

To develop curriculum targets that adequately meet the needs of Indiana residents and to preclude the territorial and political pitfalls of advocating an extant curriculum in personal financial management, a primary strategy of NFI's Personal Financial Literacy initiative was to develop a grass roots curriculum that reflected the input of all relevant stakeholder groups.

Based on the personal financial management curriculum standards that emerged from a carefully controlled process of idea generation and consensus building, teaching resources could then be identified and pedagogical practices could be written connecting the resources to the identified curriculum standards.

The resulting personal financial literacy curriculum could then serve as the basis for advocating mandatory personal financial management education for all Indiana students before they graduate high school and also promote personal financial management education for adults through community outreach agencies.

Thirty-one participants from the following stakeholder groups convened at Indiana State University to participate in the process of identifying personal financial literacy standards.

Participants included high school business education, economics and family and consumer science teachers; faculty from accounting, business education, curriculum and instructions, economics, family and consumer science and insurance and risk management departments at Ball State University, Indiana State University and University of Southern Indiana; members of Indiana's business community; representatives from the Indiana Department of Education; representatives from governmental and non-profit organizations; and undergraduate and graduate students from Indiana State University's College of Business, College of Education and College of Arts and Sciences.

Based on these alarming statistics about the state of financial literacy among youth, young adults, educators and parents, NFI is in the process of developing a set of financial literacy competencies that will be mapped to Indiana standards.

# Snapshots of financial literacy in the U.S.

Statistics show a noticeable gap between what Americans should know about financial literacy and how they actually manage their household finances

COMPILED BY NFI STAFF

## \* GENERAL STATISTICS

- Only a quarter of Americans feel very well informed about managing household finances.
- Between 25 and 56 million Americans are unbanked.
- From 1992-2000, disposable personal income rose 47 percent but personal spending climbed by 61 percent. At the same time, the overall personal savings rate fell from 8.7 percent of disposable income in 1992 to zero in 2000.
- At the end of 2002, American households owed an average balance of \$8,940 on all credit cards, up 36 percent since 1997; this figure represents an increase of 173 percent over the previous decade.
- Personal savings as a percentage of disposable personal income decreased from 11.2 percent in the early 1980s to zero percent in the first two quarters of 2005.
- In a 2003 survey, the median value of all household retirement savings was only \$40,000 and 25 percent of those surveyed had no retirement account at all.
- Consumer bankruptcy filings in 2003 hit a record of nearly 1.7 million, or an average of one in seven households over the past decade.

## \* SCHOOLS AND K-12 STUDENTS

- Based on a national survey of high school seniors, America's teenagers as a group in 2004 score a failing grade in basic financial literacy knowledge
- Teenagers are active consumers despite their ignorance and spent \$175 billion in 2003. Twenty-one percent had their own credit card or access to parents' credit cards while 16 percent had their own ATM cards.
- Ten percent of teenagers ages 12 to 19 have their own credit card; 38 percent believe credit card use should be limited to adults.
- Among parents with children age five and older, only 26 percent feel well prepared to teach their children about basic personal finances.

- Fewer than half of respondents feel they are a good role model for their children regarding saving and spending.
- More than 70 percent of parents say they have spoken with their teenagers about credit and using credit cards wisely, while less than 44 percent of teenagers of those respondents say their parents have talked to them about credit cards.
- Seventy-six percent of parents surveyed said their high school student does not have a budget.

## \* YOUNG ADULTS

- Young adults between 20 and 24 represent the fastest growing segment of bankruptcy filings.
- The average credit card debt among graduate students who carry cards is \$7,831 a student, a significant increase of 59 percent over 1998's average debt of \$4,925.
- Credit card debt among young adults between the ages of 25 and 34 has increased 55 percent while credit card debt among those ages 18 to 24 has skyrocketed 104 percent since 1982.
- Americans between ages 25 and 34 have the second-highest rate of bankruptcy, following those between ages 35 and 44. The bankruptcy rate among those between 25 and 34 increased between 1991 and 2001, indicating the Generation Xers were more likely to file bankruptcy than were young Baby Boomers at the same age.

## \* FINANCIAL LITERACY EDUCATION

- Eighty percent of parents believe schools provide classes on money management and budgeting.
- Forty-three percent of parents believe schools should be doing more to educate students about money management.

## ONLINE

\* For a complete list of sources used to compile these financial literacy statistics, visit NFI online.

## NFI RESPONDS TO TREASURY DEPARTMENT REQUEST

In response to the U.S. Department of the Treasury Financial Literacy and Education Commission's request for a national strategy to address the nation's poor financial literacy, NFI supplied thoughts and strategies to a host of questions to which the commission requested comments and feedback.

