AFCPE

the standard

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Credit Unions and Financial Literacy

By Philip Heckman, Credit Union

Credit unions have traditionally considered financial education to be part of their mission. Indeed, education is one of the founding objectives of the international credit union movement.

Credit unions actively promote the education of their members, officers, and employees, along with the public in general, based on the principle of cooperative self-help. The promotion of thrift and the wise use of credit, combined with information about the rights and responsibilities of members, are essential to the dual social and economic mission of serving member needs.

Founders of the U.S. movement made it clear that from the start that they thought educating members was one of a credit union's fundamental duties. Edward Filene once said, "There is no permanent remedy for our economic and social ills other than better thinking, which must come through better education."

Furthermore, early credit union leaders stressed the importance of beginning financial education with the youngest family members. In 1936, one of the editors of a magazine published by the Credit Union National Association (CUNA) wrote: Our children of today will be the heads of families of tomorrow. They will be the buyers and sellers of the nation, the financial executives of the world. If they are to be fitted to meet these responsibilities we must give them an opportunity to learn how to manage money and we must do it now.

Credit unions have responded to these challenges in a number of ways:

Information. Credit unions provide consumer and financial information to members through regular newsletters and other mailings. For example, since 1989, they have distributed to members 80 million brochures on subjects ranging from managing a checking account to protecting against identity theft.

Face-to-face assistance. Credit unions provide financial information to members on a one-on-one basis. A 2005 poll of the largest credit unions, which collectively serve 80 percent of all U.S. members, found that:

- 80 percent provide financial education to adults on topics such as auto buying, fraud prevention, home ownership, credit cards, retirement planning, investments, budgeting, college funding, estate planning, insurance, long-term care, tax strategies, and remedial credit.
- 73 percent provide financial education to members under the age of 18.

School programs. Credit unions actively approach schools with classroom and after-school programs that teach K–12 students personal finance skills. For example:

- Since 2000, credit unions have brought the NEFE® High School Financial

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President's Message

By Ray Forgue, Ph.D., 2007 AFCPE President

It's spring! At least it is here in Kentucky. I hope by the time you receive this issue, it will truly be spring wherever you are. With spring comes new beginnings and renewed energy. This is especially true for AFCPE this year. We are about to embark on a multi-year program to change the financial behavior of, we hope, millions of Americans. In April, you will receive information about the launch of the *10% Solution*℠ program. By folding this program into your ongoing work, you can be the catalyst for the behavior changes we envision.

Perhaps you have heard about, or even read, *The Tipping Point* by Malcolm Gladwell. The book outlines how social epidemics occur, whether they are a new product catching on, a book (like his) becoming a "must read," or a new set of behaviors such as wearing seat belts being adopted. AFCPE wants to create a new social epidemic—an epidemic of saving.

You might wonder why AFCPE is undertaking this effort as others already have programs in place to do so. Personally, I see two reasons. First, there is the altruistic reason. On a daily basis, we all see the difficulties that people experience when they have insufficient savings. Small financial emergencies such as a vehicle engine repair or unexpected accident wreck cash flow. Or, retirement has to be postponed or is a financial struggle. Credit is overused. Getting people to save more is the key to avoiding these difficulties and achieving financial success.

The second reason may not be as altruistic, but is important as well. As I wrote in January, there is a vast market of millions of families and households whose lives could be made better through the right mix of financial education, skill building and counseling. These folks are not in credit difficulty, but are also not affluent enough to afford highly paid financial assistance. Encouraging these people to save more will ratchet up their interest in other financial aspects of their lives. We want AFCPE, and you, to be at the forefront of building a profession to meet the needs of this underserved market. And we can "prime the pump" by getting them to save more.

You are part of the few—a powerful few. I hope you will buy-in to our efforts and become a catalyst for a new epidemic of savers.

So…how does *The Tipping Point* come in? In the book, Mr. Gladwell explains the "power of the few." These are the people that influence others to make the changes or adopt the product, service or idea in questions. That is where you come in. You are part of the few—a powerful few. I hope you will buy-in to our efforts and become a catalyst for a new epidemic of saving.

AFCPE Kicks Off the *10% Solution*℠

You have spoken and now it's time for action. On April 1, AFCPE introduced the *10% Solution*℠ initiative with one simple goal: To encourage all Americans to save 10 percent of each dollar that passes through their hands, whether from working, investing or an inheritance.

Background

During 2006, AFCPE surveyed its members to learn their views of the most important activity that would change their clients' financial lives for the better. The most common responses you gave included saving, regardless of how and where, and having a spending plan. When queried about needed research, you suggested that changing behavior and motivating people to save were of most importance.

In addition to the survey responses, AFCPE hosted a workshop at its annual conference looking at financial programming, research, message, and delivery methods now and in the future. One common thread was repeated over and over: that the family needed to be at the center of our work.

Last, all of the general session speakers at our conference in San Antonio spent significant time reflecting on fostering behavioral change from theoretical, behavioral, and marketing perspectives. Two of the three speakers expressed the importance of aligning our work with the needs of the 'man on the street.'

From these three sources, our members, workshop reflections and experts in social marketing and behavior change, we arrived at the *10% Solution*.

What Is the *10% Solution*℠?

First and foremost the *10% Solution* conveys a common message: Those who save 10 percent of every dollar will enjoy a basic level of financial stability and security. The *10% Solution* is prescriptive. Consumers want to be given tangible actions they can take to make their lives better. The *10% Solution* is attainable in the short run. It reduces the likelihood of being overwhelmed by such advice as saving 18 times income (one recent media report suggested) for retirement. Last, and most importantly, the *10% Solution* is amazingly simple: Just omit the last digit of an income amount to arrive at how much should be saved!

Second, the program is designed to be long-term and have high impact. The *10% Solution* is the central theme but will consist of 20 quarterly topics over a five-year period. Because each topic will be delivered for three months, and the overarching message for sixty months, it's hoped consumers will repeatedly be exposed to the same idea. Repetition increases the likelihood of change. Assuming fifty percent of AFCPE members participate, it's possible that we can reach 375,000 individuals each quarter.

