



September 2, 2010

Financial Education Core Competencies

Executive Summary

- The Department of the Treasury, as chair of the Financial Literacy and Education Commission (FLEC), has issued a notice and request for comment on a proposed set of financial education core competencies.
- FLEC—of which the National Credit Union Administration is a member—is required to review at least annually the National Strategy to promote basic financial literacy and education. As a result of its most recent review, FLEC has determined that it is necessary to develop core competencies for consumers and financial education providers.
- Once adopted by FLEC, the core competencies will be used to establish a clear understanding about what individuals should know and the basic concepts program providers should cover. In addition, the core competencies will be used to establish a baseline of knowledge; a baseline is necessary to: (1) eliminate the current lack of consistency in various financial literacy programs in identifying goals and objectives; (2) measure program success; and (3) clarify the financial information and problem-solving skills that program participants would expect to acquire.
- The five core concept areas are:
 - Earning;
 - Spending;
 - Saving;
 - Borrowing; and
 - Protecting against risk.
- The core competencies are intended to define what consumers should know and be able to do to successfully understand and make informed decisions about their personal finances. Ultimately, the goal is to put the core competencies into a format and language that are both easily accessible and easily remembered, similar to the “food pyramid.”
- Please note this is a very short comment period. Comments must be submitted to Treasury by September 12, 2010; please submit your **comments to CUNA by September 8.**

Please send any comments to Senior Vice President and Deputy General Counsel [Mary Dunn](#) and Regulatory Counsel [Luke Martone](#), or contact us at (800) 356-9655 ext. 6743 with any questions.

[Click here](#) for the comment request in the Federal Register.

Below is a proposed chart that describes the knowledge that a participant of a financial education program would expect to acquire for each core concept area. The third column of the chart lists the action or behavior that FLEC believes will or should result from acquisition of the information described in the knowledge column.

<u>Core Concept</u>	<u>Knowledge</u>	<u>Action / Behavior</u>
Earning	- Gross v. net pay	- Understand your paycheck
	- Benefits & taxes	- Learn about potential benefits & taxes
	- Education is important	- Invest in your future
Spending	- Difference between needs & wants	- Develop a spending plan - Track spending habits - Live within your means - Understand the social & environmental impacts of your spending decisions
Saving	- Saved money grows	- Start saving early - Pay yourself first
	- Know about transactional accounts (checking)	- Understand & establish a relationship with the financial system
	- Know about financial assets (savings accounts, bonds, stocks, mutual funds)	- Comparison shop - Balance risk & return
	- How to meet long-term goals & grow your wealth	- Save for retirement, child's education, & other needs - Plan for long-term goals - Track savings & monitor what you own
Borrowing	- If you borrow now, you pay back more later; cost of borrowing is based on how risky the lender thinks you are (credit score)	- Avoid high cost borrowing, plan, understand, & shop around - Understand how information in your credit score affects borrowing - Plan & meet your payment obligations - Track borrowing habits - Analyze renting v. owning a home

Protect Against Risk	- Act now to protect yourself from potential catastrophe later	- Choose appropriate insurance - Build up an emergency fund - Shop around
	- Identity theft/fraud/scams	- Protect your identity - Avoid fraud & scams - Review your credit report

Questions to Consider Regarding the Proposed Core Competencies

1. FLEC has proposed five core concepts: earning; spending; saving; borrowing; and protecting against risk. Do you agree with this list? Any additions or deletions?

2. The concepts and competencies are intended to be a foundation on which financial education will be structured. In proposing the list of competencies, FLEC cites the need for consistency in education and the need for a baseline on which to measure program success. Do you agree that establishing concepts and competencies is an appropriate method to achieve FLEC’s objectives? If not, what alternatives should FLEC consider?

3. The proposed chart describes certain actions and behaviors that FLEC believes should or will result from the corresponding information in the knowledge column. For example, “invest in your future” is the behavior that corresponds to knowledge that “education is important.” Do you believe it is necessary and/ or appropriate to establish an official list of the actions and behaviors that should or will likely result from knowledge about certain issues?

4. The proposed concepts and competencies are relatively generic and do not make reference to any specific type of financial institution. From the credit union perspective, do you have any concerns that the proposal could somehow disadvantage credit unions or benefit other types of financial institutions? If so, do you have any suggestions on how to eliminate such negative affects?

5. Do you have any other questions, comments, or concerns with the proposal?