**Q: What are the three most important issues that a national strategy should address and why?**

**NFI:** Awareness among individuals, policymakers and institutions about the need for and benefits of a more competent, financially literate country must be improved. A lack of basic money-management skills is widespread among Americans yet we continue to debate the need for a coordinated solution.

There is no common definition of "financial literacy" and "competency in financial literacy."

There is also limited access to quality, comprehensive financial literacy education and training. While many organizations are attempting to address the financial illiteracy of Americans, given the current state of personal financial competency, existing programs are ineffective and worse yet, many capable organizations, including the nation's school systems, are not yet participating.

**Q: What are the best ways to improve financial literacy and financial education in the United States?**

**NFI:** There needs to be proactive programming: imbedded programming throughout the nation's kindergarten through grade 12 classrooms with standards of achievement, assessment tools and outcome requirements, including coordinated access to appropriate programming and adequate funding for effective implementation.

There needs to be retroactive education: community and point-of-sale based education and required competency for adults broadly available and specifically required at critical financial transactions sites, including at home mortgage signing, investment purchases, 401(k) contribution opt-outs and more.

And there needs to be a national awareness campaign lead by a neutral, public-serving institution funded by the private sector that reaches all socio-economic sectors and ages of the nation's population.

## QUICKTAKES

## NFI, CONGRESSIONAL MEMBERS MEET, DISCUSS NEED FOR FINANCIAL LITERACY EDUCATION AWARENESS; POSITION PAPER, WHITE PAPER IN WORKS

In partnership with Washington, D.C., partners B&D Sagamore to heighten the need for financial literacy education awareness throughout the nation, NFI Executive Director Elizabeth Coit and Director of Outreach David Godsted recently traveled to Washington to meet with U.S. Sens. Richard Lugar and Evan

Bayh and U.S. Reps. John Hostetler and Julia Carson to familiarize them with NFI's financial literacy efforts, including curriculum, standards development and outreach. Coit and Godsted also met with several U.S. Department of Education representatives, U.S. Rep. Judy Biggert, R-III., and U.S. Rep.

Ruben Hinojosa, R-Texas, co-chair of the Financial Literacy Caucus. From these important meetings and discussions, NFI is preparing a position paper on the financial literacy ramifications of the Hurricane Katrina crisis and a whitepaper that will analyze NFI's Financial Literacy Competencies.



NFI

### CLICK

NFI Director of Outreach David Godsted led a "Financial Literacy: Foundation for Life" workshop during the ProLiteracy Worldwide Annual Conference in Tucson, Ariz., in October. Godsted's workshop during the four-day conference focused on how current financial issues — including Social Security reform, the tightening of bankruptcy loopholes and other governmental initiatives — today require a more financially literate nation.

## NFI CONTINUES WORK WITH smartDESKTOP

Lilly Endowment Inc., which in 2004 awarded the \$20 million grant to create NFI, recommended that NFI consider pursuing its financial literacy online initiative with the Indiana Humanities Council and its smartDESKTOP project. NFI has begun to implement postings of NFI Approved financial literacy curriculum to this online tool that links materials to Indiana academic standards for the states kindergarten through high school teachers. These offerings will be continuously expanded. This fall, NFI and the Indiana Humanities Council continued to design and implement mini-projects around this work and expanded the online catalog.

# OUTREACH

## FINANCIAL FITNESS FAIR CAN BE LOCALIZED WITH IBA'S HELP, ONLINE TOOLKIT; INDIANAPOLIS EVENT TO COINCIDE WITH 'TEACH CHILDREN TO SAVE DAY'

October in 2006 is Get Smart About Credit Month, a financial literacy initiative geared toward teens and young adults. October also is an ideal time to consider organizing a Financial Fitness Fair to coincide with Teach Children to Save Day in April 2006. Earlier this year, the Indiana Bankers Association joined the Indiana Financial Literacy Coalition, a new consortium of 14 state organizations that includes NFI committed to advancing financial literacy. The coalition worked to raise the profile of the financial literacy cause by hosting a Financial Fitness Fair as a pilot project. The event was successful in reaching more than 100 children and families from Big Brothers-Big Sisters of Central Indiana, Boys and Girls Clubs of Indiana-

polis and other organizations. The event drew support of Gov. Mitch Daniels, Secretary of State Todd Rokita and State Treasurer Tim Berry. NFI's Outreach Coordinator Shauna Roberts serves on the coalition's planning committee. This concept of the Financial Fitness Fair is one that can actively bring financial literacy — in an engaging, interactive environment — to Indiana communities around the state. Any IBA-member bank that takes part in a fair in April that helps teach children the basics of saving for the future will qualify as a Teach Children to Save participant. The advantages to taking part in a Financial Fitness Fair include the potential to reach large numbers of Hoosiers; achieve high-profile

