



Financial Literacy and Education Commission Meeting

Thursday, January 13, 2005  
10:30 AM

U.S. Department of the Treasury  
Cash Room

Meeting Transcript

The Commission met in the Cash Room in the U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Washington, D.C., at 10:30 a.m., Assistant Secretary Wayne A. Abernathy presiding

COMMISSION MEMBERS PRESENT:

WAYNE ABERNATHY	Assistant Secretary for Financial Institutions
HENRIETTA H. FORE	Director, U.S. Mint
JUDY BIGGERT	U.S. Congresswoman (R-Ill.)
SUSAN WYDERKO	Director, Investor Education, Securities and Exchange Commission
DARA DUGUAY	Director, Office of Financial Education, Citigroup
ALVIN ROHRS	President and CEO, Students in Free Enterprise
STEVEN NORD	Corporate Compensation Manager, United Parcel Service
CHARLES ABELL	U.S. Department of Defense
LOUISE BATDORF	Office of Thrift Supervision
SANDY BRAUNSTEIN	Federal Reserve Board
MARCIE BROWN	U.S. Department of Education
SHARON BROWN-HRUSKA	Commodity Futures Trading Commission
SEAN G. CASSIDY	Housing and Urban Development
JIM COURTNEY	Social Security Administration
DEBORAH FISCHIONE-HOUSE	Director of Policy, NASAA
DONNA GAMBRELL	Deputy Director, Division of Supervision and Consumer Protection, FDIC
JIM GATZ	Health and Human Services
MARY McPHAIL GRAY	U.S. Department of Agriculture (CSREES)
DAN IANNICOLA	Deputy Assistant Secretary for Financial Education, U.S. Department of the Treasury
JoANN JOHNSON	National Credit Union Administration
RAYMOND J. KIRK	Office of Personnel Management
GREG KUSERK	Commodity Futures Trading Commission
MARY LEVY	General Services Administration
ROMANO MASCETTI	Veterans' Administration
CHERYL MILLS	Small Business Administration
DERICK RILL	Federal Trade Commission
SHARON WATSON	U.S. Department of Labor
JULIE WILLIAMS	Acting Comptroller of the Currency

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10:35 a.m.

MR. ABERNATHY:

Thank you all for coming this morning. Good morning. Welcome to the fourth meeting of the Financial Literacy and Education Commission. This marks the first anniversary of the Commission. As we look back, for the past year, I think it would be very difficult for us not to recognize the important milestones that have been achieved, and some of those we will be working with in our meeting today. You will be hearing from some of the people who will report on some of the important achievements and accomplishments that we've made, not only in the past year but as the work of the Commission has accelerated in recent months.

I'm greatly pleased that we have with us today one of the chief leaders of the financial education effort in Congress, Congresswoman Judy Biggert. She'll be speaking to us in just a moment.

We're also greatly pleased, to have as a keynoter representing Treasury today, the Director of the Mint, Director Fore. And she'll be speaking to us in just a moment.

I want to thank the agency heads that are here with us today. We appreciate all of the representation from all of the agencies, but we're always particularly thrilled and delighted when the heads of the agencies are here, and I'm referring particular to Chairman JoAnn Johnson of the NCUA, who's here with us and recently hosted one of our most significant achievements this past year, the rolling out of our hotline and our web site. That's been a great success, and we'll have some reports on that. And thank you, Chairman Johnson, for hosting that effort.

I appreciate that we have Julie Williams, the Acting Comptroller of the Currency, here with us, emphasizing once again the importance of financial education to our nation's national banks. And we have with us today Chairman Sharon Brown-Hruska, the Acting Chairman of the Commodity Futures Trading Commission, who's also been chairman of one of our subcommittees and did an excellent job there.

I don't want to take much more time than that, other than to announce and introduce the 37<sup>th</sup> Director of the United States Mint, Henrietta Holsman Fore. The United States Mint produces about 12 billion -- I'm not even sure what that means it's so large -- 12 billion

coins annually for the nation's trade and commerce, as well as gold, silver, and platinum coins for investors and collectors.

Today, the United States Mint, with a highly-regarded online catalog, serving customers worldwide, has consistently ranked among the best in both the private and public sectors in customer satisfaction, which you don't usually find for a government agency. But as a government agency, the Mint has very high customer satisfaction. I think that's largely attributable to the work of Director Fore, who has made meeting the needs of customers the top priority of the Mint.

And we're proud of the great work that the Mint is doing in the area of financial education. One of the very first jobs I worked on when I was on Capitol Hill was on a coin issue. I remember working on it for Senator Jake Garn. It was a coin proposal, and not many senators were paying much attention to it at all, and I said, "Senator, everybody will look at these coins everyday because they carry them in their pocket. These coins carry messages in education with them." Well, that philosophy is really well regarded and understood at the Mint and has been emphasized a lot by Director Fore.

And before I say much more about that, let me turn the time to Director Fore. And, again, we're grateful that she is making a presentation on behalf of Treasury today. Our keynote address.

(Applause.)

MS. FORE:

Thank you very much, Assistant Secretary Abernathy. As you can tell, Assistant Secretary Abernathy is a coin collector, so for any of you who are not yet coin collectors, this is a good spot to go for knowledge and experience.

And welcome to the Department of Treasury and our beautiful Cash Room. This is one of the historic rooms here in the Department of Treasury, and it is worth spending a moment and just looking around at it.

I'd like to welcome you to the Department of Treasury and to the first meeting of the 2005 Financial Literacy and Education Commission. I also want to thank you for your work to improve financial literacy and education for all Americans.

President Bush signed into law the legislation that established the Financial Literacy and Education Commission in 2003. And since then, the Commission has focused on a number of initiatives. Let me salute your accomplishments.

In 2004, you have launched the [mymoney.gov](http://mymoney.gov) web site in both English and Spanish. The web site is designed to help Americans manage, save, and invest their money. You've launched the 1-888-MYMONEY toll-free hotline, also in English and in Spanish, and established the National Strategy Working Group to develop the first ever nationwide plan for financial education. These are fine accomplishments.

Later, you will hear updates regarding the national strategy on financial education, the My Money web site, and the My Money hotline, but at this time I would like to commend the 20 agencies and the individuals who are represented in this Commission for your diligence on financial education. It is a priority, and these are fine achievements for the year.

All of us agree that education must go far beyond the basics of reading, of writing, and of arithmetic. We live in a global economy in which understanding how to manage, how to save, and how to invest our money is crucial to the personal financial success and a stable, prosperous future.

A few years ago, a national financial literacy survey was given to teens in America, and it indicated that they lacked even the basic understanding of money management. We all heard horror stories about college students becoming engulfed in credit card debt before graduating. My husband and I have four children, and we understand the importance of teaching children and young people how to manage money. We are so thankful that they have now all graduated from college as of this spring and they have made it out of those teen years into young adulthood, and they actually believe that there is an importance to saving and not just spending funds.

So being a consumer is something that we all know we have to pay attention to as a federal agency, but it is now important that we also teach people how to be savers. There is no doubt that integrating financial curricula into our educational system in the early years would help future generations to be fiscally-responsible adults, and it would help society as a whole.

At the United States Mint, we have an educational outreach program called Hip Pocket Change that not only uses coins to teach history but also mathematics and geography. It teaches financial literacy through lesson plans for grades kindergarten through 12<sup>th</sup> grade. And since 1999, teachers and parents across the nation have used the Hip Pocket Change web site's fun and entertaining games, as well as free downloadable lesson plans, to teach children about financial

literacy and about the importance of their circulating coinage because, as our Assistant Secretary has said, we carry them in our pockets everyday, and they teach us the values of this nation.

The lesson plans which adhere to the national standards for mathematics, history, language arts, and science are real-world guides that challenge students to add, to subtract, and exchange coins of varying values at set prices. Additionally, the web site has created guides to help instructors introduce basic concepts in business and in economics through activities about spending and about saving money.

In 2004, Hip Pocket Change had more than 1.4 million visits on the web site and an average visit of more than nine minutes. The web site has been cited many times by the National Education Association and has received accolades from major newspapers, including USA Today, the Financial Times of London, and, most recently, and I believe you will find it in your packets, the Washington Times article gave this site an A-plus grade in an article in the Family Times section.

I encourage you to explore the web site. It is [usmint.gov/kids](http://usmint.gov/kids). And we would be pleased to hear your suggestions from the private sector, as well as from the public sector. We are delighted to be a part of this national effort in making Americans more financially literate. We say at the United States Mint there is change in the air.

