got into nonprofits.

How would you describe your job to a fifth-grader?

Along with my team, we support those who do the work of our mission. We make sure they have working computers and equipment, that people get paid, and that NEFE is compliant with the tax laws and rules that govern nonprofits. I also manage the money that NEFE was given when it first started to make sure it lasts into the future.

What do you find most interesting in your role at NEFE?

As opposed to the Boettcher Foundation—which is a private, nonoperating, grant-making foundation—NEFE is an operating foundation. There are a lot of similarities, but also enough differences, that it's really interesting to me. Also, after 20 years at Boettcher, I certainly didn't have the fresh eyes that I have here. The people at NEFE are so great and I'm excited to be part of this next chapter for the organization.

Faces of NEFE: Sarah Volk

Programs Associate

Sarah Volk is an associate on the programs team. Originally from Indianapolis, Sarah earned a bachelor's degree in economics with focuses on education and socioeconomic inequality from the University of Michigan, Ann Arbor (UM) in 2018.



What brought you to NEFE?

During my fourth and last year as an undergraduate, I took a one-credit course on personal finance that used NEFE's college program, CashCourse. This is what first introduced me to NEFE and ultimately led me to pursue working in financial education. NEFE's mission is a perfect intersection of my interests in economics and education.

What interests you about personal finance?

My father worked as a financial advisor for many years, so he was always extremely interested in personal finance. I have a vivid memory of the first time I ever received money from babysitting. He promptly told me that a third of the money would be going into a savings account to be used for my retirement—which at the time was more than 55 years in the future!

Because of this, I've always been familiar with the concept of managing money. While studying economics at UM, I was instantly drawn to the field of behavioral economics. I took an undergraduate class about ethics in economic decision making that really got me interested in how individuals make money choices.

How would you describe your job to a fifth grader?

At some point in their lives, everybody has to decide how they are going to make money and how they are going to spend the money they make. I support those who teach people about their money.

What is one memorable experience from your time at NEFE so far?

I've really enjoyed talking to our intermediary partners face to face at conferences. Part of my role includes helping

educators utilize our resources best for their audiences, and it's been so great to hear in person how schools and libraries are using NEFE materials and what struggles they face. These valuable conversations really inform how I approach my day-to-day work.

As a recent graduate yourself, what are three important personal finance subjects to share with young adults?

I think the most important concept is to have some sort of emergency fund. A lot of guidelines suggest putting away three to six months' worth of living expenses, which can sound really intimidating, so I started with a much smaller goal to give me a feeling of achievement, and then slowly built off that.

Next, I think basic budgeting is critical. Even just checking the balances on my accounts each morning has helped me feel more on top of my money and budgeting out every expense has made me feel really in control on top of that.

Finally, I think saving for retirement can be easily overlooked in your early 20s. No matter how stressed I sometimes feel looking at my monthly budget, I always am grateful to be able to put something away, no matter how little, for my future.

What do you like to do in your free time?

I enjoy getting outside to go running or hiking. I also like painting, going to museums, and keeping up with current events and economic news. I'm a huge Michigan basketball fan, so when the college season rolls around, you can always find me cheering for the Wolverines.

CashCourse Financial Educator of the Year: Taylor Sminchak

The CashCourse Financial Educator of the Year award recognizes an educator who has demonstrated a passionate commitment to advance financial literacy on college campuses.

NEFE presents the award to Taylor Sminchak, coordinator of outreach for the University of Akron's ZipAssist student services program, a central information hub designed to share available resources, and provide support and assistance to help students be successful at the University of Akron.

Sminchak has led several financial literacy initiatives at the University of Akron. Last year, she developed a strategy for student financial education at Akron. In just over a year, she has created and implemented "Ballin' on a Budget," ZipAssist's ongoing financial education program. Sminchak has been recognized for her efforts by both the University of Akron and external partners, and now manages the school's tuition, financial aid, and emergency aid early alert system.

"As a student support and advocacy office, we do a lot at ZipAssist. At the end of the day, our mission is to help students stay in school and be successful during their time here at the University of Akron," Sminchak says.

The office helps students with a wide variety of issues, but financial challenges are one of the most common. The office



"...we wanted to make financial wellness a regular conversation across campus."

has a referral form where students can refer themselves or others who need support. The volume of financial concerns reported sparked the office to action.

"We decided to focus on financial wellness, so we began the 'Ballin' on a Budget' campus initiative. We didn't want to do a one-time workshop where students sit for an hour and go home. Instead, we wanted to make financial wellness a regular conversation across campus," says Sminchak.

To assist Sminchak's progress in her financial education career, CashCourse is sponsoring her pursuit of the Accredited Financial Counselor (AFC®) credential. CashCourse also will sponsor her attendance at the 2019 National Summit on Collegiate Financial Wellness.

For more information, visit www.cashcourse.org/School-Administration/Training/AFC-Scholarship.

NFCS: New Findings Indicate that Financial Education Works

Editorial note: We recognize other organizations use different definitions for financial capability. NEFE defines financial capability as comprised of knowledge and access, but does not extend to actions and outcomes as in this study.

New evidence links financial education to financially capable behaviors, according to the most recent wave of the National Financial Capability Study (NFCS).