recognition for participating banks; and an opportunity to network with other community groups and businesses who together coordinate the fair. To assist communities in setting up a Financial Fitness Fair, the coalition has assembled a toolkit, outlining the steps needed to plan and execute the event. The toolkit is available online on the IBA website at [inbankers.org](http://inbankers.org) and includes samples of fundraising information, news releases, programs and more useful and helpful items. The toolkit also covers the five basic steps of setting up a local Financial Fitness Fair. For more about organizing a Financial Fitness Fair or about tying in a fair with Teach Children to Save Day activities, contact the IBA.

# HISTORY'S ON OUR SIDE

The press in the U.S., England and other countries has paid high attention to the run-up in housing prices in the past year.

Many analysts refer to house prices as exhibiting a bubble, a situation when prices are out of line with the usual underlying economic determinants of prices or housing fundamentals.

When prices are at lofty heights for no discernible reason other than irrational exuberance or speculative frenzy, the concern is that prices will come crashing down to a more normal, sustainable level.

Fears have been mounting that the current robust economic expansion could end in a downward spiral into recession and rising unemployment because of a house price crash.

Such fears do raise several questions.

Is there really a bubble? If so, how big is it?

Has it played a major role in artificially boosting the economy in recent years?

If there is a bubble, will it pop or slowly deflate?

Would an end to the bubble lead to a recession — or even a depression?

In a worst-case scenario, would it lead to a collapse of the value of the U.S. dollar and other asset markets?

There is a considerable range of views and conclusions that experts draw based on research conducted on earlier housing and other asset price bubbles.

There is no question housing prices have risen dramatically in recent years, continuing a trend that began in the mid-1990s that put house prices far above their historical levels relative to other goods and services.

For example, the Office of Federal Housing Enterprise Oversight recently announced its national house price index rose 13.43 percent from the beginning

of the third quarter of 2004 through the second quarter of 2004, the most dramatic four-quarter increase since the late 1970s. Adjusted for inflation, the index rose 10.7 percent, the fastest pace of increase on record.

The real price of housing — the house price index deflated by the prices paid for all personal consumer expenditures — had an index value of 163.7. In early 1980, the index was set at 100 and normally had been close to an average of 100, at least until the mid-1990s.

Economists suggest the relative price of housing should be stable or trendless and revert to a long-term mean level. They reason that house prices usually contain no specialized resources that force them to rise faster or slower than prices of all other goods and services. Therefore, real or relative house prices can be expected to fluctuate around a constant level or, in terms of the index, the index can be expected to return to about 100.

New home construction prices should back down to a long-term level, adjusted for inflation, which will allow builders to earn normal but not excessive competitive profits.

If this argument is correct, then house prices are set to decline.

How fast and how far they will decline is open to speculation as is the premise that prices have any reason to fall at all.

History suggests conversely that house prices in the U.S. are not likely to fall at all.

If anything, they will fall relative to prices in general so house prices would not keep pace with inflation for many years. Some argue this is because the long-term real price of houses has been permanently raised by low mortgage interest rates — especially low real interest rates — or rates adjusted for inflation.

**FEARS THAT THE CURRENT ROBUST ECONOMIC EXPANSION** could end in a downward spiral into both recession and rising unemployment because of a house price crash have been mounting. But a crash is not inevitable or even likely. However, all is not rosy — not if house prices begin a long, relative price decline.

## ▲ THE BOTTOM LINE

Inflation and the decline in real interest rates since 2000 can explain most of the run-up in house prices since.

As long as relatively low real interest rates persist, house prices will not fall or decline relative to the prices of other goods and services.

Changing demographics may also be changing the typical house, so part of the increase may reflect shifts toward higher quality or simply very pricey alternative options. Baby boomers and others may have shifted the mix in housing toward relatively more expensive condominiums. This shift may have altered the price of housing as it is measured but not allowed for unusual profits to builders of houses or other incentives that would eventually lead to lower house prices.

Bubble proponents typically point to three main channels of influence that could turn falling house prices into economic crisis or recession. These channels of influence include weakened balance sheets at banks and other financial institutions, lower consumer spending and demand and the threat of a shrinking housing sector if price drops occur.

The first channel is the weakening of balance sheets of



**HISTORY SUGGESTS THAT HOUSE PRICES IN THE U.S. ARE NOT LIKELY TO FALL AT ALL, SAYS NFI'S DR. JOHN TATOM. IF ANYTHING, THEY WILL FALL RELATIVE TO PRICES IN GENERAL SO HOUSE PRICES WOULDN'T KEEP PACE WITH INFLATION FOR MANY YEARS.**

financial institutions which have become more heavily exposed to mortgage debt than at any time on record.