Third, the *10% Solution* program leverages the power of you and your professional AFCPE colleagues. Unlike other programs that are focused directly toward the consumer, this program helps professional counselors and educators help constituents build their savings through consistent behaviors.

What the *10% Solution*℠ Is Not!

Unlike other national programs the *10% Solution* is not a new educational product or tool. It assists professional financial educators and counselors in taking the message of behavior change to their communities through their normal work plan. It's not provided in conjunction with other professionals in a local community, although AFCPE hopes you will share the message far and wide. It's not a national public service announcement (PSA) or media campaign (AFCPE doesn't have the resources for that yet). It is simply a message—you can compound its effect to reach many individuals throughout America by leveraging the AFCPE professional capacity.

The Message

We hope you join other AFCPE members in spreading the message: *Save 10% of Every Dollar*. From April 1, 2007 through March 31, 2008, the quarterly topics will be:

April 1, 2007–June 30, 2007: 'Pay Yourself First' Prevents Problems

July 1, 2007–September 30, 2007: Build a Better Balance Sheet

October 1, 200 –December 31, 2007: Money Talks: Conversations Every Family Should Have

January 1, 2008–March 30, 2008: Take a Spending Sabbatical: Ten Ways Families Can Reduce Expenses

It's as Easy as 1-2-3

The *10% Solution* program has three components:

1 A one-page educational overview of the very specific, prescriptive topic for the quarter, including which on-the-shelf programs you might use to expand upon that message.

2 A news release template designed to be delivered by you to your local media.

3 Additional resources available to you and your constituents.

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Serving Those Who Serve Our Country

By Arty Arteaga, Defense Credit Union Council

There are over 8,500 credit unions in the United States and the Defense Credit Union Council represents less than three percent of that number. However, while our numbers are small, our purpose is grand. The Defense Credit Union Council (DCUC) has the great honor of supporting those federal and state chartered credit unions that serve the Department of Defense community and operate on military bases worldwide.

The Defense Credit Union Council was formally established in February 1963. The mission then was to assist defense credit unions in addressing the challenges associated with serving a mobile membership, developing uniform support policies, promoting financial services, conducting educational meetings and maintaining a central operation to address common issues.

Here we are, forty-four years later, and DCUC remains steadfast to that mission and those principal activities. Today, we continue to represent the interests of defense credit unions at the Department of Defense (DoD); we continue to be our members' primary spokesman at the Pentagon and the Pentagon's principal conduit to credit unions on DoD installations. Today, more than ever, we are the central repository for information and the leading expert on matters pertaining to on-base credit union operations. In addition to coordinating policy and regulatory changes, we continue to "ride shotgun" on behalf of our members to ensure the Department's rules remain supportive and flexible and flexible enough to permit our on-base members the latitude to promote the financial morale and welfare of our troops.

Since 1928, defense credit unions have had the distinct privilege of supporting the men and women who proudly, selflessly, and courageously serve our great nation. Whether stateside or overseas, in-garrison or deployed; whether our troops are engaged in peacekeeping or peacemaking operations, on temporary duty or on remote assignments, the fact of the matter is that defense credit unions have

[Our members] are the benchmark for financial readiness and the standard for support. This support is needed to ensure our troops' personal financial readiness posture is on par with mission readiness.

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faithfully served the military for nearly eight decades. From day one, our members' commitment to the Department of Defense has been unparalleled and their loyalty to their respective Commands has been without equal.

Daily, our member credit unions address the financial well-being of our troops, and they do so by providing no-cost financial education and counseling services by promoting financial readiness programs and by developing and offering financial products and services that our troops need, want, and deserve.

In terms of financial education, defense credit unions cover the gamut. Our members provide training in the areas of checkbook balancing, credit building, auto buying, loan shopping, budgeting, and the like. Their objective: to arm our troops with a basic understanding of financial issues and make them more consumer savvy. The more our troops know and understand, the better financial and consumer decisions they will make and, in essence, the more financially and mission ready they will be.

Aside from offering financial education training, our on-base credit unions do yeoman work when it comes to supporting DoD financial readiness initiatives. Programs, such as the recently launched *Military Saves* campaign, which focuses on actively getting military members to change their savings habits and behavior, are not only embraced by our members, but also fully supported. For example, during the first-ever *Military Saves Week*, held in March 2007, eighty percent of the on-base financial institutions that pledged their support of this marquee event were defense credit unions. Not because they had to, not because they needed to, but rather, because they wanted to. "Serving Those Who Serve Our Country" are not mere words to DCUC member credit unions…they are a way of life…a philosophy that speaks volumes to the level of support and empathy defense credit unions have for our troops and their families.

Our members understand the challenges of a military lifestyle. They know troops are deployable twenty-four/seven/three sixty-five; they are sensitive to enforced and untimely separations and the impact of such on budgets and finances; they know of the considerable out-of-pocket expenses incurred while routinely moving from one duty station to the next. As such, they are quick to address and support these special needs and/or circumstances and they do so by developing the right mix of products and services and creating programs that accommodate the financial needs of our troops. In so doing, our member credit unions are (as suggested by various Military Commands) a "force multiplier." They enhance mission readiness.

Some of the programs offered include: low interest and starter loans; small unsecured personal loans; low interest and starter credit cards; high interest savings; special warrior savings; star share accounts; easy start certificates; high interest certificate; debt management programs; utility guarantee programs; and alternative payday loan programs. This inventory of programs, products, and services—and many more—are the hallmark of defense credit unions. They are the benchmark for financial readiness and the standard for support. This support is needed to ensure our troops' personal financial readiness posture is on par with mission readiness.

Serving those who serve our country? No one…no one does it better or more consistently than defense credit unions! They have for over seventy-five years and will for endless years to come!