The 2018 data, released in June 2019, conclude that "both the amount and quality of financial education correlate positively with behaviors indicative of financial capability."¹ The study data

show that those who receive more hours of high-quality financial education programming are "more likely to save and less likely to overdraw their checking accounts, engage in fee-generating credit card behaviors, or use non-bank borrowing methods."²

Since 2012, the study has asked whether or not respondents had financial education available to them and whether or not they participated. The 2018 study added new questions to probe respondents to report on the amount and quality of that financial education.

Success Stories

No Debt, New Condo: NEFE's High School Program Changes One Family's Life

Teachers continually share their transformative experiences with NEFE's High School Financial Planning Program, emphasizing the power of classroom financial education. "Our educators are at the forefront of financial education, and they are making a positive difference in their students' lives with the guidance of the HSFPP curriculum" says Susan Sharkey, NEFE's senior director of learning and content development.

"I work at an alternative high school. We very rarely have parents come to parent-teacher conferences. One night during a parent-teacher conference I had a student bring her mom, and that is when I found out she was going home each night and going through the financial lessons with her mom. Together they got rid of all the mom's debt and were saving for a new home.

"Two years later, the student and her mom purchased a condo and were putting all their extra money towards that purchase now that they no longer had debt. They are on track to have it paid in full in less than 10 years.

"That's when I knew a student 'got' the HSFPP financial education lesson I was teaching—because she was implementing it in her home. This is THE most important class kids can take, especially my kids. That story inspired me to make it my mission this summer to create parent newsletters and get more involved with the parents of my students."

—Brooke M., business teacher, Salt Lake City

In support of teacher development, NEFE sponsors five HSFPP educators to attend the annual Jump\$tart National Educator Conference. Teachers compete for these scholarships with applications that include specific examples of when they knew a student "got" the HSFPP financial education lesson they were teaching, like Brooke M.'s testimonial above.

"We take great pride in our HSFPP educators and the opportunity to afford them more training, networking and engagement," Sharkey says. "Savvy instructors make HSFPP's plan-driven approach even more effective, because they are not just teaching information or showing students how to manage a financial task—they guide students to do it for themselves so they can apply financial decisions to their own lives."

To learn more about the program, visit www.hsfpp.org/resources/articles/jumpstart.

"The results of these new questions, coupled with the behavioral data in the study, illuminate what we at NEFE already know: Financial education works," says Billy Hensley, Ph.D., NEFE president and CEO.

This wave revealed that of those who had received some form of financial education, 12 percent had one to two hours, 25 percent had three to 10 hours and 54 percent had at least 10 hours of exposure. Fully three-quarters of respondents rated the quality of that education "high."

"This is good news for our field," says Katherine Sauer, Ph.D., NEFE vice president of research and programs. "Quality and duration data give us a more nuanced understanding about that financial education."

Study Background

The NFCS is a large-scale, multiyear project conducted by the Financial Industry Regulatory Authority (FINRA) Investor

Education Foundation since 2009. It aims to benchmark key indicators of financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal and financial literacy characteristics. In each wave, the study deepens exploration of timely, critical topics, while maintaining consistent measures to track comparisons over time.

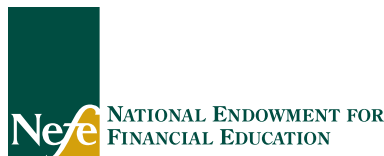
The study draws from a sample of over 25,000 American respondents. This large dataset allows researchers not only to study financial capability among the entire population, but also to slice the data in different ways to provide detailed studies on population subgroups. State-by-state analysis is reported as well.

1 "The State of U.S. Financial Capability: The 2018 National Financial Capability Study," FINRA Investor Education Foundation, June, 2019, p. 2.

2 Ibid, p. 2.

To learn more about the study visit: www.usfinancialcapability.org.

Financial Workshop Kits Retiring



1331 17th Street
Suite 1200
Denver, CO 80202

Since 2004, NEFE has proudly offered Financial Workshop Kits to support community educators passionate about bringing financial education to underserved audiences.

While we recognize that the Financial Workshop Kits have been a beneficial resource, we have made the decision to discontinue this program as of September 12, 2019.

For more resources to help deliver financial education in your community visit:
www.nefe.org/education/adult-learning/fwk-retirement.

Stop by Our Booth or Look for Us at the Following Conferences:



FinCon Expo	Sept. 4-7	Washington, D.C.
Excellence in Journalism/Radio Television Digital News Association (RTDNA) Annual Conference	Sept. 5-7	San Antonio
Online News Association (ONA) Annual Conference	Sept. 12-14	New Orleans
National Coalition Against Domestic Violence (NCADV) Conference	Sept. 16-18	Washington, D.C.
Colorado Association of Libraries (CAL) Conference	Sept. 19-20	Loveland, Colo.
Family and Consumer Sciences Education and Wisconsin Department of Public Instruction Child Care Conference	Sept. 27	Menomonie, Wis.
Financial Literacy and Economic Education Conference	Oct. 4-10	Los Angeles
Society for Financial Education and Professional Development Annual Financial Literacy Leadership Conference.	Oct. 7-8	Arlington, Va.
Financial Planning Association (FPA) Annual Conference	Oct. 16-18	Minneapolis
FDIC Consumer Research Symposium	Oct. 18	Washington, D.C.
Society for Advancing Business Editing and Writing (SABEW) Fall Conference	Oct. 23-25	New York

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