## CHECK IT OUT

Panel of experts brought together by NFI: a national housing bubble doesn't exist; a national housing price crash not likely. **Z**

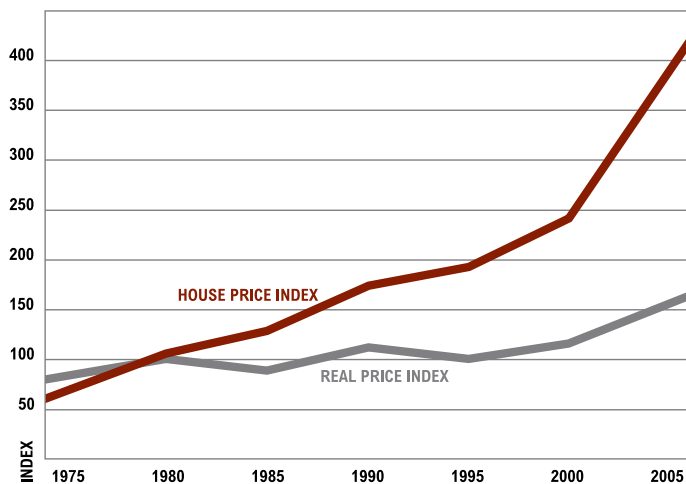
Falling house prices may lead to defaults on mortgage loans and deplete capital of financial institutions, threatening their continued existence or at least their ability to fund new or existing mortgages or other loans. This crisis could impair spending.

Housing losses, however, are not like losses on tech stocks. When house prices fall, families can avoid selling and taking a loss simply by continuing to live in their homes. Unlike tech stocks, in such instances, the home will continue to generate the same income or housing services as it did before.

So, if house prices decline, major losses to financial institutions are not as likely as they might seem. Besides, financial institutions have become very adept at managing risk; that is one reason they have an increased appetite

## RAPID RISE

Housing prices have risen dramatically in recent years, continuing a trend that began in the mid-1990s that put house prices far above their historical levels relative to other goods and services.



SOURCE: OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT, BUREAU OF ECONOMIC ANALYSIS

for mortgage and other credit exposure since they can diversify risk and insulate their capital from adverse asset price movements or default.

The second channel — lower consumer spending and overall demand in the economy, leading to reduced output and employment — rests on a questionable effect of

wealth on consumer spending. For both theoretical and empirical reasons, it is unlikely that increases in wealth arising from stock or house price increases will boost consumer spending or that price declines will lower consumer spending. The record of the past 10 years is not supportive and even estimates of such an effect

are too small to explain much movement in spending and saving, at least for the size of price movements observed in the past decade.

The third channel that bubble proponents point to is that the housing sector could shrink if house prices fall, which would push overall demand down into recession. This premise is questionable.

The current housing sector is too small to be able to do this. Also, it has not been the case in more than 50 years that housing as a sector is either big or volatile enough to induce recession. Recessions seem to be most closely and proximately related to business fixed investment, driven by comparisons of desired and actual capacity — not the housing market.

Homeowners may take some solace from the results here.

A crash is not inevitable or even likely.

However, all is not rosy — at least not if house prices soon begin a long, relative price decline of the magnitude suggested by some experts.

Tatom is director of research for Networks Financial Institute: [john.tatom@isunetworks.org](mailto:john.tatom@isunetworks.org)

## CASE STUDY: CHARLOTTE, N.C.

# Panel explores economic growth, industry link

Charlotte, N.C., executives detail how a thriving financial services sector has helped create, sustain local and regional economic growth

The Indiana Humanities Council held its annual Leadership Summit in June at the Columbia Club in Indianapolis. Since 2001, the summit has attracted leaders in business, government, education and the nonprofit sector and focused on cultivating leadership on a range of issues beyond just cultural and humanistic topics.

This year, NFI with the Association for Corporate Growth sponsored a working group session titled “Financial Services in Indiana: Connecting the Dots for Economic Development.”

NFI’s session at the Leadership Summit focused on the role of strong financial institutions in local economic growth and development. NFI Director of Research Dr. John A. Tatom moderated the event, opening with remarks and



NFI Director of Research Dr. John Tatom profiles Indiana’s economy and its economic development challenges and growth initiatives during a panel discussion debating how a strong and growing financial services sector can impact a city’s economic development at Indiana Humanities Council’s Leadership Summit in June.

introducing panelists Michael Mayer, Ken McDonald and John Weinberg.