Arty Arteaga is with the Defense Credit Union Council. He can be reached at AArteaga@cuna.coop.

Annual List of Top Consumer Complaints

The Federal Trade Commission has issued its annual report, *Consumer Fraud and Identity Theft Complaint Data* on complaints consumers have filed with the agency. For the seventh consecutive year, identity theft tops the list, accounting for 36 percent of the 674,354 complaints received between January 1 and December 31, 2006. Other categories near the top of the complaint list include shop-at-home/catalog sales; prizes, sweepstakes and lotteries; Internet services and computer complaints; and Internet auction fraud. This year, for the first time, complaint data has been broken out by metropolitan statistical areas with populations greater than 100,000. To view the entire report, go to the Federal Trade Commission Web site at www.ftc.gov/opa/2007/02/topcomplaints.shtm.

Effective Referrals from Financial Counselor to a Mental Health Professional

By Kimberlee Davis, Ph.D., AFC and Dorothy Bagwell, Ph.D., AFC

Financial counselors may find themselves ill prepared to help clients achieve personal financial success and the role of the financial counselor may become unclear when a client needs psychological counseling. In fact, debt and the inability to manage one's personal finances are often interrelated problems and individuals will often seek help with their personal finances before seeking help from a mental health professional.

The reasons individuals seek financial counseling are as varied as people themselves. Reasons may range from the need to solve a particular problem to the desire to enhance one's own ability to plan and prepare financially for the future. In either case, it is advisable to look for clusters of signs or behaviors which will hinder the financial counseling process and refer those whose financial counseling may be enhanced with a mental health professional's assistance.

How do you approach a financial counseling client with regard to seeking a mental health professional's assistance? Usually, it is best to speak face-to-face to the client using a straightforward approach that will show your concern for his or her wellbeing. It is not advisable to mislead or trick the client into seeking help from a mental health professional. Make it clear that this recommendation represents your best judgment based on your observations of the client's behavior. Be specific regarding the behaviors that have caused your concerns and stay away from making generalizations about the client. Anticipate clients' anxiety and fears about seeking mental health counseling and be prepared to address them.

The option must be left open to the client to accept or refuse to seek mental health assistance. Simply express your understanding of his or her feelings so that your own relationship with the client is not jeopardized. Give the client an opportunity to consider other options by suggesting that he or she might need some time to think it over. Discuss referral alternatives such as where the client may seek assistance. Do not make a referral when a client is so troubled and confused that he or she cannot comprehend or listen to you. Wait until the client has calmed down and is able to converse and respond to your suggestions and take part in the decision making process.

If you wish to minimize the conflict, and have professionals help you and your spouse to reach agreement outside of the court system, then the collaborative model may be best.

After a situation arises, it is too late to develop a list of professionals to whom you may refer financial counseling clients. Develop and keep up-to-date referral alternatives for your clients to select. If at all possible, meet these professionals personally and have business cards or brochures on hand to provide to your clients.

The following clusters of signs or behaviors might be useful in making a decision about referring a client to seek mental health assistance. To prevent possible over-interpretation of a single or an isolated behavior, look for cluster signs or behaviors.

1. Stated Need for Help—The desire for assistance other than financial counseling in dealing with a problem may be stated by the client. For this reason, it is important to attend to the content of what a

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client is saying and understand the underlying message. Listening involves hearing the way things are being said, the tone used, and observing the expressions and gestures, body language.

2. Talking About or Making References to Suicide—It is necessary to distinguish between a hypothetical reference to suicide and a statement which indicates your client is in crisis. Regardless of the circumstances, any reference to committing suicide should be considered serious. To conclude that a clients' suicidal comments are simply off-handed remarks should not be made without directly confronting the client about his or her intention to harm his or herself.

3. Observable Changes—Actions which are inconsistent with a client's previous behavior may indicate that he or she is experiencing psychological distress.

4. Anxiety and Depression—Anxiety and depression are two of the more common symptoms which can present significant problems for clients. Both interfere with a client's normal functioning when they become prolonged or severe and requires some kind of assistance be recommended.

5. Psychosomatic Complaints—Clients who experience headaches, nausea, loss of appetite or excessive eating, insomnia or excessive sleeping, gastrointestinal distress or gynecological problems or other physical pains which have no apparent cause may be experiencing psychosomatic symptoms.

6. Changes in Personal

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How Effective Is Financial Education?

Contributed by the National Endowment for Financial Education® (NEFE®)

Financial education programs in the research marketplace have proliferated in recent years. Yet, accessible ways to evaluate their effectiveness have not kept pace. Focusing on this challenge, the National Endowment for Financial Education® (NEFE®) provided a grant to a team of university researchers for creating a powerful assessment tool designed to help educators measure the success of their respective programs. The result of the collaboration led to the development of the NEFE Financial Education Evaluation Toolkit℠, an innovative resource that now is available online at no cost to users.

The toolkit has two components: a database, which allows users to quickly and conveniently customize an evaluation tailored to their financial education program; and a supplemental manual, assisting educators in designing a measurement tool and collecting and analyzing the resulting data. Equipped with this knowledge, instructors can improve their program's effectiveness, provide accountability to stakeholders and even use program results to support funding requests.

With the free toolkit, educators can customize an evaluation by selecting various options. For example, they can choose a post-program evaluation only; pre- and post-evaluations; stages-to-change evaluations (i.e., document the process of behavior change over time); or train-the-trainer evaluation. In addition, educators can decide which aspects they want to assess, such as knowledge growth, increases in skills or confidence, actions taken and changes in financial behavior and/or financial position.

Users also can select, add or edit knowledge questions, behavior statements, and open-ended questions to elicit qualitative information and demographic questions. In addition, the database spans a wide range of financial topics, which allows the evaluation tool to be tailored to subjects covered by many different education programs. Educators will find questions and statements on decision-making, cash-flow management, savings and investments, credit and debt management, homeownership and retirement, among others.

