


# Financial FOCUS

FALL 2006



## The Seniors!



When you enroll at Indiana State, you'll be encouraged to believe in a future the way you envision it. You'll be introduced to many possibilities, supported on your chosen path, and inspired to embrace your own unique talents, skills, and knowledge. Whatever your chosen field, we'll partner with you to make sure you succeed.

# Your future. Your way.

Because we focus on experiential learning, our students gain confidence, experience, and a résumé of accomplishments that go far beyond the classroom.

*It's what we do.*



**Indiana State  
University**

*More. From day one.*

[www.indstate.edu](http://www.indstate.edu)



# INSIDE

## NEWS

### 22 The Health Care Financing Bomb: Where is the Money or Solution?

NFI presented a forum with four of the nation's top thought leaders in the area of health care finance to discuss some surrounding key issues: health savings accounts; single-payer systems; and medicare solvency. At the forum, they discussed possible solutions to the health care funding debacle that is projected to be the largest share of GDP in the next 25 years.



### 29 Academy Course Presented in Nashville

The Academy for Excellence in Financial Services Policy joined the National Conference of State Legislatures to educate 35 state legislators and staff about financial services topics including: current regulation of financial services companies, an overview of the various regulators and their roles, and potential public policy issues.

## NFIonline

Visit Networks Financial Institute online for the latest news, updated information and research regarding NFI's mission-critical initiatives.

[networksfinancialinstitute.org](http://networksfinancialinstitute.org)

## COVER SHOT

The first class of Network Scholars will be graduating in May of 2007. These 16 students will graduate with a wealth of experience that exceeds that of most students.

PHOTO BY TONY CAMPBELL/INDIANA STATE UNIVERSITY

## OUT FRONT



The ropes course teaches freshman scholars team-building skills.

### 8 The Class of 2010

Eighteen of the best and brightest freshman students came to Indiana State University to participate in the three esteemed scholarship programs that make up the Networks Professional Development Program: Networks Scholars, Gongaware Scholars and Presidential Scholars. The students have all elected to major in the College of Business with a focus on the financial services industry.

### 34 Fellows Update

NFI welcomes several additions to its fellows program:

- Ronnie J. Phillips will focus on the effect of U.S. banks having a separate body of law and legal administration.
- Yigit Aydede will research the public social security systems in developing countries and generational accounting.
- Kurt Dew's research will focus on the effects of globalization in financial services.

NFI also welcomes one new graduate fellow to the Master of Public Administration program, Matthew Muckler.

### 14 Path to Making a Difference: Four years of Growth and Achievement

The scholars in the Networks Professional Development Program know more than what they learn in the classroom. They spend four years focusing on their professional development and experiencing the financial services industry. They travel the world, the classroom and the walk of a leader.



Corporate Mentor Reception

## MORE ABOUT NETWORKS SCHOLARS:

- ▶ Meet the 16 Networks Scholar seniors that are prepared to become the next leaders in the financial services industry. **19**
- ▶ NFI's first annual Corporate Mentor Reception gathered scholars and their mentors. **30**
- ▶ Networks Scholar, Danielle Thompson helps Indiana implement online insurance licensing during her internship at the Indiana Department of Insurance. **35**