Mayer is an executive with Bank of America based in Charlotte, N.C. McDonald is vice president of economic development with the Charlotte Regional Partnership. Weinberg is director of research and senior vice president of the Federal Reserve Bank of Richmond, Va., and is chief policy advisor on banking, financial institutions and markets.

The 2005 Entrepreneur Magazine and National Policy Research Council ranks Indianapolis as fifth on its list of hot cities for entrepreneurs; Charlotte ranks No. 2. While Charlotte’s

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Now in its second full year, NFI sponsors the Graduate Studies Fellowship Program for Academic Excellence in Financial Services.

The program is designed to attract talented, research-oriented graduate students to Indiana State University.

Students are expected to be on a financial services career trajectory, through any of a number of relevant degree tracks at Indiana State University, including the Master of Business or Public Administration programs or master's programs of study in mathematics and computer science, communications or human resource development.

Fellowships spanning the two academic years and intervening summer of a full-time master's degree program provide students with full tuition waivers plus an annual stipend, professional development support and assistance with internship opportunities.

NFI fellows with independent research agendas may be granted permission to conduct that research with the oversight of either Indiana State University faculty or NFI staff. Otherwise, fellows assist faculty and NFI staff with ongoing research needs.

The fellowship program is a win-win proposition for all parties, furthering NFI's leadership mission in financial services and meeting identified needs of employers, graduate students and Indiana State University.

The fellowships gel with the NFI's intention to develop the financial services talent pool for employers. NFI works to support undergraduate student preparation for financial services careers with the expansive Networks Scholars program.

NFI's graduate fellowship program is more limited in terms of numbers but no less dedicated to the aims of educating and preparing future financial services leaders.

The fellowships are compelling to financial services employers who can subsequently recruit Indiana State University master's degree graduates with enhanced educational and experiential cre-

# 3 join NFI graduate fellows program

Graduate Studies Fellowship Program for Academic Excellence in Financial Services attracts top graduate students to Indiana State University

BY MARTHA HENN MCCORMICK



Page



Plesniak



Dean



Illyes

dentials. Graduating candidates are well-equipped to succeed as financial professionals in the blended and globalized financial services environment that merges the separate arenas of banking, insurance and securities.

The fellowships also serve to highlight the varied graduate offerings available at Indiana State University and set them apart in a crowded higher education marketplace. At Indiana State University, graduate students find multiple programs of study with dedicated faculty, numerous research facilities, state-of-the-art technology and well-equipped libraries.

Most importantly, the fellowships are a special opportunity for strong graduate student candidates who are interested in careers in the financial services marketplace. Collegial and close-working ties among Indiana State University students and faculty provide an environment that con-

tributes to student success. Students benefit from the connections their faculty members help them make with industry and from the networking and industry outreach efforts of NFI.

An informal regional survey that NFI conducted in early 2005 of 21 university MBA programs in Indiana and Illinois reveals that few campuses are able to offer any comparable graduate fellowship opportunity.

Only three universities, including Indiana State University, offer a fellowship program for MBA students.

A handful of others offer some opportunity for graduate assistantship employment.

Only four programs meet or exceed the remuneration of NFI's graduate fellowship stipend but none match the combination of stipend, tuition waiver and professional development support that the Graduate Studies Fellowship Program for Academic Excellence in Financial Services provides.

This year, NFI and Indiana State University welcomed back returning fellows Jay Page and Kyle Plesniak and accepted Jason Dean, Elizabeth Illyes and Rebecca Shorter into the graduate fellows program.

Page is enrolled in the Public Administration program through the Political Science department while Dean, Illyes, Plesniak and Shorter are pursuing MBAs. Page works primarily with NFI Assistant Director of Education Livia Scott and Indiana State University professors Dr. Priscilla Wolfe and Art Sherwood on a professional development program for Networks scholars.

**CHECK IT OUT**

For more about NFI's graduate fellows program, contact Martha Henn McCormick at 800.603.7113 or martha.mccormick@isunetworks.org. Visit Indiana State University's School of Graduate Studies online: [web.indstate.edu/sogs](http://web.indstate.edu/sogs).

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success cannot be solely attributed to the fact it is a major national center for banking and financial services, the financial services sector is an extremely successful entrepreneurial area for the city of nearly 8.1 million. The city's finance industry is heavily committed to and involved in economic development.

NFI chose to highlight Charlotte as a model of what Indianapolis might be able to achieve. Charlotte is an excellent case study because a series of bank mergers in recent decades has headquartered two of the nation's largest banks in the city and its metropolitan area has experienced rapid economic growth.