I'd like to introduce Congresswoman Judy Biggert of Illinois. I actually was born in Illinois, so I feel particularly affectionate toward Judy. One of Congresswoman Biggert's major issues has been education, and since she has been a member of the United States House of Representatives since 1998, she has focused on education. She was instrumental in helping to craft the No Child Left Behind Act in the 108<sup>th</sup> Congress.

Congresswoman Biggert serves on the Financial Services and Education and Workforce Committees. She has sponsored and co-sponsored several different pieces of legislation on financial literacy. But as a conferee on HR 2622, which was signed into law in 2003 as the Financial Literacy and Education Improvement Act, Congresswoman Biggert was instrumental in getting Title V added, establishing the Financial Literacy and Education Commission, a fine achievement. Congresswoman Biggert. Thank you.

(Applause.)

CONGRESSWOMAN BIGGERT: Thank you so much, Director, for that kind introduction. I also want to congratulate Assistant Secretary Abernathy on his new opportunity with the American Bankers Association. I'm sure that I speak for everyone on the House Financial Services Committee when I say thank you for your service and best wishes for your success in your new endeavor.

Let me just say how delighted I am to be here with so many of our nation's top government financial and consumer education officials today. I know you have a tight schedule this morning, so I will be brief. As Elizabeth Taylor said to her eighth husband, "I won't keep you long."

Before I begin, I just want to thank all of you for your leadership and for committing yourselves to the cause of a more financial literate America. No matter how you came to be assigned this task or how high or low a priority your agency has placed on this mission, I want you to know how much I appreciate your participation.

For most of you, your FLEC assignment is more than just a trip across town to meet in this glorious room a couple of times a year. The goal of a financially-literate America is a passion. And I'm here today, after many months of wishing that our schedules could coincide, to give you the Congressional perspective why we created the FLEC and what we hope to accomplish together in the months and years to come.

As Director Fore noted in her introduction, I sponsored the legislation that ultimately made its way into the bill that created this FLEC. Now, were your agencies doing a great job on financial literacy and economic education before our bill passed? Well, yes and maybe yes and, in some cases, a maybe no. Was there duplication of effort, missed opportunities for partnering, and insufficient interagency communication? I would say probably.

As the sponsor of the legislation and a member of both the Financial Services Committee and the Education Committee that have jurisdiction over these issues, I have seen on too many occasions how the lack of financial and economic education can have devastating effects on consumers, both young and old.

Young people don't know the difference between credit cards and cash, and they don't understand the concept of compound interest until it is too late and too costly, and their parents and they are stunned and stung by the consequences. Grown adults and older Americans don't understand the very same concepts until they, too,

are struck in a credit quagmire or a tragic loss of everything that they've worked so hard in their lives to accumulate.

Like so many of you in the Executive Branch, we in Congress saw some real need for coordination of efforts, not just within the federal government but at all levels. The Fair and Accurate Credit Transactions Act presented the best vehicle for those of us on the Hill, including Representatives Rubén Hinojosa, Dave Dreier, and Sue Kelly, to name a few, to do something constructive to help address this problem.

I will admit to you here and now that if I had had my best wish, it would have been to go further, creating a commission that would bring together the best of both worlds - the private sector and the public sector - to attack this problem. My original legislation included key players in education, businesses, and on the state and local levels. But politics, as you know, is the art of the possible, and we had to make a start somewhere.

And, as you also know, Congress almost always takes its first steps in the realm of federal agencies, where we can more easily direct the money and the mission. So thanks to FACTA, our first step has brought us a commission of federal officials, like you, who have the opportunity and the resources to meet, to compare notes, coordinate initiatives, and bring your extensive consumer and outreach experience to bear and addressing the financial literacy challenges facing our nation.

I must say that in one year that has passed since the President signed FACTA into law in December 2003, you have made good progress. Your toll-free number is up and running, and your agencies' information is integrated onto one web site with an easy name, [www.mymoney.gov](http://www.mymoney.gov). I don't have to tell the crowd, however, that there's much more work out there. You were given specific tasks, some of which you've already accomplished, others that are still in progress, and others that have yet to be addressed.

Part of the reason for establishing this commission was so that you could work to eliminate any overlap in the federal government programs and resources. Equally important, Congress gave this commission the power to hold hearings. Use that authority to carry out your obligations. I recognize that you've requested and received the public's comments on your national strategy and welcomed a handful of non-federal groups to be present at your last two meetings. I hope you will do more of this kind of outreach as you prepare to unveil your national strategy later this year.

Hold hearings, it's really fun; we do it all the time. Seek out those who are doing great things, whether it's on the federal, state, or local levels, or in the public or private sectors. We are looking to you to help identify and establish best practices and to collect data to help all of us assess whether we're making progress or losing ground. I know that we will see progress, if we can have a central place for government and private sector experts to meet. This is that place.

In closing, let me just say that you have a lot of support on Capitol Hill for your mission. Last April, I sponsored a resolution to designate April as Financial Literacy Month, which the House passed by a narrow margin of 391 to zero. In the fall, Rubén Hinojosa and I led a letter to the House appropriators requesting \$1.5 million in funding for the Department of Education's Excellence in Economic Education Program in fiscal year 2005. I'm happy to say that the full \$1.5 million was earmarked in the Omnibus bill passed in November and the check's in the mail.

Last but not least, let me share with you today that we plan to launch a Congressional partner that can work with your commission on our common goal. With my colleague, Congressman Rubén Hinojosa, I plan to found a Congressional financial literacy and economic education caucus. The caucus will provide a forum for interested Members of Congress to promote financial literacy policies, highlight successes, and work in partnership with you to ensure that your agencies secure the funding that you need to carry out your missions.

Here today with me is Nicole Austin, who is my legislative assistant for financial services; she'll be working on this caucus. I would invite all of you to encourage your Members of Congress from your district to join this caucus and participate. I also would love to have any of you from the private sector that are here to participate. What really makes these caucuses work is when we have a meeting of all the interested parties.

And some of you, probably at some of our hearings, have thought, "I wish that Member of Congress had taken econ 101." I have wondered this sometimes in some of our hearings. So, hopefully, those members will address the issue and join the caucus, too, but I can't identify them.

I really am excited about this mission that you've undertaken. Together, I think we'll improve the financial aptitude of Americans of all ages and walks of life, fostering a more secure financial future for Americans and the nation as a whole. I look forward to working

with all of you during the 109<sup>th</sup> Congress. It's been an honor to join you today. Keep up the good work. Thank you very much.  
(Applause.)

MR. ABERNATHY:

Thank you very much, Congresswoman Biggert and Director Fore. They need to leave us at this point. I understand that Congresswoman Biggert is just back from the Middle East, where she has been involved there with encouraging the upcoming elections in Iraq, particularly encouraging women candidates who are seeking election to office there. What an astounding revolutionary change that's taking place there, and we appreciate all of her efforts.

Our next item on the agenda is something that we have been pioneering here at the FLEC. I think that we have found these to be very helpful at the meetings, and that is the work of our subcommittees. But the task is not only having subcommittees but making sure those subcommittees are accountable to the overall group here and report on their work. So we're now going to take a few moments to get an update from our two subcommittees and our working group.

First of all, from the web site committee, we have Commissioner Sharon Brown-Hruska, Acting Chairman of the Commodity Futures Trading Commission, to report on how we're doing on the web site.

MS. BROWN-HRUSKA:

Thank you, Secretary Abernathy, for the opportunity to address you today. And I'd like to thank you and your great staff, Dan Iannicola and Sandra, for your support and your commitment to our shared cause of financial education. We've really gained a great deal of good assistance from the Treasury in development of this site, and we just really appreciate it.

I'd also like to thank the many people I do see around the table, those in the audience, and others who have worked so diligently to advance an effective strategy to expand financial literacy over the last year.

At our last Financial Literacy and Education Commission meeting in September, we announced that the Financial Literacy and Education Commission web site would launch simultaneously with the 1-888-MY MONEY toll-free number on October 12<sup>th</sup>. Well, that was three months ago, and here we are. I'd like to thank Chairman JoAnn Johnson of the National Credit Union Administration for providing the venue for that launch and the gracious hospitality.

Well, during these last three months, both English and Spanish-speaking customers have been given access to additional tools to better manage their finances, whether that means securing a mortgage, planning for retirement, or saving for children's education. This statement is evident by the following statistics gathered since the web site's launch: mymoney.gov has received almost 91,000 hits on its English-language site and over 3,000 hits on its Spanish-language site. As a direct result of the mymoney.gov link to the toolkit request form, over 207,000 English-language publications and over 2,000 Spanish-language publications have been distributed to consumers by the General Service Administration's Federal Citizen Information Center in Pueblo, Colorado.