Koralalage S.U. Jayaratne, Ph.D., who at the time was the evaluation specialist in the Cooperative Extension Family and Consumer Sciences department at the University of Georgia, and is currently the state leader for program evaluation and an assistant professor at North Carolina State University, led the research team. Other researchers included Angela Lyons, Ph.D., assistant professor, at the University of Illinois at Urbana-Champaign; Lance Palmer, Ph.D., CPA, assistant professor, at the University of Georgia; Jimmy Hansen, Cooperative Extension Service, at the University of Georgia; Pamela Turner, Ph.D., assistant professor, at the University of Georgia; Joan Koonce, Ph.D., associate professor, at the University of Georgia; Erik Scherpf, doctoral student, at the University of Illinois at Urbana-Champaign; and C.W. Copeland, doctoral student, at the University of Georgia.

To access the NEFE Financial Education Evaluation Toolkit, visit **www.nefe.org** and click on the Multimedia Access section, or go directly to **www.nefe.org/eval.**

The National Endowment for Financial Education is an independent, nonprofit foundation committed to educating Americans about personal finance and empowering them to make positive and sound decisions to reach financial goals.

Advice for Inherited IRAs

Contributed by Boeing Employees' Credit Union (BECU)

The United States has begun the greatest transition of wealth ever, from one generation to the next, and much of this wealth will transfer through individual retirement accounts (IRAs). You or your clients may have already been the beneficiary of an IRA, or will someday inherit one. The decisions made by a beneficiary are important, since small mistakes may have large tax consequences. Professional advice is often needed.

Because many inherited IRAs will come from traditional rollover IRAs, opened when the owner retired, this article provides advice to spouses and those who are the sole beneficiaries of a traditional IRA.

Spouses and Others as Beneficiaries

Different rules apply to spouse and non-spouse beneficiaries. Non-spouse beneficiaries are also divided into two groups—persons or other. "Person" is any individual who is not the spouse of the IRA owner. "Other" is an estate, charity, trust or any entity without a life expectancy.

Topics not included here are 'others' as beneficiaries, multiple beneficiaries, and rules for inherited Roth IRAs. Each of these has rules different from each other and from those discussed here.

Immediate distribution may be elected for the inherited traditional IRA, and the entire amount taken and used for any purpose. However, the distribution will be included in the beneficiary's tax return that year as regular income.

Keeping the inheritance as an IRA may be the best option for wealth accumulation, but it can be confusing. What will you need to do? Notify the IRA's custodian (credit union, brokerage or mutual fund company) of the owner's death. They'll send forms to sign and will require a death certificate.

Non-spouse beneficiaries need to open a "Beneficiary IRA." This is important! An example: "Jane Public IRA (deceased May 1, 2006) FBO Jill Public, Beneficiary." If the inherited IRA is incorrectly registered as "Jill Public IRA," the account becomes taxable immediately, and the tax-deferral is gone forever.

Spouse beneficiaries have more options, but typically select a "spousal rollover" or "beneficiary IRA." With a rollover, the spouse becomes the owner of the IRA and may postpone distributions until reaching age 70½. The beneficiary IRA may be elected instead, since distributions can be taken by a young spouse under the age of 59½ without a 10 percent penalty.

New beneficiaries should be named immediately after the account registration has been changed. When the first beneficiary dies, the new beneficiary can continue the tax-deferral.

You or your clients may have already been the beneficiary of an IRA, or will someday inherit one. The decisions made by a beneficiary are important, since small mistakes may have large tax consequences.

The Social Security number on the account should be changed to that of the beneficiary. This notifies the Internal Revenue Service (IRS) who will be responsible for taxes on future distributions.

Required minimum distributions (RMDs) and required beginning dates (RBDs) require careful attention to avoid IRS penalties. The RMD and RBD determine when distributions are required. That's right; some beneficiaries must take distributions from their inherited IRAs each year.

Spousal rollovers are treated as though the spouse was always the IRA owner. At age 70½ RMDs must begin, based on the spouse's life expectancy. However, as owner, distributions taken prior to age 59½ will be penalized 10 percent by the IRS.

Spouses electing a beneficiary IRA need to know whether the IRA owner passed away before, or on or after, their RBD. The RBD is the date the original owner was required to begin taking RMDs. This is generally April 1 of the calendar year following the year in which the IRA owner reaches age 70½.

If the owner died before their RBD, spouse beneficiaries must begin distributions by December 31 of the year the IRA owner would have turned 70½. If the owner died after the RBD, distributions begin the year following the year of the IRA owner's death.

Non-spouse beneficiaries also need to know whether the owner died before, or on or after, the RBD. If the owner died before the RBD, the RMD is based on the beneficiary's life expectancy. If death

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Inherited IRAs

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occurred on or after the RBD, the RMD is based on the beneficiary's life expectancy *or* the remaining life expectancy of the original IRA owner, whichever is longer. Non-spouse beneficiaries must begin RMDs by December 31st of the year following the year of the owner's death.

Note: Both non-spouse beneficiaries and spouses who remain beneficiaries can take distributions prior to age 59½ and will *not* incur a 10 percent penalty for early withdrawal.

Calculating the required minimum distribution can be complicated and professional advice may be necessary. A penalty tax of 50 percent can be imposed on any amount of the RMD that was not distributed. Both owners and beneficiaries will use IRS Publication 590, Individual Retirement Arrangements, for more IRA information. Pub 590 also has the tables required to calculate the RMD.

This article is not intended to provide legal or tax advice. Inherited IRAs can be complicated. Our recommendation… when in doubt, seek help. A financial professional can provide expert advice, help IRA beneficiaries make educated decisions, and help avoid costly mistakes.

Boeing Employees Credit Union is Washington's leading credit union with over 460,000 members. It is open to all Washington state residents. You can reach them at www.becu.org.

Effective Referrals

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Relationships—When an individual experiences a traumatic change in a personal relationship, such as the death of a family member or close friend, difficulties in marriage or family relationships, divorce, changes in family responsibilities, and difficulties in other significant relationships can all result in increased stress and psychological difficulties.