Tatom introduced the working session by pointing out that a large and growing body of academic literature shows that a strong financial sector contributes to more rapid economic growth. After a profile of the Indiana economy and discussion of the state's economic development challenges and growth initiatives, the panel discussed how a strong and growing financial services sector can impact a city's economic development.

Panelists agreed economic developers pursue corporate headquarters as a community growth strategy, though some business leaders argue that economic diversification and mergers can boost high-paying employment even if corporate headquarters are lost as a result. There is some sense that a strong financial sector can provide local financing for start-ups and small business, they agreed.

However, panelists agreed that developing growth clusters and leading sectors, even if they are non-financial in nature, can serve just as well to promote local and regional development. This is a heartening prediction for Indiana,



NFI's panel of experts at Indiana Humanities Council's Leadership Summit, moderated by NFI Director of Research Dr. John Tatom (from left), included Michael Mayer of Bank of America based in Charlotte, N.C.; John Weinberg of the Federal Reserve Bank of Richmond, Va.; and Ken McDonald of the Charlotte Regional Partnership. Indiana State University President Dr. Lloyd W. Benjamin (below) greets guests at a soiree at NFI's headquarters following the summit.

because since 1997 the share of Indiana employment in the fields of finance, insurance and real estate has declined from levels already below the national average.

In 2004, the share of Indiana financial sector (non-farm payroll) employment was 4.8 percent, below the national average of 6.1 percent, based on Bureau of Labor Statistics data.

Mayer, McDonald and Weinberg concluded that the development of an appealing and strong local "product" means that a lack of financial sector headquarters is not an impediment either to economic growth or to finding funding and investors to attract new business. They agreed, "If you build it, they will come."

A strong finance sector can be a growth factor, the panel agreed, but its absence in no measure dooms



the economic development aspirations of a community such as Indianapolis. In the case of Charlotte and the mid-Atlantic region covered by the Federal Reserve Bank of Richmond, Mayer, McDonald and Weinberg agree the presence of financial

services as a leading sector was not crucial to the development and success of that region — though it did help. More important, they argued, is the presence of any and all leading sectors that, no matter their type, are committed to and active in the economic development aspirations of their area.

Following the Leadership Summit, NFI hosted a social soiree for the summit at its Meridian Street headquarters after the panel. The soiree, hosted by Indiana State University President Lloyd W. Benjamin and wife Wieke, featured brief remarks by Ed Morrison, director of the Center for Regional Economic Issues at Case Western Reserve University, and Steve Gunderson, a senior consultant with The GreyStone Group Inc. and former congressional representative from Wisconsin.

PROGRAM

Last year, Plesniak primarily assisted NFI staff with research and data collection including Indiana life sciences and regional higher education issues. This year, Plesniak's interest is to examine the possibility of replacing federal foreign aid with tax incentives to individuals and businesses to buy securities from other countries' businesses.

As new fellows, Dean, Illyes

and Shorter are defining their areas of focus.

Dean has signed on to work with Sherwood on a project to discover if small banks make a difference to the economic development of local communities in Indiana. The study will probe whether these banks provide any unique services to small businesses that large banks don't and if local and state governments should support

them. The study will initially be concerned with local banks in 14 Indiana counties and will eventually expand to include the community banks of Indiana's 92 counties.

Illyes is pursuing an accounting major in the MBA program and hopes to investigate the accounting considerations of charitable giving plans as integral components of retirement and estate planning. She is expected to lead

on NFI's behalf an effort to collect data on corporate funding lifecycles for Indiana life science enterprises.

Shorter, who has an insurance bachelor's degree from Indiana State University, is excited to assist the Insurance Industry Working Group of the Indiana Economic Development Corporation in compiling a database of insurance employers in the state.



Frank S. Swain, a partner at Baker & Daniels and senior vice president of B&D Sagamore, presents at an Academy for Excellence in Financial Services Policy course during NCSL's Annual Meeting in August in Seattle.

# NFI, NCSL LAUNCH ACADEMY FOR EXCELLENCE

2 courses to educate country's state lawmakers about financial services marketplace, its regulation debut at National Conference of State Legislatures' annual meeting; more to be offered in December in Chicago

BY JOE ZACHERY

With a crowd of more than 5,000 state legislators and their staffs, NFI and the National Conference of State Legislatures premiered the newest program available to state governing bodies during NCSL's Annual Meeting in Seattle.

The Academy for Excellence in Financial Services Policy launched at the August event and offered two of many planned courses — “The Financial Services Marketplace: A Primer,” and “The ABCs of Protecting Financial Consumers” to standing-room

only crowds at the event.