We've already received many positive comments from consumers about the value of the information the Commission has made available. Based on this feedback, I think we can say that the Commission's mymoney.gov web site is a success. However, there is still much work to be done.

For the next phase of this effort, the subcommittee and working groups will focus on two areas to enhance the value and usability of mymoney.gov. These areas include providing additional content and search capability. The subcommittee's objectives for the next phases are to establish a content policy that defines the standards and guidelines for content to be included on mymoney.gov, incorporate relevant .org and .edu web site links to mymoney.gov, and obtain and implement a search engine for the site to make it easier to find information throughout the mymoney.gov site.

The subcommittee plans to have its next meeting in February to further discuss these objectives and to provide guidance to the working groups. The subcommittee would also like to thank all the federal agencies and organizations who have placed a mymoney.gov link on their organization's web site. Some examples of organizations: the AARP, the AICPA, and Citibank. And we just really appreciate that we'll be able to reach more individuals, young people, older people all across the board as a result of these linkages.

A special thanks also goes to the General Service Administration's Federal Citizen Information Center for voluntarily providing the web site technical support and a delivery mechanism, which continues to make this web site possible. I would also like to personally thank the members of the Web Site Subcommittee for their continued commitment and dedication to the success of this important initiative.

By bringing together the specialized and diverse resources of the members of Financial Literacy and Education Commission to create the mymoney.gov web site, I think we've taken a major step toward achieving the Commission's goal of fostering financial education for all Americans. Thank you.

MR. ABERNATHY:

Thank you, Sharon. Does anyone have any comments or questions on the work of the subcommittee? Well, I appreciate all of those who are working in the subcommittee, certainly, Chairman Hruska, for your continued chairmanship of that work. When Chairman Hruska first took on that assignment, she was one of the members of the Commission. In the meantime, she became Chairman of the Commission but has, nevertheless, continued her chairmanship, as well, of that subcommittee while she's taken on much more significant duties at the CFTC. So we appreciate that level of dedication and commitment to the effort. Thank you.

I'd like to turn now to Donna Gambrell, who is the Deputy Director of the FDIC's Division of Supervision and Consumer Protection, who chairs our Hotline Subcommittee. Donna, why don't you give us an update?

MS. GAMBRELL:

Thank you, Secretary Abernathy. Good morning to the Commission members and to the members of the audience. I'm pleased to report that since the Commission's last meeting on September 22<sup>nd</sup>, we've successfully launched the 1-888-MYMONEY Financial Education Hotline. The hotline was launched on October 12<sup>th</sup>, 2004, and, through this hotline, we are now distributing financial education toolkits comprised of educational publications from several commission member agencies and departments. We are providing both an English version, as well as a Spanish version, of the toolkit.

I'd like to take this opportunity just to thank the Commission members who played a role in the launch of the My Money Hotline. The launch would not have been possible without the assistance of GSA's Federal Citizens Information Center, which established and is now managing the hotline operation.

In addition, I would like to thank the agencies that contributed materials to the toolkits. The toolkits currently contain publications on topics such as savings, investing, insuring your deposits, basic financial literacy skills, Social Security benefits, and a comprehensive listing of federal government resources. These publications were made available through the generous contributions of the Securities and Exchange Commission, the General Services Administration, the Department of Labor, the Social Security

Administration, and the Federal Deposit Insurance Corporation. We also want to offer special thank-yous to the SEC and GSA, which provided publications for both English and Spanish for the toolkits.

Based on the results of the hotline operation thus far, we are very pleased with the initial response to the service. As of January 10<sup>th</sup>, the My Money Hotline received 1,695 orders, for a total of 2,829 toolkits. Of the orders received through the My Money Hotline, 83 percent requested the English version and 17 percent requested the Spanish toolkits. And as you heard from Commissioner Hruska, consumers are also visiting the My Money web site to order the toolkits. When the orders received through the hotline and web site are combined, nearly 38,000 toolkits have been ordered.

As consumers have grown more comfortable with the internet, we expect a greater demand through web site requests. Yet, we've also received nearly 1700 calls requesting toolkits, with a significant percentage from a Spanish-speaking audience, which we believe indicates a demand for a phone option for those individuals with no computer or limited computer skills. We would like to continue to serve those individuals through the hotline service and believe that the hotline provides a valuable resource for those members of the population.

We are also pleased with the feedback that we have received from requesters regarding the quality and usefulness of the toolkits. A survey card was included in 5,000 of the toolkits issued asking recipients for their opinions and suggestions. As of January 10<sup>th</sup>, the FCIC had received 180 completed survey cards, a 3.6 percent return rate.

In response to the question, "On a scale of one to five, how helpful was the information in the toolkit?" 80 percent of the responders gave either the first or second highest rating. The written comments provided by the respondents were also gratifying. Some respondents told us that they did not realize the depth of resources available from the federal government. Others noted that the publications in the toolkit are written in an easy-to-read format and use terms that everyone can understand.

Some have also expressed particular satisfaction at receiving direct answers to their questions from a trusted source: the federal government. Still other commenters stated that the toolkits will help them or a friend or relative achieve their specific money-management goals.

I'm pleased to report that the call center is operating smoothly and the operators have been able to answer all the questions posed by the callers.

Our next efforts will focus on generating continued interest in the Financial Education Hotline and the financial education toolkits. The Hotline Subcommittee will focus on ways to increase media attention through a variety of media venues, as well as ways to involve member agencies and departments to a greater extent.

The plan will also address how to increase awareness in the Hispanic market, as we would like to see significant increases in requests for the Spanish version of the toolkit. And, last, we will work in concert with the National Strategy Subcommittee, providing input and suggestions as they formulate the long-term approach to financial education.

We look forward to all of our continued efforts in support of financial education. Thank you.

MR. ABERNATHY:

That's a great report, Donna. Does anyone have any questions or comments for Donna or the subcommittee? Yes, please?

MS. MILLS:

Thank you very much. Cheryl Mills from SBA. I actually have a question on the web site, if I could go back to that. I notice that there's 94,000 web page views as of January 10<sup>th</sup> in my notes, and I wondered do we know the demographics of the people that are coming on the web site? And if we don't have that structure, can we put that structure in so we can begin to analyze who's coming, what are their needs, and are we meeting the needs?

MS. BROWN-HRUSKA:

Thank you. I think that that is, we've talked about that as a planning, in a planning sense. We haven't gotten that information that specific in terms of demographics at this time, but it's part of our, sort of our next steps is to start to collect, to the extent possible and within our limited budget, to collect more demographic information and evaluate how we could do a better job at reaching those demographics or those individuals in those bases that need information the most or would value the information. So it's a very good question, and that is part of our long-term strategy. Thank you.

MR. ABERNATHY:

Other comments or questions of either of our two subcommittees? Well, I want to congratulate you both on the work of your subcommittees. In the very short period of time that both web site and hotline have been in place, I think we can say at this point they've been a success. You don't want to say that too early, but,

based upon just the couple of months that they've been in place, the use has been, in my view, phenomenal. And as we see from the question, there are still more things we can do as we begin to see how people interact with both of these tools and how we can make them better. So we also would appreciate your continued comments, views that you may have, and please share them with the members of the subcommittee.

One of the other operations that we have going here is our National Strategy Working Group, which has been chaired by Deputy Assistant Secretary Dan Iannicola. Dan leads a very dedicated, hardworking staff of people that are very committed to the idea of financial literacy and financial education. They're the ones that really do all of the day-to-day work that makes not only this meeting possible but the activities of the FLEC successful.

So let me turn the time now to Dan Iannicola to give us a report on how we're doing on the national strategy.

MR. IANNICOLA:

Thank you, Secretary Abernathy. The FACT Act is the origin for this commission, as noted by Congresswoman Biggert, and the reason we're all here today. So before we talk about how the National Strategy Working Group is progressing on its mission, let's first take a brief look at what that mission is.

Essentially, the FACT Act calls upon the federal government to be a leader in the enhancement and expansion of financial education nationwide. In short, the Congress and the President have called upon us to engage on this issue and to lead on it. But a good leader is first a good listener. That is why, through this law, the Congress asked the Commission to consult others in drafting a national strategy. Specifically, in Title V, Section 514G, of the FACT Act, we're told that, "The Commission shall actively consult with a variety of representatives from private and non-profit organizations and state and local agencies as determined appropriate by the Commission."