7. Drug and Alcohol Abuse—Indications of excessive drinking, drug abuse or drug dependence are almost always indicative of psychological problems.

8. Financial Counseling Retention Issues—Clients who are considering dropping out of financial counseling sessions may find counseling to be a useful resource during their decision-making.

On occasion it will be necessary to do more than suggest that a client seeks mental health counseling. You may be in a position to require a client to seek mental health counseling before you will continue with financial counseling. This may occur when you discover during financial counseling that a client's problem is serious, especially when there is a crisis.

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Tools of the Trade

Families and Credit Cards—This free educational brochure is for parents who are weighing the merits of giving their children credit cards. To order this brochure, visit the Consumer Action Web site at www.consumer-action.org/english/articles/families_and_credit_cards_eng#Topic_01.

The Consumer Action Handbook—The Federal Citizen Information Center's (FCIC) 2007 *Consumer Action Handbook* is the everyday guide for helping people find the best and most direct solutions to consumer problems and questions.To get a copy, call 1-888-878-3256, toll free, or visit the Consumer Action Web site at www.pueblo.gsa.gov/rc/d37cah.htm.

Be Prepared, Be Informed, Be in Charge—This special edition of the *FDIC Consumer News* is entitled "Be Prepared, Be Informed, Be in Charge." This issue highlights simple but effective strategies for managing your money. To learn more, visit the FDIC Web site at www.fdic.gov/consumers/consumer/news/cnwin0607/.

Payday Lending = Financial Quicksand—The Center for Responsible Lending (CRL) produced a report titled *Payday Lending = Financial Quicksand*. To access more resources and to learn more about the Center for Responsible Lending, visit their Web site at www.responsiblelending.org/.

Small Steps to Health and Wealth— The Small Steps to Health and Wealth™ (SSHW) program encourages participants to make positive behavior changes to simultaneously improve their health and personal finances. Visit the SSHW Web site at http://njaes.rutgers.edu/sshw/ for more information.

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A Project of the New America Foundation: Asset Building Program—For comprehensive information on asset ownership and policies, go to www.AssetBuilding.org. This site, maintained by the Asset Building Program of the New America Foundation, includes the rationale, theory, and evidence for asset-based policies and other materials on asset-based policy.

New Insights into Advising Female Clients on Investment Decisions—A large number of professional and academic studies indicate that, in general, women are less knowledgeable, less risk tolerant, and less confident about their investment decisions than men are. This research applies a model for change and suggests augmenting techniques for financial planners to help women investors improve their investing behavior. To learn more, visit the Journal of Financial Planning Web site at www.fpanet.org/journal/articles/2007_Issues/jfp0307-art9.cfm.

Funding

NASD Investor Education Foundation Grant Programs—The 2007 NASD Investor Education Foundation grant programs are now posted online at www.nasdfoundation.org/grants.asp.

National Endowment for Financial Education (NEFE®)—In 2007, the NEFE® Grants program will include two, rather than three, grant cycles with the June cycle removed. The next deadline for grant proposals is June 5, 2007, for the October grant cycle. To learn more, visit the NEFE Web site at http://nefe.org/ and click on the Grantsmaking section.

Credit Unions and Financial Literacy

Continued from page 1

Planning Program® to more than 400,000 students in more than 1,200 schools nationwide.

- 150 credit unions in 30 states and the District of Columbia operate branches in 535 schools (kindergarten through college). All are student-run to some degree.

- Since 2005, when CUNA launched Thrive by Five™: Teaching Your Preschooler About Spending and Saving, a free resource for parents in English and Spanish, more than 53,000 visitors have downloaded more than 95,000 copies of the eight free teaching activities. Visitors also examined or downloaded related free resources (e.g. "Tips for Teaching Preschoolers") more than 36,000 times, for a total of 131,000 items requested.

- Since 1972, the National Youth Involvement Board (NYIB), a network of credit union volunteers, has educated youth about money and credit. During the 2005-06 school year, 690 NYIB volunteers conducted 9,351 classroom presentations for 285,730 students.

Special events. Credit unions seek opportunities to draw attention to youth—their accomplishments as well as their needs.

- 2007 brings CUNA's sixth annual National Credit Union Youth Week (April 22–28). Modeled after long-standing observances in states such as North Dakota and Pennsylvania, the national event will shine the spotlight on the problem of youth financial illiteracy and the many ways that credit unions, in partnership with other local institutions, are giving young people the tools of financial security.

- And for the fourth consecutive year, Credit Union Youth Week will feature a National Saving Challenge, during which participating credit unions will attempt to beat last year's records, when 66,269 members under the age of 18 added a total of $9,626,748 to their savings accounts.

From the beginning, the people of the credit union movement have firmly believed in the power of information to better members' well-being. As an indication that their long-standing faith in the efficacy of financial literacy to improve lives is well grounded, consider this: In 2005, the overall bankruptcy rate for the general U.S. population was 6.8 per 1,000. For the same period, the rate for U.S. credit union members was only 4.0 per 1,000.

"There is no permanent remedy for our economic and social ills other than better thinking, which must come through better education."

Credit unions, as part of their continuing mission, are doing many things right.

Philip Heckman is director of youth programs for the Credit Union National Association (CUNA). With its network of affiliated state credit union leagues, CUNA serves more than 90 percent of America's 8,800 credit unions, which are not-for-profit cooperatives providing affordable financial services to more than 88 million members-owners. For more information, visit cuna.org.

AFCPE Annual Conference

November 14–16, 2007
Hyatt Regency Tampa
Tampa, Florida

Get ready to experience three productive days in sunny Florida! The 24th annual meeting of AFCPE is planned for November 14–16, 2007 at the Hyatt Regency Tampa in Tampa, Florida.