The Academy for Excellence in Financial Services Policy is an educational response to the policy needs of the nation's state legislators with responsibility and interest in the areas of banking, insurance, investments, credit unions and other financial services. It is a voluntary certification program open to all 7,382 state lawmakers and their staffers and allows legislators to work their way through a comprehensive curriculum — ultimately earning a Certificate of

Excellence in Financial Services Policy — that promises to teach them the core understanding of the financial marketplace and its regulation that is vital to the creation of sound public policy.

NCSL is the national bipartisan organization that serves the legislators and staffs of the nation's 50 states. NCSL was founded to promote policy innovation and communi-

Academy, next page



PHOTOS COURTESY NCSL

Delaware State Rep. Donna Stone, R-Dover, vice president of NCSL's Executive Committee, presents during the Academy for Excellence in Financial Services Policy in August.

## ONLINE

For more about the Academy for Excellence and for a course guide, visit the National Conference of State Legislatures online at [nslc.org/FSAcademy](http://nslc.org/FSAcademy).

cation among state legislatures a strong, cohesive voice in the federal system. NCSL provides research, technical assistance and opportunities for policymakers to exchange ideas on the most pressing state issues and is an effective and respected advocate for the interests of state governments before Congress and federal agencies.

The academy allows participants the opportunity to learn from expert presenters about the financial services industry and how it affects them and their constituents. The academy offers 14 courses on financial services topics and the courses are offered at NCSL forums held three times a year.

NCSL's upcoming forums are its Fall Forum Dec. 6-9 in Chicago, the Spring Forum April 5-8 in Washington, D.C. and the next Annual Meeting Aug. 15-19 in Nashville, Tenn.

At the Fall Forum in Chicago, the academy will offer four courses featuring these presenters:

■ "The Financial Services Marketplace: A Primer," led by NFI Director of Research Dr. John A. Tatom

■ "The ABCs of Protecting Financial Consumers," led by Dr. Ken Lehn, professor of finance, University of Pittsburgh

■ "Who's on First? Understanding Financial Regulation and Supervision," led by Dwight R. Larsen, AM, vice president of bank value advisory services with United Bankers Bank

■ "Consumer and Commercial Lending: Fueling the American Economy," led by Richard Beck, senior vice president and corporate sales manager with STAR Financial Bank

■ "Insurance for Consumers: Promising Security in an Uncertain World," led by Dr. Stephen Avila, associate professor of finance and insurance at Ball State University

■ "When I'm 64: Savings and Investments," led by David Dunning of National City Wealth Management

## Sponsorship partners needed to certify state policymakers through Academy for Excellence

NFI and NCSL invite you and your company or organization to participate as a founding sponsor of the Academy for Excellence in Financial Services Policy.

Sponsorship partners are invited to participate in supporting the academy through financial contributions. Your support will enable the broadest participation from our nation's state policymakers.

The cost to stage the academy is \$2,500 per legislator for full certification.

Your partnership as a scholarship sponsor at the \$2,500 level or as an academy sponsor at the \$5,000 or higher level keeps our nation's policymakers more informed about



the rapidly evolving financial services marketplace.

For more information or to become a sponsor, contact NFI Executive Director Elizabeth A. Coit at 800.603.7113 or by email: elizabeth.coit@isunetworks.org; or NCSL Financial Services Committee Director Cheye Calvo at 202-624-8661 or by email: cheye.calvo@ncsl.org.

For more about the Academy for Excellence in Financial Services Policy, visit NCSL online at [ncsl.org/academy](http://ncsl.org/academy).

### INSIDE NFI

## Experienced fund-raisers join NFI's staff

Focused on its sustainability and increased funding for current and future initiatives, NFI welcomes two experienced fund-raisers to its staff.

Chris Hancock was named director of development for Indiana State University's College of Business. In his role, he will work to build and grow overall development and fund-raising opportunities for the College of Business with a concentration on NFI and its programs and activities. A Brownsburg resident, Hancock earned both a bachelor's and master's degree from Indiana State University. Since 2000, Hancock had worked as an assistant executive director of fund-raising services, associate director of development and director of educational services and programs for Sigma Alpha Epsilon Fraternity and Foundation based in Illinois. Previously, Hancock was assistant director of stu-

dent life programs at Indiana State University.

Kristina Uland of Indianapolis was named assistant director of development and grants in October. She will focus on grant development to sustain NFI past its four-year grant period through Lilly Endowment Inc. and sustain and grow NFI's various programs and activities, including its Networks Scholars program, its financial literacy and outreach initiatives, its Academy for Excellence in Financial Services Policy partnership with National Conference of State Legislatures and its research projects. A Depauw University graduate with a Bachelor of Arts degree in economics, she spent five years at Metropolitan Indianapolis Public Broadcasting in Indianapolis as director of grant services and special projects and a major gifts manager. Previously, Uland was the major gifts officer, pledge producer



Hancock (right) and Uland; McCormick (inset)

and a marketing coordinator at WIFU FM/WTIU TV in Bloomington, Ind.

