

Financial Literacy and Education Commission

Promoting Financial Success in the United States:

National Strategy for
Financial Literacy

2016 Update



Financial Literacy and Education Commission Members

Board of Governors of the Federal Reserve System
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For more information on the Financial Literacy and Education Commission, visit www.MyMoney.gov.

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Introduction

The Financial Literacy and Education Commission (FLEC), comprising 23 federal government entities, plays a central role in the federal government's efforts to enhance financial literacy, financial capability, and individual financial well-being.¹ The FLEC coordinates its members' diverse financial education activities for Americans, including families, children, youth, students, service members and their families, and financially vulnerable populations. The FLEC members have pursued a variety of financial literacy and education approaches to provide information, instruction, and guidance to help American households meet their financial goals. The FLEC provides a platform for its member agencies to collaborate and share those approaches, as well as ideas, research findings, and experiences that inform financial education policies and practices. Through the FLEC's efforts, federal financial education support and services can be more effective and coordinated.

As the country continues to emerge from the aftermath of the financial crisis, Americans are, on average, experiencing less financial stress and improved satisfaction with their financial condition. However, large segments of society continue to face financial difficulties.² The financial difficulties of individuals and families can dramatically affect the financial health of local communities, and it is clear the financial well-being of individuals and families is fundamental to national financial stability. In the United States, nearly one in five households reports spending more than they earn in income (not including the purchase of a new home, car, or other big outlays).³ Nearly half of all households are not able to pay for an unexpected \$400 expense without having to borrow money or sell something,⁴ and over half worry about running out of money in retirement.⁵ The understanding, skills, tools, and resources to make informed financial decisions are important for attaining and maintaining financial health and security. Supporting the financial capability

1 Financial well-being is a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in his or her financial future, and is able to make choices that allow enjoyment of life. For more information, see Consumer Financial Protection Bureau, Financial Well-Being: The Goal of Financial Education, (January 27, 2015),

<http://www.consumerfinance.gov/data-research/research-reports/financial-well-being/>.

2 FINRA Investor Education Foundation, National Financial Capability Study: U.S. (July 2016), http://www.usfinancialcapability.org/downloads/NFCS_2015_Report_Natl_Findings.pdf.

3 FINRA Investor Education Foundation, National Financial Capability Study: U.S. (July 2016).

4 Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2015, (May 2016), <https://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf>.

of Americans can take many forms, from providing timely, relevant and actionable information, to supporting the development of effective financial skills and habits, to creating an environment where it is easier for people to make and follow through on money decisions that serve their life goals. In the years ahead this work will need to be responsive to trends shaping Americans' financial security, including inequality of financial status; increasing diversity; longevity and the need for long-term financial security; and the power of technology.

In 2011, the FLEC developed a national strategy, *Promoting Financial Success in the United States: National Strategy for Financial Literacy*, which established goals for the various sectors seeking to increase financial literacy and improve individual financial well-being.⁶ The goals included:

1. Increase awareness of and access to effective financial education.
2. Determine and integrate core financial competencies.
3. Improve financial education infrastructure.
4. Identify, enhance, and share effective practices.

The *2016 National Financial Literacy Strategy Update* highlights progress in financial education since the release of the *2011 National Strategy* and the actions the FLEC has taken to advance the action areas of policy, education, practice, research, and coordination, and identifies next steps in these areas. In addition, the *National Strategy Update* summarizes what research has uncovered about financial literacy and financial well-being since 2011, and highlights key factors that will impact future efforts improve Americans' financial well-being.

The purpose of the *National Strategy Update* is not to revise but rather to build upon the overarching strategic framework that was laid out in 2011, so that all organizations involved with personal finance education, research, practice, and policy will find this *National Strategy Update* useful to help guide their work. The aim is for stakeholders across the country—within the federal government and beyond—to develop, implement and evaluate specific objectives that support and advance the elements of the *National Strategy* as we work together to achieve our shared vision of financial well-being for all people in the United States. This document is intended to summarize the learning and achievements of recent years, as well as highlight areas where our efforts can continue to evolve toward attaining our shared vision.

6 Financial Literacy and Education Commission, *Promoting Financial Success in the United States: National Strategy for Financial Literacy*, (2011), [https://www.treasury.gov/resource-center/financial-education/Documents/NationalStrategyBook_12310%20\(2\).pdf](https://www.treasury.gov/resource-center/financial-education/Documents/NationalStrategyBook_12310%20(2).pdf).

Increased financial literacy and well-being have become a priority for many nations around the world, including the United States. Globally, as of 2014, more than 50 countries had developed, or were working to develop, national strategies for financial education.⁷ This reflects the global concern that consumers need to be better prepared in the face of increasingly complex financial choices that they must make throughout their lives. This global trend adds to the value of an up-to-date FLEC *National Strategy* for the United States that takes into account the changing and evolving landscape of the market.

Critical Developments Influence the FLEC

A number of notable FLEC developments since 2011 were initiated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), enacted in 2010. Among these were the creation of the Consumer Financial Protection Bureau (CFPB) with a financial education mandate⁸ and the naming of the CFPB to the FLEC, with its director to serve as its vice chair. The CFPB's Office of Financial Education, along with other CFPB offices, directly serves consumers and special populations (older Americans, students, service members, and economically vulnerable consumers) and has undertaken a range of initiatives for empowering consumers to take more control over their financial lives, which include partnering with other agencies and intermediaries, and conducting and sharing research on building effective financial education practices.⁹ The Dodd-Frank Act also required the Securities and Exchange Commission (SEC) to consult with the FLEC members in developing an investor literacy strategy.¹⁰ Additionally, the Dodd-Frank Act created the Commodity Futures Trading Commission (CFTC) Customer Protection Fund to provide whistleblower awards and to fund financial education initiatives.¹¹ Those initiatives are administered by the CFTC's Office of Customer Education and Outreach, and focus on fraud

7 Economic Co-operation and Development/International Network for Financial Education, OECD/INFE Progress Report on Financial Education, (September 2014), <http://www.oecd.org/finance/financial-education/OECD-INFE-Fin-Ed-G20-2014-Progress-Report.pdf>

8 See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1011. Also see Section 1013(d) of the Dodd-Frank Act (12 U.S.C. § 5493(d)(1)&(2)). <https://www.treasury.gov/about/organizational-structure/offices/Documents/Dodd%20Frank%20Act.pdf>

9 Consumer Financial Protection Bureau, 2016 Financial Literacy Annual Report, (October 2016), <http://www.consumerfinance.gov/data-research/research-reports/2016-financial-literacy-annual-report/>.

10 See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 917(a). <https://www.sec.gov/news/studies/2012/917-financial-literacy-study-part1.pdf>

11 See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 748. <http://www.cftc.gov/reports/presbudget/2014/2014presidentsbudget0302.html>

prevention and deterring other violations of the Commodity Exchange Act and its related rules and regulations.¹²

Additionally, two entities have joined the FLEC since 2011. The Federal Emergency Management Agency focuses its financial education messaging on emergency preparedness and recovery, while the Department of the Interior, through its Office of the Special Trustee for American Indians, offers financial education for the populations and communities it serves.

The FLEC's Strategic Focus on "Starting Early for Financial Success"

This *National Strategy Update* incorporates the FLEC's strategic focus on "Starting Early for Financial Success," begun in 2012 as an approach to implement the goals of the *2011 National Strategy*.¹³ The "Starting Early" focus recognizes that in today's economy, it is essential for Americans to develop the financial capability to navigate a complex financial system. This focus builds on the understanding that young people are apt to be receptive to learning the fundamentals of financial capability, just as they are with many other types of learning.

Young people who develop the fundamentals of financial capability are more likely to become financially secure adults.¹⁴ Furthermore, children begin to be able to acquire the fundamentals of financial capability early and, if acquired, these fundamentals can develop over time as children grow and encounter new experiences. During childhood and adolescence, there are important developmental "windows of opportunity" when youth are typically, and most readily capable of, learning a particular financial skill or behavior. And the acquisition of these fundamentals or "building blocks" can then start young people on a path to self-reinforcing development of financial confidence,

12 The CFTC has since implemented the SmartCheck.gov campaign using evidence-based social marketing principles. The website, together with direct-to-consumer advertising, social media, events, and stakeholder engagement, encourages all investors to research the registration and disciplinary histories of financial professionals.

13 Financial Literacy and Education Commission, Research Priorities applied to the 2013-2014 Strategic Focus: Starting Early for Financial Success, (May 2013), <https://www.treasury.gov/resource-center/financial-education/Documents/Starting%20Early%20Research%20Priorities%20May%202013.pdf>

14 Terrie E. Moffitt, Louise Arseneault, Daniel Belsky, Nigel Dickson, Robert J. Hancox, Hona Lee Harrington, Renate Houts, Richie Poulton, Brent W. Roberts, Stephen Ross, Malcolm R. Sears, W. Murray Thomson, and Avshalom Caspi, "A Gradient of Childhood Self-Control Predicts Health, Wealth, and Public Safety." *Proceedings of the National Academy of Sciences*, 108 (7) (2011): 2693–2698.

skills, and successful money management.¹⁵ Whether gained in childhood, adolescence or early adulthood, the benefits of getting an early start on large financial goals can be significant. Starting to save for retirement at a younger age, for example, allows more time for earnings to accrue in investment accounts and for savers to recover from market downturns.