Mr. Secretary, I'm pleased to report that thanks to the strong efforts of the working group members that, on this measure, we are doing well. We've been listening a lot, and we've been learning much. For example, through these regular Commission meetings alone, we have heard enlightening presentations from a number of programs. Even though the Commission is not yet a year old, we have already heard from eight such wonderful programs.

For instance, we've heard from the Jump \$tart Coalition of Personal Finance, the North Dakota Securities Commission, the Charles Schwab Foundation, Junior Achievement Worldwide, the State of Wisconsin Department of Financial Institutions, the Wall Street Journal in the Classroom Program, the Federal Reserve Board, and the Federal Trade Commission. And we'll be listening to presentations of four more excellent programs today.

Outside of these meetings, though, the working group has also listened to the public at large. In August of last year, we posted a request for comment in the Federal Register. The comment period closed at the end of October, and our posting yielded responses of high quantity and high quality. We received 158 responses from all over the country and from several different sectors.

For instance, we heard from 27 academic institutions, 11 government entities, 34 lenders, 16 other non-lender commercial entities, 39 non-profits, and, perhaps most notable, we heard from 31 individuals, just plain concerned citizens who had taken it upon themselves to help out on this national effort. Their input, along with those of the other sectors, is commendable.

You know, it's always easy to spot a problem and complain about it, but it's a tougher task to actually get involved and try to solve a problem. Well, the 158 respondents to our notice are trying to help solve a problem, and we thank them for it.

So as it continues its work, the National Strategy Working Group will use all of this listening and all of this learning to produce a national strategy that is equal to the task of improving financial literacy in America. We'll be working to make sure the output we ultimately present for all of you will be as strong as the tremendous input we've received from others.

Mr. Secretary, that concludes my update on the progress of the National Strategy Working Group.

MR. ABERNATHY:

Well, that almost concludes it. Does anybody have any questions or comments for Dan? Okay. As you know, we're in the early stages of this, and so I appreciate you getting us off to a good start on this Commission. We've gotten some very, very high quality comments. But the hard work now is evaluating the comments we've received and putting together a plan that makes a lot of sense. And I appreciate those who are on the working group. The hardest work is ahead of you. We'll talk a little bit about that later. We hope to have a great deal of focus on where we are with the national strategy.

Now, as Dan also highlighted, one of the great benefits I find at these meetings is the opportunity to hear from folks who have programs that are working, to hear what some of the best practices are, whether in the private sector or governmental sector, the not-for-profit and profit sectors; and we're going to continue that today. We have four excellent presenters who will be talking to us today.

As you know, the Act requires that we consult with a variety of representatives from private and non-profit organizations and state and local agencies and that we try to highlight as many of those in these meetings as you all will tolerate and as the schedule will permit.

Today, we have four excellent presentations. We're going to begin with my favorite staff member of the Securities and Exchange Commission, Susan Wyderko. I've worked with Susan on a number of different issues over the years, and she's always done an excellent job, but nowhere has she done nearly as great a job as she's doing in the areas of financial literacy.

A few months ago, I was just at home one day turning on the radio, listening to one of these news radio shows, and there was Susan on the radio talking about the importance of investor education, and she did a wonderful job. Today, we're going to have her report to us on what the SEC is doing, but particularly a very interesting project that they've engaged in. So let me turn the time to Susan.

MS. WYDERKO:

Thank you so much, and thank all of you for coming. This is our SEC's web site. Now, we at the SEC feel passionately about investor education. It's tremendously important to us, so we have a blue bar up here. It says "investor information." If you click on that link - next slide, please - you'll find a tremendous wealth of investor education. We have calculators so that you can calculate the expense of your mutual fund. We've got brochures. We've got all kinds of information aimed at helping you make sensible decisions about your finances and aimed at helping you understand what are the right questions to ask.

So far, so good. All of our materials are well received, but we discovered a few years ago something very troubling, which was that none of the victims in our enforcement cases had paused to go to our web site and look at all this sensible, excellent, educational material before they threw caution to the wind and invested in something that was literally too good to be true. They weren't coming to us. At any rate, the victims weren't, the most vulnerable people who needed us the most.

And where were they going? Well, we looked at the pattern of our internet enforcement cases, and we discovered that an awful lot of people are sitting at home lurking on the internet looking for that next big thing that will make them rich beyond their wildest dreams. That's where they were. So they weren't coming to us, we went to them.

Our first venture into our life of crime was to create an entirely fictitious company called McWhortle Enterprises, Inc. McWhortle Enterprises, its web site says, is an established and well known manufacturer of biological defense mechanisms. And if you're lucky enough to happen upon this web site, you will quickly discover that it is going public, that its shares are guaranteed to take off, and it is going to make you rich beyond your wildest dreams. In short, it promises unbelievable returns. It's got everything. It's got testimonials. It's got an address, a web site, webmaster@mcwhortle.com. What more do you need for authenticity?

Well, if you click to invest, you get a warning sign from us, "Watch out. If you responded to an investment idea like this, you could get scammed." All of our fake scam sites on the internet feature this kind of a warning screen. We don't take your money, we won't take your credit cards, not that people don't try. We have had millions of hits. We've gotten hundreds of e-mails. Many, many, many of them are along the lines of, "Wow, this is great. My government finally does something good." But a disturbing proportion of them run along these lines, "The SEC has hacked this site. How do I invest?"

We also get phone calls. Many of these are from busy, busy people. They seem to be primarily doctors for some reason. "Send me the investment package. I can't seem to find it on the web site." We've gotten bank account numbers. We've gotten wire transfer instructions. We have gotten Social Security numbers to help us ascertain the bonafides of the person who wants to invest with us.

All of this has convinced us that this is an initiative that works. Why? It is going to where our audience is at the time when they're actively making their decisions.

We've branched out. We run a fake hedge fund. Why did we start our fake hedge fund? Well, particularly when my chairman got interested in hedge fund problems, we discovered that an awful lot of people had gotten the message through the media hedge funds are good, they can help you make a return in down markets. Why not

find a hedge fund and stick all of your life savings in it? So we created our own.

This one is called Guaranteed Returns Diversified, Inc. It's GRDI, and we pronounced that "greedy." Now, GRDI has got an awful lot of interest, as well, but not all of the GRDI interest has been from ordinary people. Disturbingly, we have fielded phone calls from major investment banking firms who wish to discuss our investment strategies. They would like to put our hedge fund in their funds of hedge funds. We've also gotten calls from major publications who look at these returns that are on other pages and think, "Wow, this is great. We need to be recommending this to our readers."

So the issue of financial literacy does not stop with individual investors. It is systemic throughout our society, and we're pleased to help educate the investment professionals, as well.

We partner with every government agency we can think of that has a co-interest with us, in particular scams. This one, we partner with the Treasury Department because it's an off-shore scam. It's something they're interested in, it's something we're interested in.

This one has popped up in a great many chat rooms. This is a type of fraud where all of the other sites other than ours are frauds. Trust me on this one. And there's been a great deal of discussion in the boards as to why this one is different, and then there will be a back and forth, "Go visit this one. This is the only one we recommend," and then there will be a flurry of e-mails, exchanges back, "You can't recommend an HYIP, they're all fraudulent." Well, we had the distinction of being the only recognized HYIP program that does work.

We run a fake mutual fund. Why? Because we brought a case where we discovered someone put up a web site claiming to be a mutual fund. It took a lot of money from a lot of people. It was all a fraud.

And our newest venture is an investment site. Now, we have discovered that there is no virtue to being subtle, so Seek to Succeed starts out, "Do you want to get rich? We do, and we think you do, too." It is this kind of really hard pressure, a tactic that works for crooks. And what works for crooks we take over.

Our sites are good. We can't claim full credit, however. We do take the real words that have taken real money from real people from real cases, and we use them. We shamelessly plagiarize from crooks, but

we figure they know their job really well, so why reinvent the wheel?

I'll just go through the next two slides real quickly. We have several other companies that we have incorporated just to illustrate various scams, and we also wanted Seek to Succeed to have several clear winners to recommend. You know, it was important to us. And this one is Patenters, Inc. It's got patents as assets, and you know how easy they are to value.

So that's our story. We think we have an initiative that works. It is also cheap because we, frankly, are cheap. Our webmasters at the SCC did these in their spare time. They had a lot of fun with them. We wrote the words. They are hosted on SEC.gov computers. We did spend \$50 per URL to buy the commercial .com URLs, but that's the total cost of our entire endeavor. We think this is investor education that works. Thanks.

