

# Federal Financial Literacy Update



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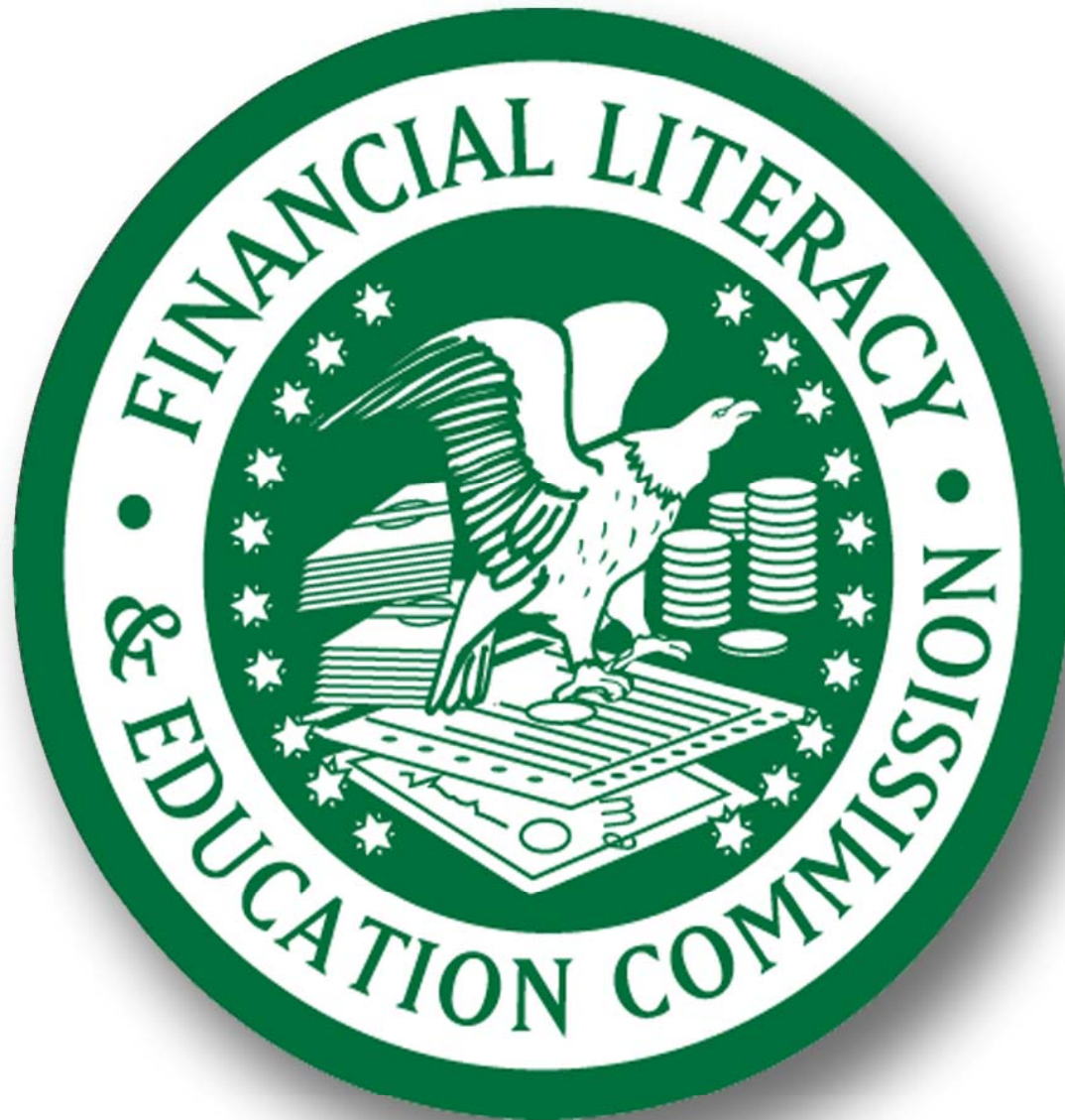
**Networks Financial Institute**  
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# Federal Financial Literacy Update

- Background
- Lessons Learned
- Recent Legislative & Executive Action

# Background: Three Entities

- I. Treasury's Office of Financial Education
- II. Financial Literacy & Education Commission / FACT Act
- III. President's Advisory Council on Financial Literacy



# FACT Act Mandates...

- Hotline
- Website
- National Strategy
- Public Service  
Announcement



# Taking Ownership of the Future



The National Strategy for Financial Literacy  
2006

[www.ControlYourCredit.gov](http://www.ControlYourCredit.gov)



Go to [ControlYourCredit.gov](http://ControlYourCredit.gov)



# Three Lessons Learned (and Misapplied)

1. Student debt is ok because college/trade school pays for itself
  - All debt is ok regardless of type, terms or amount
2. The future is bright
  - I'll be rich and have no expenses
3. Hard work is good
  - I can always earn my way out of over-consumption

# Know Your Audience

- **Can't be judgmental**
- **Peer learning is best**
- **Discovery/surprise**
- **Entertain me**
- **Five years = forever**
- **Consumerism is gravity**
- **Government is trusted source**



# Pending Legislation

**H.R.767**

**Sponsor:** Rep Eddie Bernice Johnson [TX-30]

## Substance Relevant to Financial Literacy:

- Provides tax credits for small businesses that provide financial education to employees.
- Provides preferences in the awarding of federal contracts to companies that provide financial education to employees.

# Pending Legislation

**H.R.1728**

**Sponsor:** Rep Brad Miller [NC-13]

## Substance Relevant to Financial Literacy:

- Establishes Office of Housing Counseling within HUD
- Imposes suitability (ability to repay) requirements on mortgage lenders
- Requires pre-loan borrower counseling as a prerequisite to a high-cost mortgage.

# Pending Legislation

## S.414

**Sponsor:** Sen Christopher J. Dodd [CT]

### Substance Relevant to Financial Literacy:

- Election to bar over-the-credit-limit transaction
- Disclosure with toll free referral hot line for Treasury certified credit counselors
- Special rules for consumers under 21
  - Ability to repay
  - 21 or older cosigner
  - Complete certified course

# Pending Legislation

**H.R.1645 / S. 638**

**Sponsors:** Rep Carolyn McCarthy [NY-4] /  
Sen Patty Murray [WA]

## Substance Relevant to Financial Literacy:

- Offers matching grants to states for school-based financial education
- Grants must be used
  - To create grade level standards & assessments
  - To train teachers in how to infuse financial/economic education into core subjects
  - To evaluate impact on students

# Pending Legislation

## **H.R.1325**

**Sponsor:** Rep Sheila Jackson-Lee [TX-18]

### **Substance Relevant to Financial Literacy:**

- Bolsters financial education requirement for federal student loan recipients
- Requires four hours of counseling both before & after borrowing
- Subjects covered: banking, budgeting, credit cards, credit scores, loans, grants, tax credits, scholarships, renting/housing & investing

# Pending Legislation

## **H.R.2117**

**Sponsor:** Rep Eddie Bernice Johnson [TX-30]

### **Substance Relevant to Financial Literacy:**

- Provides for changes to existing grant programs for newly naturalized adults
- Part of certain grants must be allocated to personal financial topics
- Specified topics include: banking, retirement savings, managing credit, as well as predatory lending, identity theft, and other financial abuse schemes

# Services

- **Program design, implementation & improvement**
- **Consumer research**
- **Social marketing campaigns**
- **Communications / awareness**
- **Curriculum development / assessment**
- **Training programs**
- **Government affairs**
- **Fundraising**
- **Conference planning**



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