## FALL 2006 EDITION

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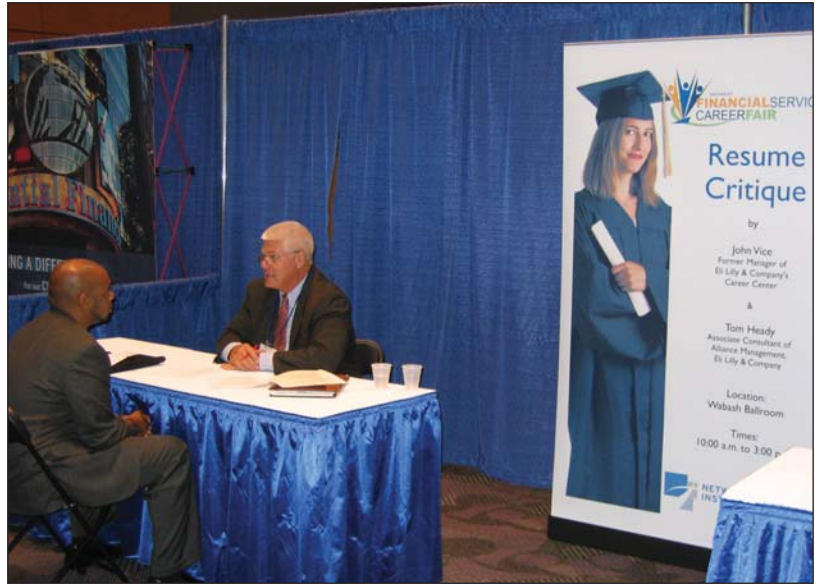
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**MISSION**

Networks Financial Institute at Indiana State University was founded in 2003 through a grant from Lilly Endowment Inc. and strives to facilitate broad, collaborative thinking, dialogue and progress in the evolving financial services marketplace by focusing on the areas of education, outreach and research. NFI is a leader in preparing students to excel in careers in the financial services industry. NFI connects Indiana State University's financial, business and educational expertise and resources with community needs. NFI is a primary source for objective and applied research within the financial services industry.

# INside

## NEWS



### 24 NFI Career Fair is a Big Success

More than 100 eager students attended the financial services career fair sponsored by NFI in search of future employment, internships and career advice all in one place. Students were able to network with companies ranging from consulting firms to banks, credit unions and insurance organizations.



### 32 Kids Count Exciting Curriculum Launched

NFI provides much needed materials for Indiana teachers to implement financial literacy programming for 3rd-5th graders.

**COLUMNIST: DAVID GODSTED**

### 5 Gaining Momentum



Financial literacy efforts are now beginning to span the gamut of organizations, from local to national, from non-profit to for profit, and from the private to the public sector. Increasingly, these entities are recognizing the importance of collaborating as they attempt to confront the complexities of implementing quality financial literacy programming.

### 29 Launch of www.NFIMONEYBUS.org

NFI has expanded its Kids Count on the Money Bus outreach with the introduction of a website. The site provides students, educators and parents with interactive activities focused on saving, earning, spending and giving.

**COLUMNIST: DR. JOHN TATOM**

### 27 To Regulate Insurance or Not?



Would federal regulation create destructive competition in the insurance markets? Or is it less burdensome than the existing state approaches?



### 25 Meet NFI's new employee Sandra Brigando

Sandra, NFI's Financial Literacy Coordinator, was recently hired to be the point person for Kids Count on the Money Bus™. A teacher with 15 years of experience, Sandra believes teaching financial literacy in the schools is a concept that's long overdue.

### 7 ONtap

See what's coming up on NFI's calendar: Financial Forum Series, China Forum and Regulatory Reform Summit.

# GAINING MOMENTUM

“Financial literacy” has become a national imperative. Personal and national financial challenges have created both national and state-level awareness and action. Outreach in financial literacy now spans the universe of organizations, from local, regional, national, and even pan-national non-profit to for-profit to governmental efforts. In addition, key federal entities have taken up the charge to create more financially literate populations.

## FEDERAL RESERVE

Newly installed Federal Reserve Board Chairman Ben S. Bernanke, in testimony before the Senate Committee on Banking, Housing and Urban Affairs, took the financial literacy baton from outgoing Chairman Alan Greenspan, and emphasized, “[t]he importance of financial literacy, both as a source of better decision making by consumers and as a means of improving the functioning of financial markets.”<sup>1</sup> Chairman Bernanke went on to list the Fed’s financial literacy initiatives, including:

- (1) increasing access to information about financial products and services;
- (2) promoting awareness of the importance of financial literacy;
- (3) collaborating with educational and community organizations;
- (4) supporting research and identifying best practices; and
- (5) providing financial education for its own employees.<sup>2</sup>