MR. ABERNATHY: Thank you, Susan. Anyone have comments or questions? Go ahead.

MS. BRAUNSTEIN: Yes. Sandy Braunstein from the Federal Reserve Board. How are you doing, Susan?

MS. WYDERKO: Good.

MS. BRAUNSTEIN: I have a question, and some if it pertains actually to what you just said about the cost. I was wondering when you get those follow-ups from people who don't get it and who say, "Where do I send my check?" do you then go back to those folks and explain what's going on? And if you do, that's an additional cost, I would think, in terms of staff time and resources.

MS. WYDERKO: It's a very important point, and I should have mentioned this. I have a staff of 40 whose sole job is to respond to inquiries from the public: letters, phone calls, e-mails. So whatever we get from these fake scams, my staff is trained to answer them, roll them in with the rest of our work.

Every single person who contacts us gets back a personal response. That's for if I have a problem with my broker or if I want to invest in McWhortle.com. So we have a staff in place equipped to answer those questions.

MS. BRAUNSTEIN: Well, and when they do, I guess my follow-up to that is, okay, if somebody is trying to send you a check to invest and, like I say, they

don't get it, what kind of information do you give them, besides saying to them this was a scam? Is there something you send them to further educate them, or is there something else you do?

MS. WYDERKO: Yes. We send them information on internet fraud, and we try to educate them gently about the warning signs of internet fraud. We take them back to the site and say, "Here, this is a warning sign. This is a red flag. A Post Office Box for a major international company, bad sign," and that kind of educational stuff. We have had many, many, many people who are initially embarrassed to hear from us come back and say, "You know, I really felt like an idiot, but now I learned something because I've heard if it sounds too good to be true it is, but now I really understand what you're talking about."

And the other month, we got a wonderful e-mail from a woman. She said, "I am a 90-year-old grandmother. I use the internet a lot, and I just want to tell you I learned something from your site because I found this other site. They wanted my money, and I thought to myself, 'That's McWhortle again, isn't it?' So this is education that works.

MR. ABERNATHY: Other comments? Yes, please?

MS. MILLS: Thank you very much, Susan. I think this is great. And you lead by example, so I think this is very helpful. Are you seeing a certain age sector or a certain gender that seems to be more prey to these things than another?

MS. WYDERKO: In our enforcement cases, it's every gender, every age. We find, though, we have found that McWhortle in particular has been adopted by the educational community K through college. It is incorporated into the curriculum to try to teach kids how to separate the good from the bad on the internet. So, actually, hits surge during exam period times, and many of the links that link to McWhortle are school sites.

MR. ABERNATHY: Other questions, comments? By the way, this is a legitimate site, this one here. Well, thank you very much for your presentation.

MS. WYDERKO: I have to leave; I'm so sorry. But thank you for having me.

MR. ABERNATHY: Thanks for being here, Susan, and for your good hard work.

(Applause.)

MR. ABERNATHY: Our next presenter is Dara Duguay from Citigroup. She is the Director of the Office of Financial Education at Citigroup and has

been a tireless champion of the cause of financial education. And we'll turn the time now over to Dara.

MS. DUGUAY:

All right. Thank you. Dear members of the Financial Literacy and Education Commission, I'm delighted to be here with you today. I'm even more delighted that this commission exists. When I first moved to Washington in 1997 and people would ask me what I did for a living and I would tell them I ran a financial literacy coalition, they would normally say things like this, "Well, that's great. I think that it's really important that kids learn how to read." And I would say, "Well, I agree with you, but I'm not talking about reading literacy, I'm talking about financial literacy," and they would usually then say something like, "Well, what is that?" Well, I'm very happy to say, fast forward to 2005, that financial literacy has become a buzz word in this country. Not only is the government taking recognition of this issue, non-profits have been taking recognition of this issue for many years, and financial corporations are also making this a prominent issue.

In that regard, Citigroup has created an office of financial education, which I'm very honored to run, and they created this office in April of last year. Now, the issue of financial education is nothing new for Citigroup. In fact, when they did an internal audit for the first time just to see, they had never done this before, they wanted to find out how much money they had been spending with the combination of the foundation and all of Citigroup's businesses around the world, and they found out, to their delight, that in 2003 they spent \$14 million supporting financial education initiatives worldwide.

Well, this was a surprising finding, and they said, "Wow, we're doing so much in this area, we really need to create an office to coordinate it better." And they even took it one step further. What they did is they made an announcement, along with the creation of the office last April, that they would have a sustained commitment of \$200 million to give out over ten years globally for financial education.

Now, the \$14 million that I talked about last year and when I'm saying globally, that was given out to 40 countries on six continents, so it really is very much a global effort. Citigroup has businesses in 100 countries, so our emphasis in financial education is really worldwide.

When they announced last April the creation of the Office of Financial Education on April 7<sup>th</sup>, simultaneously they had events that took place in 12 U.S. cities and 11 countries around the world, all at one time simultaneously. The event that took place in the United

States in New York took place in Harlem, and we have several members that were here that day. I, of course, was there. Dan Iannicola was also there at that event. We had John Rich from the FDIC, Karen Johnson from the U.S. Department of Education, Congressman Gregory Meeks from the U.S. House of Representatives. I was emceeding that event that day, and they just kept handing me little pieces of paper with more congressmen and assemblymen that had showed up, so it was an amazing event.

We also had letters that were written in support of Citigroup's commitment that were read that day. These letters came from President George W. Bush and also New York Senator Chuck Schumer. And so that was sort of this start of the commitment.

Now, this commitment was not only one of money, this commitment was one also of volunteerism, and they announced on that day that Citigroup's 300,000 employees all around the world could take a day off annually to volunteer. Now, they can volunteer for any non-profit they choose. Of course, we're going to try to emphasize financial education, but they get a paid day off. And that equivalent, pretty much, is roughly about 1100 extra full-time employees that we're giving to non-profits around the world as extra workforce. And so we're very proud of that.

One of my first duties was to do an internal inventory to see what existed, and I was very used to this since at the Jump \$tart Coalition for seven years we created a clearinghouse, which is fantastic. If you've never seen it, please go to [jumpstart.org](http://jumpstart.org), click on clearinghouse. By the time I left, there were over 650 different materials. And so when I started with Citigroup, I thought, "Well, this is going to be an easy task. This is going to be small in comparison to this large clearinghouse that we managed over at Jump \$tart. Well, I was amazed that we found out, just initially, 56 materials. These included things such as microfinance brochures in India, comic books in Singapore. We had calendars that CitiFinancial has created. They're fabulous. If you want one, please grab some. I brought them, and they're on the table.

It includes our wise use of credit, videos, and guides, and brochures that CitiCards has created and on and on and on and on. And what we're doing internally is creating an internal web site so that we can share this information with all of our businesses and all of our countries. Because we are so large, it's hard to know what Singapore is doing if you're in India. It's hard even to know what you're doing if you work for Citibank on the West Coast and you work for

Citibank on the East Coast. And we're finding a lot of duplication of effort.

One of the materials that my office is charged with in this repertoire is a curriculum. Now, when I started with Citigroup, I thought, "Oh, my gosh, here we go. I've now inherited this curriculum," because I had seen in my past life at Jump \$tart many curriculums that had been created with no distribution plan, and they ended up sitting in a warehouse. And I would get a call a couple of years later, and some corporation would say, "Well, do you want this? We can't get rid of it," and I would say, "Well, I don't know. Let me see if I can find a non-profit that will utilize this for you."

So I was very happy when I found out that Citigroup had really thought this through and had done it the right way in terms of thinking about the distribution plan before they created the curriculum. And I think that is so important because you could have the most fantastic curriculum in the world, and if it just sits in your warehouse you've just wasted your money and wasted a lot of time, and it's never gotten to the end user.

And so in that regard, Citigroup is very involved in making sure that this curriculum gets out there, and how do we do that? We do that through our partnerships with many NGOs in other countries around the world and with our non-profits here. For instance, our partnerships with groups such as the National Urban League. They were given almost a million dollar grant this year, and they are going to be using our curriculum to teach their constituents. Our partnership with Operation Hope, I see Jenna back there. Our partnership with Habitat for Humanity. They have now integrated into their home-building program financial education. You know, it's great that you have a house built for you, but if you can't keep up with your mortgage you're going to lose it.