Conference participants will be able to hear and interact with four nationally known experts providing content prepared for our group of practitioners, educators, and researchers. The program opens with a Wednesday afternoon (2:00 p.m.) interactive workshop followed by a cocktail hour, sit-down dinner and speaker. On Thursday and Friday, five sets of concurrent sessions offer twenty programs on a variety of topics. The conference will end Friday evening. Network with 500 other professionals, and enjoy two full breakfasts and several substantial meeting breaks during the conference.

Tampa is an accessible location, and the hotel is eager to welcome us. Start planning now to attend. This is one conference you won't want to miss!

Visit www.afcpe.org for more information or to register online.

Call for Papers

AFCPE Annual Conference Proceedings—See the invitation to present at http://www.afcpe.org and following the conference links. Deadline June 1, 2007.

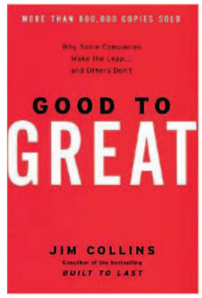
The Journal of Consumer Affairs—A special issue on Financial Literacy: Public Policy and Consumers' Self-Protection. Manuscripts are sought on the effects of financial literacy on consumer welfare. Submission guidelines are detailed http://www.blackwellpublishing.com/journal.asp?ref=0022-0078&site=1. Deadline June 1, 2007.

Financial Counseling and Planning—The journal of the Association for Financial Counseling and Planning Education, open submissions. http://www.afcpe.org.

Journal of Personal Finance—Open submissions. http://www.k-state.edu/ipfp/journal_callforpapers.html.

Journal of Youth Development: Bridging research and practice—Open submissions. Contact Patricia Dawson with questions. http://www.nae4ha.org/profdev/joyd/index.html.

The Eastern Family Economics and Resource Management Association biannual conference—Seeking submissions for refereed papers, posters, educational program resource exchanges, symposia, workshops, and research in progress and programs in construction. Go to the conference Web site at mrupured.myweb.uga.edu/index.shtml and click on Conference Proposals.



Good to Great

Written by Jim Collins

Reviewed by Jill Anne Ladouceur

Good To Great, by Jim Collins lays out the story of 11 companies and the qualities of their chief executives who would earn the "Good to Great" status based on the requirements of the study. This book is based on research findings over a 30-year time horizon.

The book outlines a framework of seven concepts that the researchers felt separated the good companies from the 11 great companies. They are:

1. Level 5 Leadership. These leaders are "self-effacing, quiet, reserved, even shy," says Collins. "A paradoxical blend of personal humility and professional will," he continues. In contrast, we are used to thinking that top leaders have charismatic personalities that are larger than life.

2. First Who…Then What. Collins refers to this concept as getting the right people on the bus. Further, his research revealed that these great leaders first got the right people on the bus, the wrong people off the bus and the right people in the right seats. Not until those key players were in place, did they decide where to drive the bus.

3. Confront the Brutal Facts. He refers to this as the Stockdale Paradox, named after prisoner of war, Admiral Jim Stockdale. A Vietnam veteran, Stockdale was captive for eight years. He survived imprisonment and numerous tortures by having unwavering faith that he would prevail against any difficulty. He also believes that you must confront the brutal facts of your current reality, whatever they might be. While this was not an intrinsic part of the research, it was evident in the companies that achieved "great" status.

4. The Hedgehog Concept. This concept embraces these three intersecting circles: (1) what you can be the best at (and conversely, what you cannot be the best at), (2) what drives your economic engine, and (3) what are you deeply passionate about. Great leaders use this concept to map out the direction of their companies.

5. The Culture of Discipline. Collins' belief is that when you have a culture of discipline, you don't need hierarchy or bureaucracy. When a culture of discipline is combined with an ethic of entrepreneurship, "you get the magical alchemy of great performance."

6. Technology Accelerators. Technology itself is not the primary means to ignite a transformation from good to great, however, the application of carefully selected technologies is part of the equation.

7. The Flywheel and the Doom Loop. The good to great companies did not achieve this status in one fell swoop. Collins likens it to a flywheel, where persistence and momentum are keys to achieving breakthrough. In contrast, the doom loop companies tried to skip build up and with disappointing results, lurched backward.

For those readers in the nonprofit sector, I also recommend the monograph by Jim Collins, *Good to Great and the Social Sectors*. This quick-read applies the concepts found in *Good to Great* to the unique needs of nonprofits.

Jill Anne Ladouceur is editor of The Standard *and can be reached at ladjill@qwest.net.*

Simple Money Solution Software

Produced by The "It's a Habit!" Company, Inc.

Reviewed by PJ Gunter

The *10% Solution*SM…it's all about a-c-t-i-o-n. Syble Solomon, the AFCPE 2006 Mary Ellen Edmondson Educator of the Year, would say that the *10% Solution* (see related story on page 3) takes building a "Habitude."

"But, I Can't Afford to Save!"

In today's personal finance environment, the word "save" might seem like another four-letter word. Perhaps a college student thinks she's "saving" when she spends $50 and gets 15 percent off the price marked. Others reason they can "save" by buying in bulk more than they need of anything, whether it's peanut butter or ballpoint pens that dry up before they're used up.

Savings matters. The most recently posted Personal Saving Rate is lower than –1 percent. In fact, the Personal Saving Rate has been inching further away from zero—on the negative side—since the second quarter of 2005 (www.bea.gov/briefrm/ saving.htm).

At Issue: Cash Flow Management

However, that may be a symptom of a deeper matter: lack of cash flow management. Of course there are likely multiple issues to address, among them financial illiteracy and a lack of discipline. Regardless, appreciating the benefits of *"The 10% Solution"* requires handling cash effectively.

And that's where the "Simple Money Solution" can help. Someone with a "get it now" mentality won't bother to enter enough data, let alone wait patiently for the comprehensive review of their personal finances that's possible to get with Quicken or Money. They want to know how to deal with their money now.