A strategic focus is also an effective approach for the FLEC as an organization. Focusing on a select set of key actions over a multiyear period is a disciplined and targeted approach that enhances the organizational effectiveness of the FLEC. Through this focus, the FLEC has demonstrated substantial progress in coordinating activities to improve and expand financial education for Americans and in achieving key objectives of the *2011 National Strategy*.

Development of the National Strategy 2016 Update

To update the *National Strategy*, the U.S. Department of the Treasury (the Treasury), on behalf of the FLEC, published in the April 11, 2016, *Federal Register*, a request for comments on the proposed updates to the *National Strategy*.¹⁶ There were 20 responses from nonprofit organizations, private businesses, trade associations, private citizens, and government entities.

The comments received demonstrated support for the *National Strategy* vision, mission, and goals, and generally supported the proposed update. Among the topics raised by commenters were the importance of using technology to promote financial literacy and enhance financial capability, understanding and addressing the needs of financially vulnerable individuals, and the value of financial education throughout a person's life. The FLEC carefully considered all comments in developing this *National Strategy Update*. Throughout this document, we address the primary suggestions raised.

15 A.I. Drever, E. Odders-White, C.W. Kalish, N.M. Else-Quest, E.M. Hoagland, and E.N. Nelms, "Foundations of Financial Well-Being: Insights into the Role of Executive Function, Financial Socialization, and Experience-Based Learning in Childhood and Youth," *Journal of Consumer Affairs*, 49 (2015): 13–38. doi:10.1111/joca.12068;

David Whitebread and Sue Bingham. "Habit formation and learning in young children," University of Cambridge and Money Advice Service, (2013), <https://mascdn.azureedge.net/cms/the-money-advice-service-habit-formation-and-learning-in-young-children-may2013.pdf>.

16 "Comment Request for the Financial Literacy and Education Commission on the Draft National Strategy Update, Entitled Promoting Financial Success: National Strategy for Financial Literacy Update," *Federal Register*, (April 11, 2016), <https://www.federalregister.gov/documents/2016/04/11/2016-08227/comment-request-for-the-financial-literacy-and-education-commission-on-the-draft-national-strategy>

Financial Education Today

Given the increasingly complex financial choices Americans face in their lives and substantial disparities in many Americans' ability to weather financial challenges, the need for financial education remains crucial. While many American households have rebounded from the financial crisis, many still report spending more than they earn, engaging in costly behaviors, and lacking emergency savings or a long-term financial plan. As of 2015, less than a third of American adults had been offered financial education at a school, college, or workplace, and only one in five say they participated in financial education.¹⁷ Despite growing evidence that well-designed and implemented high school personal finance mandates help prepare young people to successfully navigate their financial lives,¹⁸ only 17 states require high school students to take a course in personal finance.¹⁹ Compared with their peers in other developing nations, U.S. 15-year-olds rank in the middle of the 18 countries and economies participating in the Organisation for Economic Co-operation and Development's 2012 Programme for International Student Assessment (PISA), which assesses financial knowledge and skills through solving problems, and nearly one in five failed to demonstrate more than a basic level of such knowledge and skills.²⁰

Meanwhile, there is growing evidence that financial education – in a variety of forms and when appropriately matched to the specific need at hand – can have a meaningful impact on financial behavior and well-being. The field of financial education has evolved over the past several years. Practitioners continue to learn from a variety of approaches. Researchers aim to identify the educational approaches that are most effective and to understand which approaches are best matched to different consumer situations and needs. By focusing beyond the provision of financial information—the traditional scope of financial literacy and education—and instead emphasizing a broader view of financial capability,²¹

17 FINRA Investor Education Foundation, National Financial Capability Study: U.S. (July 2016), <http://www.usfinancialcapability.org/results.php?region=US>.

18 Alexandria J. Brown, J. Michael Collins, Maximilian Schmeiser, and Carly Urban, “State Mandated Financial Education and the Credit Behavior of Young Adults,” Finance and Economics Discussion Series, Washington, DC: Federal Reserve Board, (2014), <https://www.federalreserve.gov/pubs/feds/2014/201468/201468pap.pdf>

19 Council for Economic Education, Survey of the States: The State of K-12 Economic and Financial Education in the United States, (2016), <http://councilforeconed.org/policy-and-advocacy/survey-of-the-states/>

20 Programme for International Student Assessment, Students and Money - Financial Literacy Skills for the 21st Century,” (2012), <http://www.oecd.org/pisa/keyfindings/PISA-2012-results-volume-vi.pdf>

21 Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources prudently and effectively. Efforts to improve financial capability, which should be based

the FLEC recognizes that factual knowledge alone is not sufficient to drive behavior or behavior change.²² The scope of financial education has broadened to include a range of interventions that teach the application of financial skills and seek to help consumers close the gap between their financial intentions and actions. Financial education does so by supporting positive financial behavior and action taking, paired with opportunities to use appropriate and helpful financial products and services. The following section briefly summarizes recent advances in the field's understanding of the nature and development of financial capability and how financial education practices can improve financial well-being.

What We Have Learned about Drivers of Financial Behavior and Well-Being

A significant development in financial education literature has been heightened awareness of the relevance of attitudes, feelings, and the role of psychological factors in financial behavior and well-being outcomes.²³ This includes factors such as the confidence people have in their financial abilities (subjective

on evidence of effectiveness, empower individuals to make informed choices, plan and set goals, avoid pitfalls, know where to seek help, and take other actions to better their present and long-term financial well-being. Executive Order creating President's Advisory Council on Financial Capability, Exec. Order No. 13,646, 78 Fed. Reg. 39159, (January 29, 2010),

https://www.whitehouse.gov/sites/default/files/2010financial_eo_rel.pdf

22 I. Ajzen, N. Joyce, S. Sheikh, and N. Gilbert-Cote, "Knowledge and the Prediction of Behavior: The Role of Information Accuracy in the Theory of Planned Behavior," *Basic and Applied Social Psychology*, 33 (May 2011): 101-117, doi:10.1080/01973533.2011.568834;

Barbara Kiviat and Jonathan Morduch, "From Financial Literacy to Financial Action," *Financial Access Initiative: Robert F. Wagner Graduate School of Public Service, New York University, and McGraw-Hill Research Foundation*, (January 2012),

https://wagner.nyu.edu/files/faculty/publications/Financial_Literacy_WP.pdf;

Cliff A. Robb, and Ann S. Woodyard, "Financial Knowledge and Best Practice Behavior," *Journal of Financial Counseling and Planning*, 22(1) (2011): 60-70, <http://ssrn.com/abstract=2061308>;

Lewis Mandell and Linda Schmid Klein, "The Impact of Financial Literacy Education on Subsequent Financial Behavior," *Journal of Financial Counseling and Planning*, 20(1) (2009): 15-24, <http://ssrn.com/abstract=2224231>

Joyce Serido, Soyeon Shim, and Chuanyi Tang, "A Developmental Model of Financial Capability: A Framework for Promoting a Successful Transition to Adulthood," *International Journal of Behavioral Development*, 37(4) (April 2013): 287-297, doi:10.1177/0165025413479476.

23 Karen Holden, "The Emotions and Cognitions behind Financial Decisions: The Implications of Theory for Practice," *Center for Financial Security*, (September 2010), <https://centerforfinancialsecurity.files.wordpress.com/2010/09/2010-the-emotions-and-cognitions-behind-financial-decisions-paper.pdf>

financial knowledge and financial self-efficacy),²⁴ self-control,²⁵ the financial options people believe are available to them, and the choices that seem familiar, appropriate, and comfortable to make. This suite of attitudes seems to develop through experience and exposure, or a lack thereof, to financial opportunities and choices.^{26,27} Beginning with early childhood and continuing into young adulthood, children can begin to acquire critical attributes, abilities, and opportunities that support the development of adult financial capability. In practice, this means that financial skill, or “know-how,” and attitudes develop together, as part of a process of experiential learning. This includes exposure to financial situations and choices, practicing resource management and financial decision-making, and learning by experiencing the outcomes of actions taken (or not taken).²⁸ External factors, such as socioeconomic circumstances, limited access to a wide range of economic opportunities and financial products, and early experiences with adversity, can limit or interfere with opportunities to acquire financial capability.