And so we're involved in numerous partnerships. I don't want to, you know, take up anymore time in talking about all of the non-profits that we support, but we're trying to get as many of them where it makes sense to utilize the financial education curriculum.

Now, the notion of not going it alone also extends not just to the non-profit world but also to the federal government. We have been very involved. For instance, it was mentioned earlier, thank you, about our linkage on our financial education web site at Citigroup - two web sites - not only the Commission's web site but also Treasury's web site. And so we are very happy to do that.

I don't know if you know this, Cheryl, but we're working on a partnership agreement with the SBA. It took our lawyers four months, so now it's with your lawyers, so I don't know. How long is it going to take? Another four months. But, you know, hopefully one of these days the partnership agreement will be signed, and this will be for the creation of a small business guide, and we're going to create task forces of small business owners and ask them what are the most pertinent and salient issues that you confront in terms of personal finance when you're running your small business? As we all know, many times they blend their personal funds with their business funds.

And so we are working on relationships like that, possibly with the World Bank. They've just approached us, and their credit reporting division said, "We're working on instituting credit reports in a variety of countries where they've never had a credit reporting system." The population doesn't understand it, they don't trust it, and so can you help us partner to create some guides and some educational programs to share this information about how credit reporting works? So that's just some examples of how we really do want to reach out and engage in partnerships and not just do it on our own.

I just wanted to make a couple of last comments. Our curriculum is going to be complimented with a training program that my office is going to be rolling out this year. It's going to be twofold. It is going to be an online training program where you can be trained on demand. Our curriculum is kindergarten through adult. The adult portion is basically for those that are not that savvy, those that are unbanked, those who may be new immigrants. The K through 12 is linked to education standards in a variety of different disciplines. It is free. It is not commercial. And it was created by a fabulous group of educators, people that have worked in this field for a long time.

And so for our employees that are interested, starting in April, this is the launch date, they can go online anywhere in the world and become trained in our curriculum. We will also have physical classroom settings working with our Citibank network of trainers that we are going to integrate into their normal training programs and at their facilities in 22 U.S. cities the financial education training. So if you, as an employee, want to go teach in your child's second-grade class or go volunteer for Operation Hope, you can actually attend one of these physical training sessions, and 22 cities will be offering our full schedule several times each quarter.

And so that's something that we're very excited about because at Citigroup we don't want to just give money. We want to have our

employees engaged as much as possible. We feel that that makes the whole partnership that much more effective. And our employees have been very, very engaged in financial education. In fact, it's a natural extension of what they do everyday anyways.

And just to give you a couple of examples in closing, in Dallas we have a CitiFinancial International Headquarters, and they engaged in a fundraising effort and the employees were able to come up with \$200,000 that they gave to local United Way, and they were able to identify nine non-profits in the greater Dallas area that were interested in doing financial education, and they funneled this money to them.

Our employees also have been involved in two programs that I want to mention. We've been doing this for numerous years. One was the American Bankers Association Education Foundation's Teach Children to Save Day last April. We were able to partner not only with ABAEF but also with the Treasury Department, and I was able to co-teach a session with Treasury Secretary Snow at a middle school in Harlem, which was a lot of fun.

And then in October for ABAEF's Get Smart About Credit Day, we were able to also partner with the FTC. And I co-taught a lesson with FTC Chairman Deborah Platt Majoras at a school here in D.C., and that was also just an excellent experience. The kids were fantastic.

Our employees are really involved very heavily in volunteerism. I know this doesn't deal with financial education, but, with the timing of the horrible disaster that's happened, I'm just very proud. I wanted to mention that our employees have raised \$7.5 million now for the tsunami effort, and so we're just very thrilled to be engaged, and we're hoping to take this spirit of volunteerism to another level when we launch our financial education efforts really in earnest the second quarter of this year.

So in closing, when it comes to financial education, our sort of slogan is, you know, knowledge is your greatest asset, and we really do believe that. And so we're very, very excited about continuing our partnership with all of you. We want to create new partnerships, so please let me know. And we know that you can't do it alone, none of us can, and we need to really work together to solve this whole issue of financial literacy. And I really am encouraged and do believe that it is possible. So thank you very much for your time.

MR. ABERNATHY: Thank you. Any questions or comments on Dara's presentation or the work of Citigroup? Yes, please?

MR. RILL: Derick Rill with the Federal Trade Commission. I was thinking about mymoney.gov and where it is linked on other web sites, and I heard you mentioned that you linked to several other agencies, and the thought occurred to me we could get more traffic to mymoney.gov by getting it linked to various other web sites, including the Federal Trade Commission. So that's something we'll think about.

MR. ABERNATHY: Sharon, do you have any comments on how we're being picked up by other agencies, other private-sector groups, in terms of being linked?

MS. BROWN-HRUSKA: Well, as I mentioned before, Citigroup is one that I'm aware of. I think that we have, I don't know if we have any data specifically on how many sites will pick us up, but we have a number of private-sector sites that have linked to us. And, of course, I think virtually all the federal agencies that have participated within the Commission have linkages to the site. And we're very excited about that, and we really do want to encourage those who are listening to consider linking to our site. It's not very difficult to do, and we think that it provides, again, another avenue to financial education.

MR. ABERNATHY: Great point. And let me echo that. If any of you are thinking about linking up, please do. I think that we learned recently AARP linked to our site, and there are several others, as well.

MR. RILL: If I could just add one other possible opportunity. We've had a lot of success with members of Congress and, obviously, having a member today and launching that caucus, I think that would be natural for them.

MR. ABERNATHY: Yes, absolutely. That's a very good point. Let's follow-up on that. Good idea. Other questions or comments for Dara? Thank you very much. Excellent presentation.

(Applause.)

MR. ABERNATHY: Our next presenter is Alvin Rohrs. He serves as the President and CEO of Students in Free Enterprise, or SIFE. SIFE is a global non-profit organization that supports student teams on more than 1600 college and university campuses in 40 different countries. They provide the students with opportunities to develop leadership, team work, and communication skills through learning, practicing, and

preaching the principles of free enterprise. And that's the outline, but we'll let Alvin dig into the details. Thank you for being here today.

MR. ROHRS:

I'd just like to start by saying thank you very much for the honor and privilege of being here today. On the flight in last night -? I got the call Tuesday afternoon, "We've had a cancellation. Would you be willing to come and speak?" and I said, "I'd love to." On the flight last night, I read the transcripts for your last three meetings, and I would just like to congratulate all of you for just the incredible things you're doing for financial literacy and education. It's something we've been doing for 30 years now, and it's great to see a lot of other organizations join in what we're doing.

I would like to start by asking you a question. How many of you have ever heard of Students in Free Enterprise, or SIFE, before today? Show of hands? Very few hands. So to get you to understand what we do, I'd like to ask you to go through a quick visualization exercise. The first thing is visualize where I was a week ago Tuesday, the Orange Bowl, USC versus Oklahoma. Any of you who are USC fans, congratulations. Any of you who are Oklahoma fans, my sympathies extended to you. For any of you who tuned in to watch a really good football game, my condolences. The crowd in the coliseum and the arena spent the second half spending all their time booing Ashley Simpson and checking the sky boxes to see where Brad Pitt was sitting. Brad, by the way, was in booth 110, just so you know.

But think about the pageantry that was there. The National Championship football game, USC, Oklahoma. Think about the college spirit, the intercollegiate rivalry, we're going to beat you, you're going to beat us, all that goes with that great college spirit. So visualize what that competitive spirit, that intercollegiate competition does and brings.

Second visualization: college students. Think about your days on the campus. Think about your kids, your grandkids who are on the campus, think about their incredible creativity, their energy, their enthusiasm. Now, that's not always channeled in the right direction. Sometimes it's channeled into things, like how many can we cram in a car or a phone booth or how many slices of pizza can we eat in an hour or how many cans of beer can we drink in five minutes. Looking around the room, everybody here is studious enough. I know none of us engaged in those activities, but I'm sure we had friends that we can remember who did those things.

But think about that incredible creativity and energy and enthusiasm, and then think about the idealism of college students. They really want to change the world. They really want to make a difference. And sometimes they get so frustrated in wanting to do that that they hold protests just really to kind of howl at the moon and to yell at the problems instead of really knowing how do we solve the problems.

Now, what would happen if you used intercollegiate competition, the pageantry, the college spirit, the rivalry, what if you used all of that to mobilize university students. Take their energy, their creativity, their enthusiasm, and their idealism, take all of that, channel it into one positive mission, the mission of creating economic opportunity for others while they discover their own potential. If you do that, what you get is Students in Free Enterprise.

