

A GPS Roadmap to Financial Literacy

Being financially literate is an ongoing responsibility. It doesn't end with a certificate, a passing grade from a Jumpstart test, or even a 700 FICO credit rating.

In today's world, financial literacy is a continuous process. People need help understanding and managing their finances—all their lives.

Sure you'll make the biggest long-term impact with a serious commitment to educating young people. And understandably, that's where much of the program focus, financial support, and media attention should go and has gone.

But here's the rub:

Money management concerns know no demographic boundaries.

Poor money management is not reserved for the young, the new immigrant, the single mother, or the retired senior citizen—though all those groups have considerable concerns to be sure.

The reality is that people from all walks of life need help. These people include credit union members, staff, and volunteers. They include people with advanced degrees, pedigrees, and no degrees. They include the young, old, single, and married of all races; the employed, unemployed, and underemployed.

With that in mind, early last year I asked Juri Valdov, CUNA's past chairman and CEO of Northwest FCU, Herndon, Va., to pull together a team of individuals dedicated to developing a credit union system roadmap for financial literacy. Member education is a tenet of the credit union movement, so I wanted people with a passion for financial education to chart the way.

Juri assembled a strong team of financial literacy advocates from across the country, representing a variety of interests: John Crist, CP FCU, Jackson, Mich.; John Faries, Space Age FCU, Aurora, Colo.; Suzanne McClure, Burbank (Calif.) City FCU; Helen Godfrey Smith, Shreveport (La.) FCU; Patricia Wessenberg, Point Plus CU, Stevens Point, Wis.; Rick Pillow, Virginia CU League, Lynchburg; Jill Pharr, Texas CU Foundation, Dallas; Steve Delfin, National CU Foundation, Washington, D.C.; and Marla Marsh, Kansas CU Association, Wichita.

In short order this group came up with what I'll call a GPS—a guided positioning strategy—for the movement's financial literacy effort.

Your guided tour will begin with development of a financial literacy resource center at www.cuna.org. This



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clearinghouse will showcase relevant financial literacy research, initiatives, products, and methods from CUNA and affiliated organizations.

The program will help measure the annual return on investment of individual credit union financial literacy programs. After all, why initiate a program if you aren't going to attempt to measure its performance?

We hope to increase credit union participation in established national financial literacy programs and partnerships. For example, since 2000 CUNA and its member credit unions have worked with the National Endowment for Financial Education (NEFE) to help bring NEFE's High School Financial Planning Program® to more than 4.5 million teenagers. Yet, only about 700 of the nation's 8,200 credit unions are participating.

And our plan calls for a periodic assessment of the state of financial literacy within the system.

Why is this issue so important? After all, no one denies the need for and benefits of financial education. But look at some of the supporting data that shows that the work needs improvement: Only seven states require students to take a personal finance course to graduate from high school. The nation's personal savings—as a percentage of disposable personal income—is less than zero. Half of all workers saving for retirement have savings that fall short of \$25,000. Nearly one-quarter of the nation's Hispanic immigrant community is unbanked. The average woman's standard of living drops 45% in the first year after a divorce and two of every three American families are living paycheck to paycheck. In fact, Americans spend nearly \$1.22 for every dollar they earn.

Obviously, few Americans have ever heard of Thomas Jefferson's sage advice:

Never spend your money before you have it.

Credit unions can and should help people for all walks of life and every demographic strata learn how to manage their spending. I hope you'll participate. ■

Who needs money management help?

Credit union members, staff, and volunteers; the young, old, single, and married of all races; the employed, unemployed, and underemployed.