24 Liat Hadar, Sanjay Sood, Craig R. Fox, “Subjective Knowledge in Consumer Financial Decisions,” *Journal of Marketing Research*, 50 (June 2013): 303-316, doi:10.1509/jmr.10.0518; Jean M. Lown, “Development and Validation of a Financial Self-Efficacy Scale,” *Journal of Financial Counseling and Planning*, 22(2) (February 2012): 54–63, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2001554; Vanessa Gail Perry and Marlene D. Morris, “Who Is in Control? The Role Of Self-Perception, Knowledge, and Income in Explaining Consumer Financial Behavior,” *The Journal of Consumer Affairs*, 39(2) (September 2005): 299-313, doi:10.1111/j.1745-6606.2005.00016.x.

25 Terrie E. Moffitt, Louise Arseneault, Daniel Belsky, Nigel Dickson, Robert J. Hancox, Hona Lee Harrington, Renate Houts, Richie Poulton, Brent W. Roberts, Stephen Ross, Malcolm R. Sears, W. Murray Thomson, and Avshalom Caspi, “A Gradient of Childhood Self-Control Predicts Health, Wealth, and Public Safety,” *Proceedings of the National Academy of Sciences*, 108(7) (February 2011): 2693–2698, doi:10.1073/pnas.1010076108.

26 Financial socialization is an ongoing process by which children and youth develop the habits and norms that guide their financial behavior as adults. Studies describing this process include: S. Shim, J. Serido, L. Bosch, and C. Tang, “Financial Identity-Processing Styles Among Young Adults: A Longitudinal Study of Socialization Factors and Consequences for Financial Capabilities,” *The Journal of Consumer Affairs*, 47 (January 2013): 128–152, doi:10.1111/joca.12002; Soyeon Shim, Bonnie L. Barber, Noel A. Card, Jing Jian Xiao, and Joyce Serido, “Financial Socialization of First-year College Students: The Roles of Parents, Work, and Education,” *Journal of Youth and Adolescence*, 39 (December 2010): 1457, <http://link.springer.com/article/10.1007/s10964-009-9432-x>; Sharon M. Danes, “Parental Perceptions of Children’s Financial Socialization,” *Journal of Financial Counseling and Planning*, 5(1994): 127–146, <https://afcepe.org/assets/pdf/vol-58.pdf>

27 Consumer Financial Protection Bureau, *Financial Well-Being: The Goal of Financial Education*, (January 2015), <http://www.consumerfinance.gov/reports/financial-well-being/>;

Ulrike Malmendier and Stefan Nagal, “Depression Babies: Do Macroeconomic Experiences Affect Risk Taking?” *The Quarterly Journal of Economics*, 126 no. 1(2011): 373–416.

28 A.I. Drever, E. Odders-White, C.W. Kalish, N.M. Else-Quest, E.M. Hoagland, and E.N. Nelms, “Foundations of Financial Well-Being: Insights into the Role of Executive Function, Financial Socialization, and Experience-Based Learning in Childhood and Youth,” *Journal of Consumer Affairs*, 49 (Spring 2015): 13–38, doi:10.1111/joca.12068.

The literature also highlights the difficulty that people have engaging in forward-looking financial thinking or planning and sustaining attention to financial goals in the context of competing demands for time, attention, and financial resources.²⁹ The more mentally difficult or emotionally taxing an action is to take, the less likely it is that a person will take it.³⁰ The financial education field is increasingly aware of research revealing that the context in which a decision is made, or situational factors, such as available financial products, can have a large influence on financial behavior and resulting financial outcomes.³¹ To respond to this challenge, the financial education field is increasingly focused on understanding the context in which people make financial decisions, helping individuals reduce the mental and emotional cost of planning for the future, and following through on their financial intentions.

What We Have Learned about Ways to Support Financial Capability

There is a growing body of research examining the effectiveness of programs that seek to increase financial capability. It has found that different types of interventions aimed at boosting financial health and well-being will be effective for consumers in different situations. Recent research suggests that interventions and support should be appropriately matched to an individual's specific financial challenges, goals, background, and circumstances in order to make a meaningful difference in their financial behavior and outcomes.³² Financial educators ought to have a clear understanding of the goals and challenges facing the participants in their programs. Further, to be most effective, financial capability programs and interventions must be designed and marketed with a clear understanding of the real obstacles blocking participants from achieving their financial objectives. Opportunities to access appropriate financial products and services that help users toward their financial goals are also critical to enabling financial capability.

29 S. Mullainathan and E. Shafir, *Scarcity: Why Having Too Little Means So Much*, Times Books, (2013).

30 Cass R. Sunstein, *Choosing Not to Choose: Understanding the Value of Choice*, Oxford University Press, (2015).

31 Lee Ross and Richard E. Nisbett, *The Person and the Situation: Perspectives of Social Psychology*, McGraw-Hill Book Company, (1991);

M. Bertrand, S. Mullainathan, and E. Shafir, "Behavioral Economics and Marketing in Aid of Decision Making Among the Poor," *Journal of Public Policy and Marketing*, 25(1) (2006): 8- 23, doi:10.1509/jppm.25.1.8.

32 Fenella Carpena, Shawn Cole, Jeremy Shapiro, Bilal Zia, "The ABCs of Financial Education: Experimental Evidence on Attitudes, Behavior, and Cognitive Biases," World Bank Policy Research Working Paper, 7413 (September 2015),

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2661139

A number of recent studies demonstrate the effectiveness of financial counseling and coaching in helping individuals negotiate their situations to better meet their own goals. Financial counseling or credit counseling provides actionable, tailored (timely, relevant, and personalized) information, and guidance to help clients navigate specific and unfamiliar financial decisions.³³ Financial coaching, typically delivered by nonprofit organizations, helps individuals set and refine their financial goals, connect smaller actions to larger goals, and stay on track.³⁴ Innovation in delivery modes (online, phone, and technology-enhanced) has created the potential to increase access to approaches that have historically needed more resources, or considered “high touch.”³⁵

At the same time, studies demonstrate the value of lighter touch approaches to impact financial behavior and outcomes. Rule of thumb-based financial education offers simplified guidelines that may support financial behavioral outcomes by providing memorable, simple, and actionable guidance on financial decisions and actions.³⁶ Other studies demonstrate the value of reminders,³⁷

33 Stephen Roll and Stephanie Moulton, “The NFCC’s Sharpen Your Financial Focus® Initiative Impact Evaluation,” (April 2016), https://nfcc.org/wp-content/uploads/2016/06/134236_NFCC_WEB-1.pdf; F. Carpena, S. A. Cole, J. Shapiro, and B. Zia, “The ABCs of Financial Education: Experimental Evidence on Attitudes, Behavior, and Cognitive Biases,” World Bank Policy Research Working Paper, 7413 (2015).

34 Brett Theodos, Margaret Simms, Mark Treskon, Christina Stacy, Rachel Brash, Dina Emam, Rebecca Daniels, and Juan Collazos, “An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs,” Urban Institute, (October 2015) <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000448-An-Evaluation-of-the-Impacts-and-Implementation-Approaches-of-Financial-Coaching-Programs.pdf>; Center for Financial Security, “Financial Coaching: A Review of Existing Research,” University of Wisconsin-Madison Issue Brief, (October 2015),

http://fyi.uwex.edu/financialcoaching/files/2015/10/FinancialCoaching_10.1.pdf Stephanie Moulton, J. Michael Collins, Căzilia Loibl, and Anya Samek, “Effects of Monitoring on Mortgage Delinquency: Evidence From a Randomized Field Study,” *Journal of Policy Analysis and Management*, 34 (1) (November 2014): 184–207, doi:10.1002/pam.21809.

35 Center for Financial Security, “MyBudgetCoach Pilot Study: Final Report and Summary Brief,” University of Wisconsin-Madison Issue Brief, (June 2016),

https://centerforfinancialsecurity.files.wordpress.com/2016/06/mybc_brief_june20161.pdf

36 Alejandro Drexler, Greg Fischer, and Antoinette Schoar. “Keeping It Simple: Financial Literacy and Rules of Thumb,” *American Economic Journal: Applied Economics*, 6(2) (April 2014): 1–31, <https://www.aeaweb.org/articles?id=10.1257/app.6.2.1>;

Urban Institute, Don’t Swipe the Small Stuff: An Evaluation of the Impacts of Two ‘Rules of Thumb’ for Credit Card Revolvers, (September 2016),

<http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000846-An-Evaluation-of-the-Impacts-of-Two-Rules-of-Thumb-for-Credit-Card-Revolvers-1.pdf>.