We mobilize university students on its now 1800 campuses, 45 countries. The United States, we're at 900 universities, 45 percent of all the four-year colleges, 70 percent of the historically black colleges, 45 percent of the Hispanic-serving institutions.

We literally have a giant team, and the competition that they're in is not a competition about who can push the ball across the goal line the most or who can put the ball through a hoop the most or who can go around the bases the most. The competition they enter is who did the most to change the lives of others and bring a higher standard of living and quality of life to their community. And those who reach the most people and had the greatest impact on improving their lives are the ones who win the SIFE Regional Competition, National Competition, and now the SIFE World Cup. That's what SIFE is all about.

I'd like to turn to just kind of the sheet that I handed out and just walk through a little bit of it. How do we do that? We organized teams of students led by faculty, really run by the students. They teach four basic concepts. They teach financial literacy; an understanding of how market economies work; an understanding of entrepreneurship, how to be an entrepreneur, and why we need entrepreneurs; and they teach business ethics. We get our students to understand and teach others that, in the long run, if you want a successful personal career, a successful business, or a successfully economy, you have to base it upon good ethics. Without good ethics, it all crumbles.

We take university students who are taking marketing classes, management classes, psychology classes, they take all that stuff they're learning in the textbooks, learning in the classroom, they use

their community as the laboratory, and they bring all of that stuff to life. We really focus our students when they go out and teach and reach others. It's an old proverb. Some attribute it to the Chinese. I'm not sure where it started, but basically it says tell me I forget, show me I might remember, but if you involve me then I will understand.

We really focus our students on taking information and knowledge and converting it into action, and I would encourage this commission to do the same in terms of financial literacy. It is one thing for somebody to understand I need a family budget, and another thing for them to have a family budget. And I think that's what SIFE students really focus on.

I'll give you some examples. Flagler College, the current reigning SIFE USA National Champion produced Cash Positive Radio. They do a radio program geared at university students to teach them financial education, and they've made it so much fun they're now in six cities, and they're trying to get national syndication, and they're pretty close to getting that done.

Northeastern Junior College was featured in USA Weekend when SIFE won the Make a Difference Day national honor. They took low-income families, taught them how to do a family budget, walked them to the grocery store and taught them how to buy their groceries cheaper so they could all live better with less money and actually start savings accounts so they could save for the future, many of them being able to get off of the welfare rolls and off of government assistance because of what the SIFE team did.

University of Arizona does peer-to-peer financial counseling. They train SIFE students to be financial counselors to teach university students control your credit, learn how to spend wisely. It's amazing we have incredibly intelligent young people going to universities who know their discipline very well but can't balance their checkbook when they get out. And the evidence of that is the amount of debt they graduate with and the default rate on student loans, which I think has been discussed quite a bit with this commission.

Some of the other areas: we operate SIFE entrepreneurially. We give those four guidelines. Here's the criteria we use, here are the topics we want you to teach. In your community and on your campus, you figure out who you want to reach and how you want to reach them. So SIFE students go to senior citizen centers and they teach them how to get on the internet to do comparison shopping and

they teach them how to get on the internet and learn how not to be defrauded in their investments.

They go to single parent families and teach the single parents how to run daycare centers and start their own business, so they can actually have home-based business or businesses that allows them more time with their family. They work with the government assisted welfare-dependent families to teach them how to get off the welfare rolls, how to get their GED. They even do closed banks where they go to the professors on campus and get them to give all those great professional-looking clothes that they have outgrown, as I have outgrown many of my suits, to give to these individuals to wear on their job interviews and wear their first month on the job so they can keep their jobs.

We call it K through life education. If you live and breathe in a community where there's a SIFE team, they'll find you, and they will bring financial literacy to you.

They also work with military personnel and, in that, they work with military families to teach them how to budget better and how to get along better in what they have. They teach them how to manage the finances when one of the members of the family is serving overseas.

That range of projects I just listed to you is the range or projects that one SIFE team did. Multiply that by 900 in the United States, and that's where we are.

This year in the United States, we reached 4 million people with these educational programs. There were 1400 spec financial literacy projects that were conducted.

In the process of building the SIFE organization, we have built a very strong partnership in the private sector. A lot of major companies are our supporters: KPMG, Walmart, 3-M, Coca-Cola, Proctor & Gamble, AIG, the Star Foundation. We've partnered with the State Department to open SIFE in Egypt and Morocco and now going into Senegal and a few other countries that need a lot of financial literacy, as well as a lot of economic education.

We're very pleased in the last 30 days we just got the official approval for a grant from the HSBC Corporation, a \$1 million a year commitment over three years to specifically fund financial literacy education in 30 of the countries where they have operations and we have SIFE teams. So it is, to date, our single largest corporate grant.

A million dollars a year, when your whole budget is \$12 million, it goes a long ways.

If your agencies want to connect with university students, we're the place to come. We've got the network in place. We're growing it about 12 to 15 percent a year. We double in size every five years. Within the next 10 to 15 years, we'll be at every four-year college in the country.

If you want to reach anybody who lives and breathes in a given community, we're the place, too. And if you want to do it -? the interesting thing about SIFE students, they have taken financial literacy, talking about dimes, budgets, investments, and they make it incredibly fun and exciting. And we have basically created a literal army of young people who are passionate about teaching people how to live better lives, teaching people how to manage their resources better. They want to bring a higher standard of living and a better quality of life to their communities. And in this day of the internet and the cell phone, they have defined community quite amazing in terms of reaching around the state, around the country, and around the world.

That, in a nutshell, is what Students in Free Enterprise is. What we don't do, we don't create curriculum. There's tons of great curriculum. We are a distribution system, and we have created that distribution system. So if you've got that curriculum on the shelf you want to get off the shelf or if you've got a web site and a triple-8 number that you want people energized to go use, we can help you energize them to do it by having these young people, grassroots, in the communities shaking the bushes.

We are on all six continents, we're in all 50 states, we're in practically every major market out there. The only barrier to our expansion is partnerships and more money. Thank you all very much. We wanted to bring you up to speed on what Students in Free Enterprise is.

If you want to experience the financial literacy version of the Orange Bowl, we actually call it the Super Bowl, I'd encourage any of you who would like to come to the SIFE National Competition in Kansas City May 24 to 26, three-thousand college students that are passionate, exuberant, enthusiastic supporters of a market economy, financial literacy, good business ethics, and entrepreneurship. So thank you very much.

MR. ABERNATHY: That sounds great. Any questions or comments for Mr. Rohrs? Sounds like an exciting program, something that many people who are already involved in financial literacy can partner with. Thank you very much for your presentation.

(Applause.)

MR. ABERNATHY: Our final presenter is Mr. Steven Nord. He serves as the Corporate Compensation Manager for United Parcel Service. He has had the opportunity to get a little bit of rest after the very busy season that has just passed with the holidays, and, now all rested up, he's going to talk to us about what they're doing within their corporation to provide financial education to their employees. A very important area and a very successful program.

MR. NORD: Great. Thank you, Secretary Abernathy. It's a pleasure to be here, members of the Commission. It's also a pleasure. Thanks for the invitation. I also want to thank Director Christovich for extending this invitation to participate today.

I hope today to illustrate how a non-financial services private sector employer can help the Commission in its efforts for financial education. UPS and other employers like us need a workforce that's increasingly financially savvy. We find that personal financial astuteness and education translates very well into business financial literacy, and so that's very important for us.

Just a little bit about UPS. We're the world's largest package delivery company and a global leader in supply chain services, offering an extensive range of options for synchronizing the management of goods, information, and funds. UPS has more than 357,000 employees worldwide with more than 300,000 in the United States. Our 2003 revenue topped 33.5 billion.

Our purpose at UPS is to enable global commerce. That's what we do. One of our strategies is, like many other organizations, to attract, develop, and keep talented people whose initiative, good judgment, and loyalty will help us fulfill our purpose.

UPS is guided by certain principles that are expressed in the form of written policies to provide a guide for UPSers so their decisions and actions will reflect the best interest of our company. One of the policies germane to financial literacy revolves around our total compensation philosophy and the value proposition presented to UPS people.

The policy says, in part, our compensation programs keep pace and compare favorably with programs at other companies. We weigh the value of the total package. We also have plans that give participants a financial stake in the company and offer ways to enhance personal savings. This policy's implications really sets the stage for us to create, and we've long been driven to try and educate our employees in basic financial education, so we can fulfill that policy.