■ NFI continues to create new partnerships with top proponents of financial literacy education. Recent partnerships include Indiana Department of Education, JumpStart Coalition for Personal Financial Literacy, Indiana JumpStart Coalition, Indiana Financial Literacy Coalition, Inquisitive Kids Newspaper, Indiana Humanities Council, National Conference of State Legislatures, Academy of

Finance, Money Savvy Generation and Inside Indiana Business.

■ NFI Research Coordinator Martha McCormick is creating a position paper that links the importance of childhood literacy instruction to early childhood financial literacy instruction. After completion and distribution, NFI will begin planning for a longitudinal study of the efficacy of kindergarten through grade five exposure to financial literacy instruction. NFI partner Money Savvy Generation will participate in this study.

FEBRUARY

23

### 2006 Risk Manager in Residence

5:30-7:30 p.m.  
Columbia Club,  
Indianapolis

Sponsored by NFI and Indiana State University, a special reception will honor the 2006 selection for Risk Manager in Residence. For more information, visit NFI online closer to the event.

MARCH

27

### Networks Scholars Ethics Conference

Hosted by the junior class of Networks scholars, a day-long Ethics Conference at Indiana State University will focus on ethics and corporate responsibility featuring speakers from the corporate and academic worlds. Check online for more details. For more information, contact Livia Scott at [livia.scott@isunetworks.org](mailto:livia.scott@isunetworks.org).

APRIL

24

FEBRUARY 18 (TENTATIVE)

## Future Networks scholars sought

Networks Scholars Selection Committee to meet potential scholars during on-campus interviews

Applications for a Networks Scholars scholarship for the 2006-07 academic year at Indiana State University are due by Dec. 2. To apply for the scholarship, high school seniors must first apply to and be accepted at Indiana State University.

Applications for the four-year, \$20,000 scholarship are available on NFI's Web site. Selected candidates from throughout the Midwest will travel to Indiana State University and meet with members of the Networks Scholars Selection Committee charged

with selecting the next class of Networks scholars. Interviews are tentatively scheduled for Feb. 18 at the College of Business. For more information, contact NFI's Livia Scott at 800.603.7113, Ext. 704, or [livia.scott@isunetworks.org](mailto:livia.scott@isunetworks.org).

MARCH 2

## GSEs focus of Financial Forum Series event

Third in five-part series in D.C. to examine state of today's government sponsored enterprises

In March, NFI will stage the third in a five-part financial forum series in Washington, D.C., that will focus on government sponsored enterprises. From 8 a.m. to 2 p.m. at the National Press Club, NFI will host a panel of nationally known

experts that will discuss whether taxpayers are exposed to unreasonable risk with growing government sponsored enterprises debt. This forum on regulatory reform will address the state of today's GSEs and panelists will discuss various scenarios that

are designed to reduce the risk created by their growing debt portfolio. For more information or to register early for the event, visit NFI online or contact NFI's Linda Beckwith at 800.603.7113, Ext. 715, or by email at [linda.beckwith@isunetworks.org](mailto:linda.beckwith@isunetworks.org).

APRIL

## April: National Financial Literacy Month

NFI, its collaborative partners to stage statewide events and activities to raise awareness

April 2006 is National Financial Literacy Month and NFI and its many collaborative partners are planning a host of statewide events and activities to raise awareness of the need for financial literacy for all ages. Watch for the spring edition of Financial Focus that will highlight these events and activities

and visit NFI online closer to National Financial Literacy Month for more information. At 6:30 p.m. April 20 at The Children's Museum of Indianapolis, NFI will host "An Evening with Michelle Singletary." Join nationally syndicated Washington Post columnist and author Michelle Singletary for an evening of

humor and insight into the world of personal finance. Certified financial planners will be at the event to answer questions about personal finance, investments, retirement and savings. For more, contact NFI's Linda Beckwith at 800.603.7113, Ext. 715, or [linda.beckwith@isunetworks.org](mailto:linda.beckwith@isunetworks.org).

### Networks Scholars Present: The Year in Review

Hulman Memorial Student Union, Indiana State University, hosted by the sophomore class of Networks scholars

Networks scholars will present a 2005 Year in Review that highlights accomplishments throughout the 2004/05 academic year to Indiana State University faculty, staff and administration and NFI staff. For more information, contact NFI's Livia Scott at [livia.scott@isunetworks.org](mailto:livia.scott@isunetworks.org).

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