

BY ELECTRONIC MAIL

April 12, 2007

Mr. Dan Iannicola, Jr.
Deputy Assistant Secretary for Financial Education
Department of the Treasury
Financial Literacy and Education Commission
Room 1406
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Re: Financial Literacy and Education Commission Request for Comments

Dear Mr. Iannicola,

The Financial Planning Association® (“FPA®”)¹ appreciates the opportunity to comment on the role of not-for-profit organizations in youth financial education. As the largest advocacy organization in the U.S. representing financial planners and affiliated firms, FPA has a unique perspective to offer to the Financial Literacy and Education Commission (the “Commission”) in helping to further develop financial education programs for students.

Financial literacy is one of the most critical issues currently facing our country. Americans are increasingly faced with financial decisions at earlier ages than ever before. The changing demographics in both the household and workplace have increased the need for young people to have a basic understanding of personal finance in order to become financially independent and address rapidly increasing education costs, the deluge of credit card offers, and self-funding of retirement plans, just to name a few. Yet, despite the significant interest in both the private and public sectors over improving financial literacy and an abundance of educational materials, there remains a tremendous gap between what is available and what is being learned that will enable young people to begin their working careers with the necessary financial skills to succeed in life.

¹ The Financial Planning Association is a 501(c)6 non-profit professional association representing financial planners and affiliated firms, with approximately 28,500 individual members. FPA’s primary aim is to help consumers make wise financial decisions in helping them achieve life goals. FPA is incorporated in Washington, D.C., with its primary administrative office in Denver.

Numerous studies demonstrate a lack of basic knowledge of personal finance at all ages, including young people. One of the most recent studies was the “2006 Survey of Financial Literacy Among High School Students,”² which was commissioned by the Jump\$tart Coalition.³ This survey, typical of previous examinations, illustrated that a majority of high school students earned a failing grade in the area of financial education. The average score for the 2005-06 survey was 52.4 percent. This survey and so many others like it illustrate the ongoing problem with financial illiteracy among high school students.

In trying to discover how best to improve financial education initiatives, the Commission has posed a series of questions to the financial education community. FPA believes that there are many challenges that are faced in bringing financial literacy into schools. A few of these challenges include: 1) finding the proper venue and appropriate teaching time for financial education curriculum to be integrated with teaching requirements; 2) training the teachers to teach financial education; 3) incorporating these financially based principles into ALL appropriate classrooms from grades K through 12; and 4) teaching financial principles in a broad principle-based manner instead of a product or sales-based approach.

FPA also believes that there are separate and unique challenges in teaching financial literacy to postsecondary students. Postsecondary education is unique in its challenges in that the key is to teach these students before they become overwhelmed with debt. FPA believes that it is critical for financial education to be a part of the early intervention in a student’s education in order to help them begin their young adult lives on a financially stable path. We believe that financial education should begin at a young age and continue throughout young adulthood, instead of simply beginning at the postsecondary level. By incorporating financial education taught in stages throughout all school years, a young person is able to receive a more comprehensive review of financial education instead of a crash course given a few months before graduation.

In addressing these questions and problems, FPA is best able to answer these questions from a not-for-profit viewpoint. FPA is in a unique position as the largest advocacy organization for financial planners in the U.S. to provide educational support to other non-profit educational providers or directly to students. FPA members appreciate the importance of basic financial education inasmuch as they work with clients in the financial planning process that requires explanation and seeks ways to motivate them to work toward specific goals. If the client has a basic understanding of

² For further information on the study, refer to http://www.jumpstart.org/EPK/info_page.cfm

³The Jump\$tart is a national coalition of organizations dedicated to improving the financial literacy of kindergarten through college-age youth by providing advocacy, research, standards and educational resources. Jump\$tart strives to prepare youth for life-long successful financial decision-making. For more information on the Jump\$tart coalition, go to www.jumpstart.org

personal finance, then a financial planner is more easily able to communicate and motivate the individual or family to fully participate in meeting their objectives.