37 Dean Karlan, Margaret McConnell, Sendhil Mullainathan, and Jonathan Zinman, “Getting to the Top of Mind: How Reminders Increase Saving” National Bureau of Economic Research Working Paper, 6205 (July 2010), doi:10.3386/w16205;

Benjamin L. Castlemana and Lindsay C. Pageb, “Summer Nudging: Can Personalized Text Messages and Peer Mentor Outreach Increase College Going among Low-Income High School Graduates?” *Journal of Economic Behavior & Organization*, 115 (July 2015): 144–160,

goal setting and planning,³⁸ and real-time opportunities to act on financial decisions³⁹ to help people focus on and follow through on their financial intentions. There is more to understand about the ways that technology-enabled approaches, ranging from those that provide customized data to educational games, hold promise to deliver needed financial tools, information, and guidance in engaging, convenient and efficient ways.⁴⁰

Another lesson in financial education is the importance of meeting people where they are— at work or in their communities, for example—with the information and support they need, when they need it, and in actionable forms. A recent study found that people who receive bundled services that focus on employment, income supports, and financial management skills made significant, lasting progress toward desired financial outcomes, and experienced improvements greater than those who received a single service.⁴¹

The workplace is a valuable potential venue for helping individuals improve their financial capability. Research indicates that workplace financial education programs can result in employees who are better able to manage financial stresses and are more productive.⁴² The Government Accountability Office and the Comptroller General of the United States convened a select group of leaders and experts in 2015 for a forum focusing on financial education in the workplace.⁴³ Forum participants identified a number of employer practices that research and experience have shown can help employees improve their overall financial wellness, including pairing financial education with automatic

doi:10.1016/j.jebo.2014.12.008.

38 Fenella Carpena, Shawn Allen Cole, Jeremy Shapiro, and Bilal Zia, “The ABCs of Financial Education: Experimental Evidence on Attitudes, Behavior, and Cognitive Biases,” World Bank Policy Research Working Paper, 7413 (2015),

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2661139.

39 Michal Grinstein-Weiss, Dana C. Perantie, Blair D. Russell, Krista Comer, Samuel H. Taylor, Lingzi Luo, Clinton Key, and Dan Ariely, Refund to Savings 2013: Comprehensive Report on a Large-Scale Tax-Time Saving Program, (March 2015), <https://www.brookings.edu/research/refund-to-savings-2013comprehensive-report-on-a-large-scale-tax-time-saving-program/>.

40 President’s Advisory Council on Financial Capability for Young Americans, Final Report, (June 2015), <https://www.treasury.gov/resource-center/financial-education/Documents/PACFCYA%20Final%20Report%20June%202015.pdf>

41 Sarah Rankin, Building Sustainable Communities: Integrated Services and Improved Financial Outcomes for Low-Income Households, Local Initiatives Support Corporation, (April 2015), http://www.lisc.org/media/filer_public/8d/d0/8dd0ddcd-e6b4-443a-bf47-a0c67096e212/041415_srankin_foc_report.pdf

42 Consumer Financial Protection Bureau, Financial Wellness at Work: A Review of Promising Practices and Policies, (August 2014), <http://www.consumerfinance.gov/reports/financial-wellness-at-work/>.

43 Government Accountability Office, Financial Literacy: The Role of the Workplace, (July 2015), <http://gao.gov/assets/680/671203.pdf>.

enrollment in retirement savings plans, personalizing information provided to employees, and offering financial coaching.

Research is also beginning to uncover promising approaches to support financial skill development earlier in life. For example, mounting evidence suggests that school-based financial education mandates—when carefully designed and implemented—support meaningful learning and skill development to better prepare young people to successfully navigate their financial lives.⁴⁴ A special issue of the *Journal of Consumer Affairs* dedicated to “Starting Early for Financial Success,” and developed in partnership with the FLEC, revealed the value of providing young people the opportunity to practice financial decision-making⁴⁵ by incorporating financial decision-making simulations into the school curriculum,⁴⁶ or providing youth with access to savings accounts through financial institutions operating in schools or in partnership with youth-serving organizations.⁴⁷

The research summarized above suggests that building financial capability can be accomplished through: equipping consumers with “know-how” and skills, helping them put their intentions into action through strengthening motivation, and helping them understand how to make financial products and services options work for them. Overall, the evidence paints a picture of nuanced, complex interactions between financial knowledge, understanding, and actions taken. This issue is complicated by the fact that there is no one-size-fits-all solution for the variety of goals, circumstances and financial challenges consumers face. The issue is further complicated by the attendant diversity in

44 Alexandria J. Brown, J. Michael Collins, Maximilian Schmeiser, and Carly Urban, “State Mandated Financial Education and the Credit Behavior of Young Adults,” Federal Reserve Board Finance and Economics Discussion Series, 68 (2014),

<https://www.federalreserve.gov/pubs/feds/2014/201468/201468pap.pdf>;

M. Batty, J.M. Collins, and E. Odders-White, “Experimental Evidence on the Effects of Financial Education on Elementary School Students’ Knowledge, Behavior, and Attitudes,” *Journal of Consumer Affairs*, 49 (2015): 69–96. doi:10.1111/joca.12058.

45 Research and Evaluation Committee, Financial Literacy and Education Commission, “Starting Early for Financial Success: Capability into Action,” *Journal of Consumer Affairs*, 49 (January 2015): 299–302, doi:10.1111/joca.12063.

46 Center for Financial Security, *Evaluating Experiential Financial Capability Education: A Field Study of My Classroom Economy*, (September 2016),

<https://centerforfinancialsecurity.files.wordpress.com/2016/09/mce-report-final.pdf>

47 Corporation for Enterprise Development, *Financial Education & Account Access Among Elementary Students: Financials from the Assessing Financial Capability Outcomes (AFCO) Youth Pilot*, (April 2014), <https://www.treasury.gov/resource-center/financial-education/Documents/AFCO%20Youth%20Research%20Brief.pdf>

V. Loke, L. Choi, and M. Libby, “Increasing Youth Financial Capability: An Evaluation of the MyPath Savings Initiative,” *Journal of Consumer Affairs*, 49 (February 2015): 97–126, doi:10.1111/joca.12066.

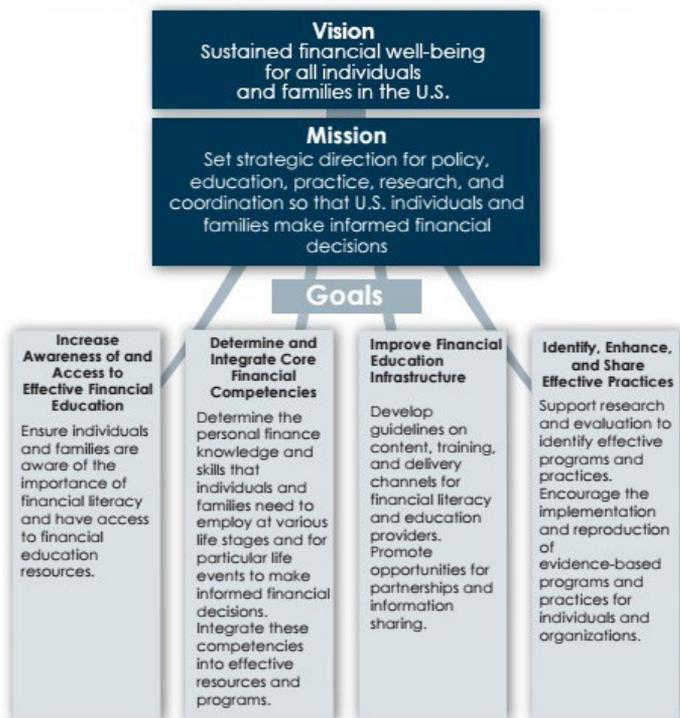
approaches, providers, and standards of quality in this very broad field, as well as in the unequal opportunities available to Americans. The *National Strategy's* vision—sustained financial well-being for U.S. individuals and families—points to improving financial well-being. As recent research has uncovered methods to quantify and measure it,⁴⁸ financial well-being can now be regarded as a clear objective across a variety of financial capability approaches and consumer circumstances.

48 Consumer Financial Protection Bureau, *Measuring Financial Well-Being: A guide to Using the CFPB Financial Well-Being Scale*, (December 2015)
http://files.consumerfinance.gov/f/201512_cfpb_financial-well-being-user-guide-scale.pdf

National Strategy for Financial Literacy 2016 Update

Vision: Sustained Financial Well-Being for All Individuals and Families in the U.S

Promoting Financial Success in the United States: National Strategy for Financial Literacy 2016 Update



The 2011 National Strategy established a long-term vision of financial well-being, financial stability, and financial security for the diverse U.S. populace. Individuals have financial well-being when they can meet current and ongoing obligations, feel secure in their financial future, and are able to make choices that allow enjoyment of life.⁴⁹ The National Strategy seeks to foster a culture in which: households take periodic stock of their financial situations; individuals

49 For more detailed information on the definition of financial well-being, see Consumer Financial Protection Bureau, Financial Well-Being: The Goal of Financial Education, (January 2015), http://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

seek information and ask questions before entering into financial transactions; and everyone has the information and tools needed to help manage debt, save to meet their financial goals, and plan for secure financial futures.