How "Simple Money Solution" Is being Used

Missy Cummins teaches courses at Idaho State University that are developed to help students understand and cultivate the mindset and discipline needed to be successful in college. So far, she has offered six money management courses. "In each session," notes Cummins, "at least one person in the class has filed bankruptcy, including a 19-year-old woman. I've found that how well students manage their money impacts how well they perform in school. As students accumulate excessive financial obligations, they have to work more or deal with the resulting financial stress. Either way, it affects their grades and whether they stay in college or quit. The whole idea of creating a 'spending plan' is foreign to them."

Missy teaches the students how to enter their data into the "Simple Money Solution" program. From there they learn to analyze the myriad of reports based on that information. Seeing the reports helps motivate the students to make changes. The reports reveal where they are financially versus where they want to be.

Barbara Huguenin of CoachAmerica (CoachAmerica.com) recruits and trains financial coaches who use "Simple Money Solution" differently. To generate reports and answers faster, the coaches in her "Coaching Department" often enter data for the user and compile the report(s). The simplicity of the software makes it easy for either the coach or the user to get results that allow the coach to analyze the data, make recommendations, work up an action plan, and conclude the session with a positive sense of accomplishment.

Huguenin adds that "For those who need a 'snapshot' indication of their financial life, 'Simple Money Solution' will provide that." But as the name implies, "Simple Money Solution" is likely to be too "simple" for those whose personal finance situation is more complex. It is not designed to be integrated with an online banking system's ATM-debit/checkbook register. Neither does it work on a Mac, nor is it possible to import the necessary numbers to generate tax returns.

"Simply" Enter Data and Generate Analytical Reports

For folks who like to "get a feel" for new software before they dive in, no manual or instruction sheet is included. That said, though, most users would rather spend a weekend entering data into "Simple Money Solution" instead of learning how to use a money-management program. Someone with little computer experience could go through the examples provided and figure out what they need to do to get what they need from the program.

Continued on back cover

Calendar of Events

May 21–23, 2007
Personal Finance Seminar for Professionals. University of Maryland Cooperative Extension. Sheraton Columbia Inn, Columbia, MD. www.agnr.umd.edu/

June 17–20, 2007
The National Association of Consumer Agency Administrators (NACAA), Philadelphia , PA. www.nacaa.net/

June 21–24, 2007
American Association of Family and Consumer Science 98th Annual Conference and Expo, Reno, NV. http://www.aafcs.org/meetings/07/

July 30–August 2, 2007
National Extension Family Life Specialists Conference, (NEAFCS) Atlanta , GA. http://www.georgiacenter.uga.edu/conferences

October 24–27, 2007
2007 NCCC-52 Conference, Baton Rouge, LA. Contact Angela Lyons at anglyons@uiuc.edu

October 23–26, 2007
Housing Education and Research Association annual meeting, Charlotte, NC. Details pending. Contact Joseph Laquatra at JL27@cornell.edu

October 24–27, 2007
2007 NCCC-52 Conference, Baton Rouge, LA. Contact Angela Lyons at anglyons@uiuc.edu

November 14–16, 2007
AFCPE Annual Conference, Tampa, FL. www.afcpe.org

Notes from the Executive Director

By Sharon Burns, Ph.D., AFCPE Executive Director

Do We Only Talk to Ourselves?

"… to give birth to new ideas, new courage, and new companions for the journey, we use the simple and ancient practice of good human conversation." So says Margaret Wheatley, author of Leadership and the New Science. *She and her companions go on to define a leader as "anyone who wants to help at this time."*

What relevance do new ideas and leaders have to AFCPE? In 2006, many AFCPE members participated in the conversation identifying the real life financial issues facing typical Americans and how professionals can assist them in achieving financial stability. Through surveys, conference workshops, general sessions and post-conference discussion, the Executive Board and staff began to identify ways to help our members not only talk among themselves, but with other community members and constituencies in the effort to assist families with sound financial strategies. But, if we only talk to ourselves, we fail in our basic mission: to provide financial solutions for life to those whom we serve.

It's now time to take action. How can you join the movement? First, we ask that you collaborate with AFCPE in the implementation of its Vision 2007 effort, using the *10% Solution*℠ as its cornerstone. The *10% Solution* is a true collaboration. You are invited to participate in any one of many ways, using your favorite programs, whether educational or counseling. And, we hope each of you will become the 'go to' financial expert in your community. Learn more on page 3 of this newsletter.

Second, we ask that you collaborate with other efforts to increase financial literacy and economic security in your local community. There are many efforts underway, a few of which are described here. One is the *America Saves* program. The goal of *America Saves* is to encourage and assist individuals to save and build wealth. Another national movement is Jump$tart Coalition's effort to increase the availability of financial education in grades K–12. Each state has a Jump$tart Coalition effort and professionals interested in forwarding the financial literacy agenda may join state efforts. The National Endowment for Financial Education® (NEFE®) is collaborating with the Cooperative Extension Service and the Credit Union National Association in all fifty states to deliver its high school financial planning program to students everywhere. Perhaps you could volunteer to teach a component of this program in your local high school.

Third, we ask that you seriously explore ways to take financial education and counseling to those in your local communities. Introduce yourself to representatives of your local credit unions and financial institutions, social service agencies, and education providers. Invite local business media to have a cup of coffee with you. Identify ways in which you can serve others while promoting financial education and financial counseling. Explore those big ideas that with dedication and perseverance can offer life changing financial security to those in your community!

Sharon Burns

Meet New Board Members

Three new board members were elected for the 2006–2007 term. Here's an introduction:

Oliver White is the manager of the Personal Financial Management Program at the Fleet and Family Support Center for the Naval Postgraduate School in Monterey, California. Oliver completed the Navy Command Financial Specialist (CFS) course in June 1992 and has been AFCPE certified since 1994. He was awarded the Naval Postgraduate School Certificate of Recognition for establishing the Personal Financial Management Program January 1993. White currently serves on AFCPE's Investment Committee.