As financial planners, FPA members often serve as the “quarterback” of the financial planning process. They work with other lawyers, accountants, brokers, and insurance agents to fully implement a financial plan for clients. In this same sense, one possible role for FPA members is that they can serve as a “quarterback” to work with other financial education professionals and organizations. In this sense, FPA and its members can work with other not-for-profit organizations to provide a core group of volunteers to disseminate and deliver the information. Not-for-profit organizations are often able to provide an unbiased source of information for personal finance topics. Since these types of organizations are structured differently from for-profit organizations, the former are generally able to provide objective financial advice without promoting a certain product or service. FPA, like other not-for-profit organizations, have volunteers that can deliver the information in a practical and unbiased approach to the public.

One of the biggest deficiencies in efforts to promote financial literacy is the lack of qualified persons able to “teach the teachers.” FPA members on average have extensive years of experience and the expertise and advice to work in this capacity. Moreover, 19,000 FPA members are CFP® certificants subject to a professional code of ethics and experience requirements. FPA can also serve as a peer review function in offering a practical perspective in reviewing draft curricula and related educational materials that are offered to the public.

Some of the challenges in working with for-profit organizations are the quality of financial education materials. FPA supports the CERTIFIED FINANCIAL PLANNER™ certification for individuals providing comprehensive financial planning advice to individuals, their families, and small business owners.⁴ FPA provides a ready-made infrastructure of at least 19,000 qualified individual “teachers” who maintain their CFP® certification. In addition to passing the two-day, 10-hour exam, all CFP® certificants must have at least three years experience in financial planning and meet ongoing educational requirements every two years, including a course on ethics. The CFP® certification exam covers 89 topics that fall within seven broad topic areas: general principals of financial planning, investment planning, employee benefits planning, insurance planning and risk management, income tax planning, estate planning, and retirement planning. Further, FPA’s 28,500 plus members reside in 101 chapters throughout the United States and geographically positioned to help on the local level. FPA members who are CFP® certificants are highly qualified to “teach the teachers,” and to be a critical resource at the local level to assist any of the organizations that are promoting financial literacy and fill a critical education gap until the teachers can be taught the fundamentals of personal finance. Nearly all FPA members have college degrees and a significant number teach the CFP® curriculum in 325 educational

⁴ The CFP certification requires passing courses in various specialty areas of personal financial planning, and passing a two-day, 10-hour exam covering 101 different topic areas of financial planning. See http://www.cfp.net/downloads/guide_FPTopics.pdf for a detailed list of topics.

programs at 192 universities and colleges around the country, thereby helping advance their chosen profession.

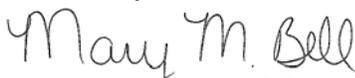
Some of these higher education CFP® Board registered programs have unique teaching techniques and operations to increase financial literacy initiatives on their campus. For example, Texas Tech University has a financial education program, entitled Red to Black,⁵ that offers two types of financial education settings for other Texas Tech students and faculty. An upper level personal financial planning student teaches fellow students through an outreach-based program, where financial planning majors give classroom presentations. There is also a client-based program, where a financial planning major gives peer-to-peer counseling. Through these and similar initiatives, post secondary financial education can flourish.

In addition to providing skilled teachers and experienced curriculum reviewers, FPA publishes a variety of other learning tools, which include brochures and consumer information that is free from commercials and/or advertisements. There are also a variety of services that not-for-profit organizations can offer beyond the standard information venues. FPA offers a free e-mail hotline that gives consumers the opportunity to ask a planner a financial question free of charge. FPA also recently published a consumer book entitled "*The Encyclopedia of Financial Planning: What You Need to Know About Money from the Nation's Leading Financial Planners.*" This book was written to help individuals make smart financial decisions and realize their life dreams, whatever their financial situation. These and many other resources that FPA offers provides consumers with a broad range of financial planning concepts and ideas that allow them to make informed decisions. The resources from not-for-profit organizations in general appear to be endless as awareness of the problem grows, and the information that consumers are able to have at their finger tips from these groups can be invaluable.

Basic financial literacy, if taught effectively within an educational curriculum, can serve as a practical way to remedy some of the growing long-term insolvency problems associated with Social Security, Medicare and other social insurance programs. Basic financial literacy should be a realistic goal of public policy in partnership with the private sector, especially with not-for-profit organizations.

FPA would be pleased to respond to any questions in connection with these comments. Please do not hesitate to contact the undersigned at 202.449.6344.

Sincerely,



Mary M. Bell, AFC®
Assistant Director of Government Relations

⁵ For more information on this program, go to www.r2b.ttu.edu