Mission: Set Strategic Direction for Policy, Education, Practice, Research, and Coordination so that U.S. Individuals and Families Make Informed Financial Decisions

The mission of the *National Strategy* outlines general areas of action identified as critical in moving toward the FLEC's vision. These action areas—policy, education, practice, research, and coordination—are influenced by all participants in the field of financial education, from the federal government and national organizations, to state and regional organizations, to communities, and schools, all of which help ensure that diverse and underserved populations are reached. Not every organization will engage in all of these action areas, and the *National Strategy* relies on each organization to find its own balanced blend of effective work.

The *2011 National Strategy* identifies four goals and related objectives to help move the nation toward the vision and mission outlined above. Some of these goals may be best suited to the federal government; others might be better achieved by state or local governments, the private sector, or through collaborative efforts. The recommended goals serve not necessarily as a course of action for the federal government only, but rather for the field of financial education as a whole. The *2011 National Strategy* also provides recommendations for how the FLEC, its members, and other organizations can incorporate the strategy into their activities and initiatives. The goals include:

- Increase awareness of and access to effective financial education.
- Determine and integrate core financial competencies.
- Improve financial education infrastructure.
- Identify, enhance, and share effective practices.

Since 2011, the FLEC members have demonstrated substantial progress in improving and expanding financial education for Americans. The Appendix highlights some activities the FLEC and its members have taken to advance the *National Strategy*, especially through “Starting Early for Financial Success.” The work has incorporated advances in research and trends in financial education and related fields, and it work that remains to be done in these areas is also identified by each of the National Strategy goals.⁵⁰

50 See also Strategy for Assuring Financial Empowerment (SAFE) Report, (2015), <https://www.treasury.gov/resource-center/financial-education/Documents/2015%20SAFE%20Report.pdf>

Goal: Increase Awareness of and Access to Effective Financial Education

This goal seeks to ensure that individuals and families are aware of the importance of financial literacy and have access to financial education resources. FLEC members have promoted financial education resources to a broad audience through websites, public service announcements and advertisements, social media, and in-person outreach, and through key partnerships with organizations like libraries. Resources are also promoted to specific audiences like teachers and those who work with older adults.

Goal: Determine and Integrate Core Financial Competencies

This goal focuses on determining the personal finance knowledge and skills that individuals and families need to make informed financial decisions at various life stages and for particular life events. It also addresses integrating these competencies into effective resources and programs. In support of this goal the FLEC has continued to disseminate the My Money Five,⁵¹ which were developed with input from the public and experts to summarize the key areas of knowledge and action about personal finance and launched a Spanish version: Mis Cinco del Dinero. Additionally, the CFPB's *Building Blocks to Help Youth Achieve Financial Capability* describes how young people acquire the “building blocks” of financial capability executive function, financial habits and norms, and financial knowledge and decision-making skills – as a basis to the capacity needed to navigate the financial marketplace as adults. The CFPB has released resources to help parents and teachers implement these “building blocks.”



Goal: Improve Financial Education Infrastructure

This goal focuses on the need to develop guidelines on content, training, and delivery channels for financial literacy and financial education providers and to promote opportunities for partnerships and information sharing. FLEC members' activities include tools for social service and providers serving vulnerable populations; a report on *Opportunities to Improve the Financial Capability and Financial Well-Being of Postsecondary Students* and other resources to help post-secondary students; and materials that help integrate financial education in key areas like primary and secondary education, income tax

⁵¹ See <http://www.mymoney.gov/mymoneyfive/Pages/mymoneyfive.aspx> and <http://www.mymoney.gov/es/mi-dinero/Pages/mi-dinero.aspx>

preparation, and youth employment training, among others.

Goal: Identify, Enhance, and Share Effective Practices

This goal focuses on the need to support research to evaluate and identify effective programs and practices. It encourages the implementation and production of evidence-based programs and practices. The FLEC's Research and Data Clearinghouse on MyMoney.gov, shares information with researchers and the public about federally-supported research projects, such as research cited in this document, and detailed further in the Appendix. Much of the FLEC members' research is informed by consultation and coordination, and is informed by the FLEC's 2012 Research Priorities and Research Questions, and 2013 Research Priorities for Starting Early for Financial Success. In addition, the FLEC worked with the Journal of Consumer Affairs to issue a call for research centered on the theme "Starting Early for Financial Success: Capability into Action" resulting in the publication of a special issue featuring the selected submissions and a FLEC essay reflecting on the implications of the research. On an on-going basis FLEC members have also held large and small gatherings of researchers to discuss current and future topics of needed research and evaluation.

Conclusion: The Work Ahead

As laid out in this document, the research and work of the FLEC members have produced ideas that can inform future actions to improve financial education and to help increase Americans' financial literacy, capability, and well-being. The FLEC can employ and build on this knowledge to anticipate and respond to trends, opportunities, and emerging issues faced by Americans. The FLEC members will continue working together and harmonizing efforts to address needs while drawing upon the strengths, resources, and functions of each member agency as they bear on their specific missions. These ideas can inform the work of other stakeholders, including: tribal, state, and local governments; private, nonprofit, and public institutions; education, policy, and community leaders; those focused on human development and poverty alleviation; and organizations seeking to build better customers for financial products and services across the life span.

What Is Needed in Financial Education?

Helping Americans attain financial well-being calls for diverse, targeted, and multifaceted approaches. Americans' financial lives and choices are complex, and much of this complexity stems from the growing breadth and variety of products and services offered in the financial marketplace. Consumers face many complicated choices and innumerable sources of information, all

while taking on increased responsibility for their own financial outcomes—particularly when saving and investing for long-term financial security.

Approaches to reach financial well-being should include helping people gain knowledge, skills and opportunities and make informed choices, ensuring access to safe, affordable financial products and services, a fair marketplace that works for all consumers, and appropriate protections when needed. Efforts must reach people where they are and connect them with products, programs, and strategies to help them meet personal financial goals and needs. Financial education should help with immediate needs, like making a sound choice on a particular financial product or other money choices in people's financial lives. This just-in-time education must also be supplemented by financial education that delivers a deeper understanding of how and why financial products and markets work, and empowers people to move ahead, not just avoid pitfalls.

Financial education should complement the availability of appropriate, high-quality financial products and services that help people of all ages and abilities manage their day-to-day income and expenses, save and invest for the future, weather financial ups and downs, and protect their assets. Along with education, information, and decision-making tools, people need both products and services that help them attain their financial goals. To be widely available to meet the needs of many, such products and services must be sustainably delivered. Financial education, inclusion, and consumer protection should be closely intertwined. Financial education and decision-making do not replace strong consumer protections and oversight. Although financial education can help people better avoid fraud, scams, and bad deals for themselves and their families, it does not replace the need for expanded opportunities, consumer protections, and a safety net.

Because financial knowledge and skills are not necessarily built by a one-time intervention, starting early in life is beneficial: the precursors to financial well-being can be taught as early as early childhood, and there are many venues in which to integrate financial education. Families, communities, workplaces, and other institutions all provide venues to help young people become prepared. Financial education in schools is a key channel to reach many young people at a critical time, and state and local governments, educators, and students and their families, among others, should consider how to use this opportunity. Hands-on learning experience involving actual financial decisions can be very effective and should be provided to learners, especially young people, in a safe and protected manner, such as through in-school accounts and entrepreneurship experience.

We have greatly deepened our evidence of what works in financial education in recent years, but we must continue to research, evaluate, and assess what works and what is needed, using rigorous measures of financial well-being.

These assessments should be grounded in a clear understanding of goals and contexts in order to further our collective knowledge of why financial education works, who it works for, what helps people address the most common financial challenges, and what types of education help people achieve specific financial goals leading to financial well-being. We should encourage the integration of these lessons learned and other leading practices across government programs and wherever financial education is implemented.

Financial education must both be useful in an array of scenarios and, as a field, be responsive to trends shaping Americans' financial security. Among these important concerns, a few key themes have emerged that are particularly important to the work: diversity; longevity and the need for long-term financial security; inequality; and technology.

Diversity

Our diverse American population is best served by different approaches at different times to meet diverse needs. Financial education delivered within other services and programs, such as human capital development, building communities, and enabling work and entrepreneurship, seems especially effective and may help programs achieve their primary missions. Financial education has diverse grassroots origins and many stakeholders should embrace this diversity as a strength that helps in meeting diverse needs. Levels of government, nonprofits, financial service providers, employers, educational institutions, and many others play important roles in supporting and directly delivering financial education.

Attention to Longevity and the Need for Long-Term Financial Security

Financial education will increasingly need to be responsive to the challenges of longer life spans. Financial education should help individuals understand the complexity of later-life financial choices for themselves and their families, such as those relating to health care needs. This trend of longer lives plays out alongside another trend: the increasing need for individuals to manage their own income and plan for, potentially, decades of life after their work life. Financial education tools, as well as products like *myRA*, will be useful to people without a traditional employer to guide them in saving and planning for their future and managing benefits or providing other assistance. Americans will increasingly require tools and guidance to manage their own or others' resources in late life, even in the face of physical or cognitive impairment. Additionally, the need will increase for protections against abuses and fraud targeting older people, especially those with diminished cognitive abilities or disabilities.