Lynne Boccignone is an AFC® in private practice since 1999. She is a fee-based financial counselor, seeing clients privately, as well as teaching workshops on money management at a local community college. She has five years experience as a financial counselor for the Clara Abbott Foundation. Lynne believes it is important that fee-based private practitioners partner together through AFCPE to educate other professionals about our profession nationwide. She values the contribution of the educators of AFCPE and would like to help bridge the wealth of knowledge and experience of the private practitioner with educators. This union would create a recognizable presence for AFCPE.

William (Bill) Heaberg, is a Community Readiness Consultant for the Robins Air Force Base Airman and Family Readiness Center. He joined AFCPE in 1992, earning his AFC® in 1996. Bill has been chair of the conference evaluation committee, breakout session facilitator and on the new member welcoming committee. Most recently he served on the AFCPE focus group that developed *It's Your Move: A Game Plan for Investing*. He was appointed to the board of directors, Consumer Credit Counseling Service of Middle Georgia in March, 2006.

Congratulations New Certificants

AFCPE Certified® Financial Counselor Graduates (12/11/06 through 3/10/07)

Alexander, Lindsey
Baughman, Sara
Chatman, Ka'ree
Clady, Joy
Cooper, Sue
Eagles, Joyce
Graves, Larry
Henderson, Deanna
Hines, Anna
Ingram, Bridgette
Jaffer, Renee
Johnson, Cora Lee
Kennedy, Nicholas
Lepley, Karen
McNorton, Richard
Overby, Sherri
Pickens, Jared
Pound, Denise
Rahn, Clint
Russell, Janine
Schrock, Christy
Shaddox, Julie
Staples, Rolanda
Stubblefield, William
Velilla, Manny
VonCanon, Bill
Wasdin, Jany
Wilcher, Erin
Zamagni, Kimberly

AFCPE Certified® Credit Counselor Graduates (12/11/06 through 3/10/07)

Alexandre, Rafael
Alves, Miriam
Askew, Katrina
Bailey, Michelle
Barnard, Immacolata
Beach, Kelli
Bejerano, Vanny
Bittarelli, Luz
Boduch, Claire
Brock, Guy
Brock, Kimberly
Brown, Erica
Bryd, Gladys
Cangemi, Tinamarie
Chang, Sung-Min
Cofresi, Al
Collins, Arnisha
Conove, Paulette
Cosentini, Jennifer
Demaree, Don
Dembeck, Patricia
Devine, Deb
Dickmann, Jeanne
Duong, Hieu
Edelsberg, Avidan
Egan, Christine
Ellis, Kimberly
Euell, Vanessa
Ferreira, Amanda
Fisher, Theresa
Fragoso, Lucy
Funari, Bonnie
Galloway, Rick
Garcia, Karla
Gorleski, Kendra
Gravely, Jill
Guest, Liz
Haller, Jason
Haque, Christina
Head, Don
Holley, Barrie
Jackson, Doug
Jaramillo, Vic
Jennings, Melissa
Jimenez, Solange
Judd, Angela
Kath, Kristen
Kellerman, Robin
Krewer, Leigh
Lashway, Earl
Lawson, Maritza
Lodden, Andrea
Loesch, Sandra
Long, Maray
Lunny, Jeanne
Maher, Kevin
Malama, Vita
Marshall, Tara
Martinez, Carmen
McCarthy, Shawn
McSheridan, Brenda
Meade, Louise
Medina, Betsy
Medina, Rebecca
Michael, Nicki
Miller, James
Min, Brian
Molen, Elaine
Morgan, Lisa
Newman, Olan
Oliver, Anne
Osborn, Lori
Pappas, Christina
Petazzi, Javier
Petrillo, Dawn
Polito, John
Powell, Kim
Rakoczy, Maggie
Rich, Esther
Rivera, Brenda
Robinson, Barbara
Rodriguez, Aida
Rodriguez, Perla
Rossi, Karen
Ruby, Nicole
Santana, Marcos
Santerre, Erica
Scott, Robert
Sola, Victor
Sours, Brad
St. Louis, Betsy
Steele, Claudia
Stone, Michael
Tineo, Henry
Tirado, Carlos
Torres, Gloria
Tuominen, Waino
Uriarte, Cristal
Wallace, Sean
Wulfson, James
Yoncak, Richard
Zellman, Emily

Simple Money Solution

Continued from page 13

According to Vivian Gentry, AFC, and AFCPE member, data entered into "Simple Money Solution" can yield a total "Financial Check Up" that includes a(n):

- Current financial status
- Debt elimination plan
- Net worth statement summary
- Debt elimination calendar with start date
- Detailed net worth statement
- Debt elimination summary with payoff options
- Income and expense statement
- Income and expense summary and 6-month comparison

It is also possible to explore several "what-if" scenarios with certain variables, i.e., rate-of-return on saving/investments, retirement planning, mortgage and personal loan payoffs, and more.

If simplicity is more appealing than complexity, "Simple Money Solution" may meet the needs of users from the novice to the more advanced. To "run the numbers" for someone to see, believe and achieve the *10% Solution*, "Simple Money Solution" offers empowerment for the cash flow management needed to maintain personal financial well-being. To review comprehensive examples and learn more about "Simple Money Solution", visit **www.SimpleMoneySoftware.com**.

PJ Gunter is president elect of AFCPE and is based in Houston, Texas. She can be reached at PJ@MoneyMonitors.com.

For further information about "Simple Money Solution," see **www.simplemoneysolution.com**.

AFCPE *Financial Solutions for Life*

We believe...

Everyone has financial desires that affect their lives every day.

Better financial decisions lead to a better quality of life.

People can make better decisions when they are supported by a trained professional.

Academics, research and practical experience inform professional financial counselors and educators.

Setting *the standard* for performance and a forum for learning will provide a consistently higher level of service.

Purpose...

To support and advance the profession of financial counseling and planning education.

AFCPE

Association for
FINANCIAL COUNSELING • PLANNING • EDUCATION

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