During the 1990s, UPS, along with many other organizations, introduced additional compensation and benefit opportunities that required more and more decision-making by participating UPSers. Section 125, Cafeteria Plans, helped their spending accounts, increased choices in 401K plans, additional optional forms of payment and defined benefit plans, more variety and disability and life insurance group plans, employee stock purchase plans, dividend reinvestment plans, deferred compensation plans, just to name a few.

More and more frequently, UPS people asked for advice about what they should do in making individual financial decisions. UPS people were looking for help. From a company standpoint, the additional value that UPS was providing through this vast array of employee benefits -- and when I say a vast array of employee benefits, of our \$33.5 billion, more than 18 billion dollars was spent directly on employees in compensation benefits worldwide -- was not being optimized because many UPSers did not have the financial literacy to cope with all the decisions they were now faced with.

The traditional approach would have been to put together presentations focused exclusively on company benefits and how to enroll in them. This sort of approach does nothing to provide a framework for analysis and decision-making for very different employee situations. A second traditional alternative to the tell-me-what-to-do request from employees would be to suggest they find a financial advisor and wash our hands of any obligation and, at the same time, any fiduciary liability. Neither adequately addressed the fundamental need: providing a background to where our people feel more comfortable in their own ability to make increasingly sophisticated decisions regarding their financial future. We also came to the conclusion that people that are economically secure in their own lives are more productive employees.

We decided to seek professional help to address the gap and provide access to financial and educators. We, early on, decided not to utilize brokerage houses or others who might have a vested interest in providing certain financial advice, even though most of those organizations offered to provide the education for free.

Through a thorough RFP process, vendors were selected, and we had many, many high quality vendors participate, and we began implementing the program in 1999. UPS has implemented a variety of programs to provide UPS people a competitive compensation and benefits package and the information they need to make informed financial decisions for themselves.

UPS has partnered with Price Waterhouse Coopers to help provide basic financial education for UPSers. The program consists of four components: instructor-led workshops titled "Plan for Today and Plan for Tomorrow;" UPS-specific financial education software; a financial counseling help line staffed by PWC; financial planners and educators; and access to the PWC online financial campus.

The instructor-led workshops, topics include an overview of financial planning process, 401K plans and IRAs, stock ownership, investment planning, taxes, insurance basics, retirement planning, estate planning, and life events. All presentations are specifically tailored to incorporate UPS benefit plan design into the sessions.

Additional company-specific education and modeling tools are available online for our UPS retirement plan, our 401K plan, and healthcare plans. In addition, we annually provide a total compensation statement that incorporates and advertises all these resources for UPS people to utilize.

The results have been very positive. We continually measure the workshops and receive 90 percent-plus positive responses. The web site alone, in 2004, has received more than 1 million page hits from UPS employees.

Our employee relations survey in 2004 where we survey everyone in the entire organization had an 86-percent favorable response to the question how would you rate your total compensation. Recently, we modified the program to break down the two-day workshops into shorter topical modules, which allow a more targeted approach to specific employee interests.

The modules may now also be delivered in web casts as an alternative to onsite instructor training, allowing us to reach a broader number of employees. We did a pilot version of this format in our Atlanta headquarters in September. The modules included financial planning basics, funding your child's education now, funding your retirement plan now, implementing and investment plan, investment basics and planning, protecting your wealth, and a variety of UPS-specific modules.

One thousand fifty-six employees out of 1500 or so on our Atlanta campus attended one or more sessions. Ninety-five percent of the participants felt the sessions met or exceeded their expectations. Ninety-eight percent of participants would recommend the workshops to others. It's very positive results, and we think those translate directly into better business acumen for our employee population in general, and we're very interested in the work of the Commission and commend you and hope you keep that up.

There are some barriers, of course. It's not cheap to do this. Just to support the web site and the PWC piece costs us in excess of \$2 million a year, not counting the employee time that we allow for attending these sessions.

So we think, though, that the investment in employee financial education is worthwhile. Our intention is to continue our partnership and expand it. And once again, we commend the Commission. Thank you.

MR. ABERNATHY: Thank you, Steve.

(Applause.)

MR. ABERNATHY: Does anyone have any comments or questions for Steve and his company's program? Please, Don, did you have a –

MS. GRAY: Steve, I'm Mary McPhail Gray from the Department of Agriculture. I'm wondering if you collected data internally about the kinds of issues that you saw that compelled you to do this really fine education process and if you've collected data since then on what the business bottom-line impact has been, as you've stated that you think your employees are more sophisticated in their understanding of business.

MR. NORD: It is difficult to directly measure the effect on the bottom line, as you might imagine. What we have done, though, is taken our employee survey and the response to questions because, remember, one of the things that we're concerned about is we spend a lot of money on a variety of different benefit programs, and we wanted to make sure that we were optimizing the dollars that we were spending. Were we getting the most bang for the buck about employee attraction, employee retention, and employee loyalty.

And so the measure through our survey is one of the ways that we do that. And then we measure every workshop and every session. We ask people to give us feedback, both so we can improve the program

on an ongoing basis and also so that we can measure our employees, do they appreciate this effort, and we translate that into absolutely yes. The higher our employee relations index scores in these areas, the better we're utilizing and getting the bang for the buck out of all this pile of money we push at employees through different programs.

MS. BRAUNSTEIN:

Yes. Along those lines, I was just wondering some of the things that Mary might have been getting at, too, that we do at the Federal Reserve, we have some internal education programs, too, and we've been trying to figure out ways to measure them, besides people telling us whether they like them or not. And we look at if we have increased enrollment in benefits, and I was wondering if you look at things like that.

The other thing we do, frankly, is we do have the information. It's confidential, but, in our personnel office, we have information about people getting liens and things on their paychecks, and we look at metrics like that. Has that decreased? Do we have less people that we know of that are in financial problems, and I think maybe that's the kind of stuff Mary was trying to –

MR. NORD:

Yes. We also measure that enrollment, for example, in 401K plans. We measure the before and after participating in these programs, and the after is significantly increased.

MS. BRAUNSTEIN:

We found the same thing.

MR. NORD:

So that's been very positive for us, as well.

MR. ABERNATHY:

Other questions or comments? I have one. How do you get the high participation? We find that a challenge for many operations we talk to, you create the program but how do you get people to partake of the program? How do you get them to come to the class?

MR. NORD:

Internally, we advertise the opportunity, and we work at getting people to attend. Also, once the program has been successfully launched and people, word of mouth, start saying, "You really ought to attend this." Our first audience was really for UPS people who were in contemplation of retirement, so, as they approached late 40s, early 50s, we really wanted to target that group first and get them into participate. And they've really been a very good, I guess, word-of-mouth source for us, and so, when we offer these programs, we find the attendance is quite good. And we also then target them with specific mailings and notifications through their local UPS office.

MS. GAMBRELL:

Steve, one question. And I compliment for the work that you're doing. And I may have missed this, but, as part of the education that you provide to your employees, are these internal employees who are teaching other employees, or are you outsourcing that particular effort? And given the levels that the employees may be at in terms of their own financial education, are you finding that you're having to kind of segment the type of training that you offer, depending on where that employee may or may not be in his or her particular point in life?

MR. NORD:

The second question, yes. We do segment the sessions. For example, one of the sessions that we might offer is, you know, stock option, education, and when to exercise, etcetera. And, obviously, we would only offer that to people that participate in that sort of program. So we do tailor the programs based on sort of the broad demographics. We found also that one of the reasons that we're going to a more modularized approach, so you can do just bite-sized, one, two, or three-hour segments, is to better target specific employee interests. So we have done that.

For the most part, these are not UPS instructor-led for a number of reasons. One, internally, we may have people that are capable of providing that kind of instruction, but they would generally be experts only in UPS plants and not necessarily in the broader financial education that we thought we'd provide. So we partnered with, in this case, a final-four accounting firm to help us do that and their financial education division.

MS. GAMBRELL:

Okay.

MR. ABERNATHY:

All right. Thank you very much, Steve. Thank you to all of our panelists that have been giving their presentations and, more important, for the good work you're already doing, which you can report to us on.

I have no further business, other than an announcement for our next meeting. Does anybody else here have something that should be brought before the Commission today?

If not, please schedule on your calendar that our next meeting is scheduled for May 25<sup>th</sup>, 10:30. Our plan is to hold the meeting right here. And in the meantime, continue your good efforts, continue your participation as we start putting together our national strategy, and thank you for your attendance here this morning.

(Whereupon, the foregoing matter was concluded at 12:08 p.m.)