Recognition of Inequality

The economic situation of Americans has become increasingly disparate over the last several decades, with more Americans in a position of financial fragility and fewer in a financially stable middle class.⁵² Even in the middle tiers of income and above, incomes are increasingly volatile and less predictable on a month-to-month or even week-to-week basis.

It is important to tailor our financial education approaches to the needs of the most financially vulnerable and historically underserved populations, including using direct services and direct funding to help people build financial capability and navigate choices. It is clear that some groups of Americans have not had equal opportunities to gain knowledge and experience, and do not have equal abilities to achieve their financial goals. Financial education programs and policies should seek to address these populations, including low-income people, minority populations, people with disabilities, and those who can least afford the impact of financial choices that fail to serve their life goals.

Keeping Up with and Leveraging Technology

Financial education approaches should take into consideration the valuable role of technology in making financial concepts and information convenient to access, personalized, engaging, and cost-effective to deliver. Innovative approaches, like interactive games that include an opportunity to review and learn from choices, can help build critical skills for young people and help consumers find and use information when and where they need it.

Technology can make the delivery of customized interactions, even those that include face-to-face elements, more efficient and provide tools to maintain relationships. There will likely still be a need for one-on-one assistance, especially when people are making particularly complex decisions, are dealing with challenging situations, or have low levels of understanding or trust in the financial system.

Financial capability and empowerment may be better achieved when individuals have access to data about their own use of financial products and have data about financial products, benefits, and services. People also need smart, consumer-friendly tools that can help them make sense of this data.

52 U.S. Department of the Treasury Office of Economic Policy, The Economic Security of American Households: Issue Brief One: The Evolution of Earnings and Income, (April 2016), <https://www.treasury.gov/resource-center/economic-policy/Documents/US%20Treasury%20Economic%20Security%20Issue%201.pdf>.

Evolving to Meet Challenges Ahead

The financial marketplace may continue to grow more complex in the years ahead. Even with strong consumer protections and appropriate regulation, Americans will still need to be financially literate and capable to successfully navigate these complexities to achieve their own goals. Thus, financial education should continue to be responsive and actively evolve. It will take action from existing and new players in the field to do so. Collaboration by and among nonprofit organizations, schools, communities, workplaces, units of government, employers, and financial institutions is essential to help achieve our objectives. The FLEC and the financial education field should continue to enhance coordination, improve quality, and reduce the likelihood of overlap and duplication among programs to enhance outcomes.. We should be open to new ways to help Americans gain the knowledge, understanding, and skills to attain the vision of sustained financial well-being for all individuals and families in the United States.

Appendix: Accomplishments and Next Steps

Goal: *Increase Awareness of and Access to Effective Financial Education*

This goal seeks to ensure that individuals and families are aware of the importance of financial literacy and have access to financial education resources. The following sample activities represent some of the FLEC members' key efforts in this area, organized by the primary audience served.

Working Adults and the General Public

- *my Social Security account*

The Social Security Administration (SSA) my Social Security account allows people quick, secure online access to their Social Security information. Individuals who are still working and not receiving Social Security benefits can get estimates of future retirement, disability, and survivor benefits, and verify that earnings are posted correctly.

<https://www.ssa.gov/myaccount>

- *Planning for Retirement*

This interactive educational online tool, developed by the CFPB in collaboration with the SSA, helps people decide when to claim their Social Security benefits, by showing how claiming age affects benefits and showing how other factors could affect their decision of when to claim.

<http://www.consumerfinance.gov/retirement>

<http://www.consumerfinance.gov/jubilacion> (Spanish website)

- *Money Smart for Adults*

Developed by the Federal Deposit Insurance Corporation (FDIC), *Money Smart for Adults* instructor-led curriculum consists of 11 training modules that cover basic financial topics. Topics include a description of deposit and credit services offered by financial institutions, choosing and maintaining a checking account, spending plans, the importance of saving, how to obtain and use credit effectively, and the basics of building or repairing credit. It is available in Braille and large print.

<https://www.fdic.gov/consumers/consumer/moneysmart/adult.html>

- *Ask CFPB*

Ask CFPB is an interactive online tool that gives consumers answers to questions about financial products and services, including credit cards, mortgages, student loans, bank accounts, credit reports, payday loans, and debt collection. The

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questions and answers include explanations of financial terms to help consumers better understand financial products and services they encounter in the marketplace, along with advice about shopping for financial services.

<http://www.consumerfinance.gov/askcfpb/>

<http://www.consumerfinance.gov/es/obtener-respuestas/> (Spanish website)

- *Investor.gov*

The SEC Investor.gov, an online resource for individual investors, contains information to help investors make informed investing decisions and avoid fraud. The site includes resources for military service members, seniors, teachers, and students. A Spanish version features investor brochures, alerts, and bulletins.

<https://investor.gov>

<https://investor.gov/outreach/SECenEspanol> (Spanish website)

- *Before You Invest*

The SEC Office of Investor Education and Advocacy initiated a public service campaign in February 2016 focused on helping individuals protect themselves from investment fraud. The campaign reminds investors of the importance of checking the background and registration status of investment professionals.

<https://investor.gov/outreach/public-service-campaign-pilot>

- *IdentityTheft.gov*

Hosted by the Federal Trade Commission, IdentityTheft.gov is the federal government's one-stop resource for identity theft victims. The site provides streamlined checklists and sample letters to guide consumers through the recovery process.

<https://www.IdentityTheft.gov/>

- *Community Financial Education Project*

This CFPB effort promotes consumers' access to reliable, unbiased financial education and resources by distributing the FLEC members' resources through public libraries in more than 920 communities across 49 states, the District of Columbia, and Puerto Rico, representing more than 2,700 library branches.

<http://www.consumerfinance.gov/library-resources/>

- *CFPB Publications*

The CFPB has created a range of publications for consumers that provide straightforward information about money management and other financial issues. These publications include brochures about checking a credit report, avoiding

checking account fees, tax-time savings, how to avoid foreclosure, what to do when unable to pay credit card bills, and other topics. The CFPB makes many of these resources available in English and Spanish, as well as eight other languages, and provides them for download or free bulk ordering. Additionally, CFPB has created resources and tool kits for social service providers, like Your Money, Your Goals, which is discussed later in this report.

<http://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php>

- *H&R Block and Intuit, Inc. Partnerships*

The Treasury and the Department of Education (ED) collaborated with H&R Block and Intuit, Inc. to incorporate federal student loan repayment plan information in tax preparation software and websites. More than 100,000 people learned about how they or their children could lower student loan payments. The Treasury also shared student loan repayment information in tax refund mailings to more than 20 million Americans.

<https://www.treasury.gov/press-center/press-releases/Pages/j12268.aspx>

- *MyMoneyAppUp Challenge: Tools to Share Your Financial Future*

Led by the Treasury and two nonprofit partners, the challenge provided prizes for innovative mobile app ideas and designs that would help Americans make smart financial choices, access high-quality financial products and services, and ultimately control and shape their financial futures. The nonprofit partners provided an opportunity for winning ideas to compete for assistance in developing the apps.

<https://www.treasury.gov/press-center/press-releases/Pages/tg1723.aspx>

Youth, Educators, Families, and Postsecondary Students

- *Money as You Grow*

This CFPB web page provides parents and caregivers activities and conversation starters to help children develop money skills, habits, and attitudes that can serve them well as adults.

<http://www.consumerfinance.gov/money-as-you-grow/>

<http://www.consumerfinance.gov/es/el-dinero-mientras-creces/> (Spanish website)

- *Money Smart*

Developed by the FDIC, Money Smart is a comprehensive financial education curriculum that engages students, parents, and educators in learning about money. This age-appropriate curriculum complements the Money as You Grow website.

<https://www.fdic.gov/consumers/consumer/moneysmart/>

- *Teacher Online Resource Center*

The FDIC's Teacher Online Resource Center provides educators with easy access to videos, materials, and other resources to help teach about money.

<https://www.fdic.gov/teachers>

- *Paying for College, College Scorecard, and Financial Aid Shopping Sheet*

Created by the CFPB and ED, these resources help students and their families evaluate higher education financing options, compare college costs and financial aid, learn about college funding and loan options, and assess repayment options.

<http://www.consumerfinance.gov/paying-for-college/>

<https://collegescorecard.ed.gov/>

http://collegecost.ed.gov/shopping_sheet.pdf

Entrepreneurs and Small Businesses

- *Young Entrepreneurs course*

The Young Entrepreneurs course provides online training by the Small Business Administration (SBA) to help young entrepreneurs identify good business options and to give guidance on the first steps toward creating a business.

<https://www.sba.gov/tools/sba-learning-center/training/young-entrepreneurs>

- Money Smart for Small Business (MSSB)

Developed by the FDIC and the SBA, MSSB introduces topics related to starting and operating a business. The MSSB curriculum is an instructor-led, 13-module course available in English and Spanish to help aspiring entrepreneurs learn about business ownership, including startup costs and cash flow management.

<https://www.fdic.gov/consumers/consumer/moneysmart/business.html>

Older Adults and Their Caregivers

- *Money Smart for Older Adults*

A product of a CFPB and FDIC partnership, Money Smart for Older Adults promotes awareness among older adults and their caregivers on how to prevent elder financial exploitation and encourages advance planning and informed financial decision-making. The materials include a consumer resource guide, available in English and Spanish, and an instructor's manual that can be used to facilitate training sessions.

<http://www.consumerfinance.gov/older-americans/>

<https://www.fdic.gov/consumers/consumer/moneysmart/olderadult.html>

- *Managing Someone Else's Money guides*

The CFPB's Managing Someone Else's Money guides include four guides for four different fiduciary capacities: agents under power of attorney, court-appointed guardians, trustees, and government fiduciaries. Each guide contains information on fiduciary responsibilities and tips on how to spot financial exploitation and avoid scams. Also, each guide includes a "Where to go for help" section with a listing of relevant agencies and service providers. State-specific guides have been developed for six states: Arizona, Florida, Georgia, Illinois, Oregon, and Virginia. These guides provide information about the state's unique laws and practices, as well as state-specific resources.

<http://www.consumerfinance.gov/managing-someone-elses-money/>

- *Senior Guides*

The SEC offers online publications that help seniors understand the vast array of investment products and how to avoid investment fraud. In-person presentations explain the red flags of investment fraud and how to check the background of investment professionals.

<https://investor.gov/seniors>

- *CFTC SmartCheckSM*

CFTC SmartCheckSM is an evidence-based social marketing campaign encouraging the older investors most commonly targeted by fraud to check the registration status and disciplinary histories of professionals selling positions in commodity-related products, investments, or securities. The initiative uses direct-to-consumer advertising, social media, in-person events, and stakeholder outreach to promote these checks and other fraud avoidance techniques.

<http://www.smartcheck.gov/>

Federal Benefit Recipients

- *Direct Express®*

The Direct Express® mobile apps for Android and iPhone allow the 5.5 million federal benefit recipients using the Direct Express® Debit MasterCard® to check card balances, view transaction history, find nearby ATMs or cash bank locations, and learn how to manage their prepaid card.

<https://www.treasury.gov/connect/blog/Pages/Direct-Express-Mobile-App-Delivers-Financial-Capability-to-Those-Most-in-Need.aspx>

Next Steps

The FLEC will continue to coordinate sharing resources online for the public through MyMoney.gov and other channels, such as social media, and through occasions like National Financial Capability Month, to help people make sound financial choices and be better prepared across a wide array of financial steps during their lives. Additionally, the FLEC members will work to deliver resources to targeted audiences—individuals, educators, and other stakeholders—through various channels, including online, social media, traditional media, and in-person events.

The FLEC members will continue to work with stakeholders such as coalitions, nonprofit organizations, libraries, and others that have the capability to reach consumers where they are and to ensure that these organizations have access to financial education tools from the FLEC community.

Goal: *Determine and Integrate Core Financial Competencies*

This goal focuses on determining the personal finance knowledge and skills that individuals and families need to employ to make informed financial decisions at various life stages and for particular life events. It also addresses integrating these competencies into effective resources and programs.

- *MyMoney Five*

MyMoney Five, which appears on the FLEC website, spotlights financial education information from a wide array of agencies. The page provides resources and tips in five topic areas: Save & Invest, Protect, Spend, Borrow, and Earn. The FLEC created a companion website for Spanish speakers, *Mis Cinco del Dinero*.

<http://www.mymoney.gov/es/mi-dinero/Pages/mi-dinero.aspx>

Many organizations across the FLEC and beyond use the *MyMoney Five* structure for developing financial education resources. For example, the FDIC offers a table aligned with the *MyMoney Five* key topics to help users find lessons from the FDIC's Money Smart curricula for young people. Also, the Parent/Caregiver Guides for Money Smart for Young People, available in English and Spanish, are organized around *MyMoney Five*.

<http://www.mymoney.gov/mymoneyfive>

www.mymoney.gov/es (Spanish website)

- *Building Blocks to Help Youth Achieve Financial Capability: A New Model and Recommendations*

The CFPB's Building Blocks to Help Youth Achieve Financial Capability describes how young people acquire the “building blocks” of financial capability to help them navigate the financial marketplace as adults. The report lays out a new evidence-base developmental framework and promising strategies that educators, policymakers, parents, and caregivers can use to strengthen financial skills, habits, knowledge, and abilities in youth. To support the implementation of the new developmental framework, CFPB has created a Personal Finance Teaching Tool for high school educators and updated existing resources such as Money As You Grow and the Money As You Grow Book Club.

<http://www.consumerfinance.gov/data-research/research-reports/building-blocks-help-youth-achieve-financial-capability/>

Next Steps

The [MyMoney.gov](http://www.mymoney.gov) website will continue to use *MyMoney Five* as an organizing tool for the wide array of resources available for individuals, educators, and researchers on the website, as we continue to add useful resources, in both English and Spanish. The FLEC also encourages others to use *MyMoney Five* to organize their own financial education materials.

<http://www.mymoney.gov/Pages/default.aspx>

To increase the number of American exposed to financial literacy materials, the FLEC members will continue to seek ways to increase the distribution of these resources and to deliver relevant information to those who need it at the time and location where it's needed.

The CFPB will share these findings and tools developed as part of the “building blocks” research broadly with the FLEC and broader financial education field.

Goal: *Improve Financial Education Infrastructure*

This goal focuses on the need to develop guidelines on content, training, and delivery channels for financial literacy and financial education providers and to promote opportunities for partnerships and information sharing. FLEC members' activities below are grouped by their primary area of focus.

Social Service and Other Providers Serving Vulnerable Populations

- *Your Money, Your Goals*

These CFPB toolkits help social service organizations, legal aid providers, and similar groups assist their clients in addressing financial challenges like budgeting, debt, and credit.

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<http://www.consumerfinance.gov/your-money-your-goals/>

- *Building Financial Capability: A Planning Guide for Integrated Services*
- This resource from the Department of Health & Human Services (HHS) Administration for Children and Families (ACF) is for community-based organizations interested in integrating financial capability services into existing programs. The interactive tools in this guide walk organizations through the process of developing an integration plan, beginning with developing a deeper understanding of clients' financial circumstances and which financial capability services can help clients reach financial goals.

<http://www.acf.hhs.gov/programs/ocs/resource/afi-resource-guide-building-financial-capability>

- *The Financial Empowerment Toolkit for Youth and Young Adults in Foster Care*

This HHS resource provides caseworkers, independent-living skills providers, foster parents, and other supportive adults with strategies and resources to critically evaluate and improve their ability to promote the financial capabilities of youth in foster care.

<http://www.acf.hhs.gov/cb/resource/financial-empowerment-toolkit>

- *How to protect vulnerable children from credit reporting problems*

These CFPB online resources and tools show the steps child welfare caseworkers and their agencies can take to help ensure that youth in foster care start their adult lives with healthy credit. Tip sheets explain how to detect identity theft or fraud, and how to resolve inaccuracies in credit reports. The CFPB also provides sample letters for disputing credit report errors on behalf of youth in foster care.

<http://www.consumerfinance.gov/about-us/blog/how-to-protect-vulnerable-children-from-identity-theft/>

Postsecondary Education Institutions

- *Opportunities to Improve the Financial Capability of Postsecondary Students*

This FLEC report provides recommendations, resources, and examples of ways postsecondary institutions can better support the financial capability of students. The FLEC shared this resource with financial aid offices, extension offices, and other university officials, as well as with minority-serving community college leadership.

<https://www.treasury.gov/resource-center/financial-education/Documents/Opportunities%20to%20Improve%20the%20Financial%20Capability%20and%20Financial%20Well-being%20of%20Postsecondary%20Students.pdf>

- *Safe Student Account Scorecard*

Colleges and universities interested in providing consumer-friendly on-campus or cobranded banking products can use the CFPB's Safe Student Account Scorecard to compare fees, features, and sales tactics before agreeing to a partnership. The ED has issued guidance to colleges and universities about financial education and encouraged efforts to promote financial education in community colleges, especially those serving minority and low-income students, through convenings and outreach.

http://files.consumerfinance.gov/f/201501_cfpb_safe-student-account-scorecard.pdf

- *Financial Aid Toolkit*

The ED's Financial Aid Toolkit website provides federal student aid information and outreach tools for counselors, college access professionals, nonprofit mentors, and others who educate parents and students about college aid. The resources include a searchable library of fact sheets, videos, infographics, booklets, PowerPoint presentations, and archived webinars; updates on the Free Application for Federal Student Aid; ideas for financial aid nights; and tips, talking points, and URLs to use in conversations with students and parents.

<https://financialaidtoolkit.ed.gov/tk/>

Schools and Youth Educators

- *Advancing K-12 Financial Education: A Guide for Policymakers*

The CFPB's Guide for Policymakers connects state and local policymakers with tools, information, and insights to enhance K-12 financial education efforts. The Guide provides a framework, case studies, and resources for implementing best practices in K-12 financial education.

http://files.consumerfinance.gov/f/201504_cfpb_advancing-k-12-financial-education-a-guide-for-policymakers.pdf

- *Youth Financial Education Curriculum Review Tool*

The CFPB designed the Curriculum Review Tool to help educators compare and evaluate financial education curricula within four key areas: content, quality, utility, and efficacy. The goal of this tool is to allow educators to find and develop the most appropriate and effective financial education curricula for their classroom.

<http://www.consumerfinance.gov/data-research/research-reports/youth-financial-education-curriculum-review-tool/>

- *Personal Finance Pedagogy*

The CFPB created this guide for educators who teach youth personal finance skills. Personal Finance Pedagogy helps teachers incorporate developmentally appropriate teaching strategies in their lesson plans to help children gain the skills they need for making sound financial decisions. It outlines strategies for instructing students of all ages with a broad range of skills, habits, and attitudes that appear to characterize adult financial capability.

http://files.consumerfinance.gov/f/documents/092016_cfpb_PedagogyModel.pdf

Other Audiences

- *Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions*

The FLEC members developed and disseminated this guide to help financial institutions and schools expand young people's access to bank and credit union accounts. The FLEC members shared it widely with banks and credit unions and discussed it at the February 2015 public FLEC meeting, which included a panel of banks and credit unions implementing youth savings programs.

<https://www.fdic.gov/news/news/press/2015/pr15021a.pdf>

- *Resource Guide for Financial Institutions: Incorporating Financial Capability into Youth Employment Programs Building Financial Capability in Youth Employment Programs*

The FLEC released a Resource Guide for Financial Institutions interested in enhancing youth financial capability by partnering with youth employment programs. It maps how and why financial institutions can engage in helping young people achieve greater financial well-being and employment success. This document builds on and complements a report of a 2013 roundtable convened by CFPB and HHS along with the FLEC.

- *Special Issue of the Journal of Consumer Affairs*

[http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1745-660](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1745-660)

- *Building Blocks to Help Youth..... financial capability: A new model and recommendations*

http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_BuildingBlocksReport_ModelAndRecommendations_web.pdf

- *Financial Education Resource Center*

<https://www.treasury.gov/resource-center/financial-education/Pages/default.aspx>

- *Financial Education Exchange (FinEx)*

The CFPB *FinEx* connects and supports financial education practitioners through an online and in-person information exchange. FinEx provides financial education practitioners with centralized access to the CFPB's tools, research on consumer financial behavior and effective practices, and other financial education resources.

<http://www.consumerfinance.gov/adult-financial-education/>

- *Ready? Set. Save!*

A tax refund may be the single biggest check some consumers receive all year. The CFPB's Ready? Set. Save! offers resources to help service providers learn more about tax-time saving options to better help those they serve. This includes training webinar and workbook, promotional materials, and taxpayer tools.

<http://www.consumerfinance.gov/tax-preparer-resources/>

- *Older Americans financial abuse advisory*

This CFPB advisory provides tips on how consumers can work with their bank or credit union to protect themselves from financial exploitation. The advisory accompanies an advisory and report for financial institutions on preventing and responding to elder financial exploitation.

<http://www.consumerfinance.gov/about-us/blog/older-americans-are-not-alone-in-the-fight-to-stop-financial-abuse/>

Next Steps

The FLEC will pursue activities that improve the financial education infrastructure in numerous ways, but it is particularly focused on three key areas:

- Improving financial education components in youth employment and other programs that serve vulnerable youth and their families.
- Preparing students for postsecondary education and financially preparing them to make sound financial decisions during their postsecondary education.
- Encouraging financial education both in and outside of the workplace that helps people, including those who work in nontraditional arrangements, prepare for long-term financial security and retirement and avoid fraud, particularly among vulnerable populations, such as persons with disabilities and older adults.

Goal: *Identify, Enhance, and Share Effective Practices*

This goal focuses on the need to support research to evaluate and identify effective programs and practices. It encourages the implementation and production of evidence-based programs and practices for individuals and organizations.

The FLEC's Research and Data Clearinghouse, MyMoney.gov, shares information with researchers and the public about federally supported research projects. Some of the coordination activities and recent research projects are described below.

Research and Evaluation Projects

- *Financial Literacy Research Consortium*

The *Financial Literacy Research Consortium*, supported by the SSA, produced research projects at three academic centers on a range of consumer financial behavior and retirement savings issues, including evaluations of the effectiveness of interventions designed to improve consumer financial literacy. Additionally, the SSA has supported a number of research projects related to financial education, financial decision-making, and money management, including retirement planning and claiming Social Security benefits.

<https://www.ssa.gov/retirementpolicy/retirement-security.html>

- *Special Issue of the Journal of Consumer Affairs*

The FLEC and *Journal of Consumer Affairs* issued a call for research centered on the theme "Starting Early for Financial Success: Capability into Action" and received submissions from researchers across diverse fields. In spring 2015, the *Journal* published a special issue featuring the selected submissions and a FLEC essay reflecting on the implications of the research

[http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1745-6606](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1745-6606)

- *Building blocks to help youth achieve financial capability: A new model and recommendations*

The CFPB's research addressed the childhood origins of adult financial capability and well-being. *Building blocks to help youth achieve financial capability: A new model and recommendations*, illuminates critical attributes, abilities, and opportunities acquired during the years spanning preschool through young adulthood that support the development of adult financial capability.

http://consumerfinance.gov/f/documents/092016_cfpb_BuildingBlocksReport_ModelAndRecommendations_web.pdf

- *Measuring financial well-being: A guide to using the CFPB Financial Well-Being Scale*

This guide describes the research behind the CFPB *Financial Well-Being Scale* – a tool to measure individual financial well-being – and provides detailed steps for using it, including how to score individuals' responses and compare their scores.

<http://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>

- *Financial Education Resource Center*

The Treasury has supported research on topics related to financial education and financial access, including work focusing on elementary students and low-income adults.

<https://www.treasury.gov/resource-center/financial-education/Pages/default.aspx>

- *Financial Empowerment Innovation Fund*

The Treasury's Financial Empowerment Innovation Fund has funded research on 11 innovative projects to develop, test, and evaluate new ways to financially empower Americans and help them access safe and affordable financial products and services. These research projects focus on several areas, including promoting more informed decision-making in higher education, innovations in payments and savings, and bringing dynamic financial education to more classrooms.

<https://www.treasury.gov/resource-center/financial-education/Pages/Finemp.aspx>

- *Programme for International Student Assessment (PISA) financial literacy module.*

The ED, with support from the CFPB and the Treasury, released the findings of the first PISA financial literacy module, a study of youth financial knowledge and skills conducted in 2012 and internationally benchmarked. Findings from the 2015 assessment are expected in 2017.

<http://www.oecd.org/pisa/keyfindings/PISA-2012-results-volume-vi.pdf>

Research Coordination

- In May 2012, the FLEC updated and expanded its financial literacy research priorities. The FLEC identified nine research priorities to help researchers better utilize limited resources. The *2013 Research Priorities for Starting Early for Financial Success* reflected the FLEC's strategic focus on "Starting Early for Financial Success."
- The SSA collaborated with the National Institute on Aging to support the Understanding Americans Internet panel. SSA funding enabled the creation of this nationally representative panel for studies on financial management and related topics.

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- In June 2016, the FLEC coordinated with the American Council of Consumer Interests, an organization of academics and other professionals involved in consumer and family economics, to hold a roundtable on the research of interest to the FLEC agencies.
- In September 2016, the SSA and the Treasury cohosted a Financial Security Research Symposium, which highlighted research from the FLEC member agencies and other institutions, and identified policy implications on a range of issues relating to Americans' financial security and retirement readiness, including an understanding of Social Security, workplace savings and other assets. The Symposium also identified areas and approaches for future research.. Since inception, the FLEC members have provided input to the FINRA Investor Education Foundation's National Financial Capability Study including its research on military service members.

Next Steps

The FLEC members will continue to support and directly conduct research on topics related to financial education and evaluation of financial education approaches. For example:

- The ED, with support from the CFPB, will participate in the 2015 PISA.
- The Treasury will release findings from its Financial Empowerment Innovation Fund Research.
- The FLEC members will continue to coordinate on research and share information about works in progress. They will share findings through the FLEC Research Clearinghouse online at MyMoney.gov.

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Research, academic analysis, and corresponding data are integral to the formation and support of the *National Strategy Update* and the work of the FLEC. The FLEC's compilation of resources acknowledged throughout the sections of this report can be found in the reference list below.

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