The Federal Reserve is able to tap into its well-established system of twelve regional banks in order to more specifically target



FINANCIAL LITERACY HAS BECOME A NATIONAL IMPERATIVE, SAYS NFI'S DAVID GODSTED. OUTREACH NOW SPANS THE UNIVERSE OF ORGANIZATIONS.

states and major cities. A specific example would be Money Smart Week, which originated in Chicago as a way to coordinate the efforts of various non-profits with similar financial education missions. In Indiana, Money Smart Week was held October 15-21, coordinated by the Detroit Branch of the Federal Reserve Bank of Chicago. Governor Mitch Daniels has formally recognized Money Smart Week in Indiana, and Networks Financial Institute participated through an appearance by Kids Count on the Money Bus™ at the opening event.

## DEPARTMENT OF THE TREASURY

The Federal Reserve System is not alone in providing national leadership, however. The United States Department of the Treasury, out of its Office of Domestic Finance, has established the Financial Literacy and Education Commission. In accordance with the legislation that mandated its creation,<sup>3</sup> the Commission has established a website (MyMoney.gov) that contains access to information on budgeting, taxes, credit, financial planning, home ownership, family education, and fraud. The Commission has also released a National Strategy for financial literacy.<sup>4</sup> It also holds meetings three times yearly in its role as a coordinating body to twenty federal agencies.<sup>5</sup> NFI maintains a presence at these Commission meetings and testified at a hearing of the Commission during the creation of the national strategy. In response to the Treasury’s Office of Financial Education, NFI also submitted a financial literacy white paper.

**Most financial literacy entities, governmental and private sector, for-profit and non-profit, including NFI, realize the importance of WORKING IN CLOSE COLLABORATION, contribute to a critical national dialogue and continued awareness building of financial literacy matters.**

## ▲ THE BOTTOM LINE

### FEMA

Experiencing the symptoms of financial illiteracy and fraud firsthand with its responses to hurricanes Katrina and Rita in 2005,<sup>6</sup> the Federal Emergency and Management Authority (FEMA) partnered with other entities to offer assistance designed to guide those who are unused to having access to relatively large sums of money at one time.

FEMA has partnered with Operation Hope (OperationHope.org) to establish a “financial advisory service to enhance the recovery process for those affected by natural disasters and national emergencies.”<sup>7</sup> Operation Hope provides volunteers, trained by H&R Block, to provide the following services:

- emergency budget counseling;
- emergency credit management;
- accessing emergency mortgage assistance;
- assistance with working with creditors;
- one-on-one emergency economic counseling;
- referrals to government and private agencies;

Continued next page

- economic disaster literacy; and
- assistance with obtaining copies of destroyed financial documents

## CONGRESSIONAL ACTIVITY

### *Financial and Economic Literacy Caucus*

In February 2005, U.S. Representatives Rubén Hinojosa (D-TX) and Judy Biggert (R-IL), as members of the House Committee on Financial Services, were appointed chairs of the Congressional Financial and Economic Literacy Caucus. As described by Representatives Biggert and Hinojosa, “the purpose of the Financial and Economic Literacy Caucus is to... promote policies to advance financial literacy and economic education...[and to] highlight successful policies at the federal, state and local levels and private sector and non-profit best practices.”<sup>8</sup>

### *Pending Legislation – Reaching the Unbanked*

On June 28, 2006, the Senate Finance Committee took the text of S. 832 and incorporated it into S. 1321, the Telephone Excise Tax Repeal Act of 2005, as a substitute amendment, and reported S. 1321 favorably. The amendment reads:

(a) Establishment of Program—The Secretary is authorized to award demonstration project grants (including multi-year grants) to eligible entities which partner with volunteer and low-income preparation organizations to provide tax preparation services and assistance in connection with establishing an account in a federally insured depository institution for individuals that currently do not have such an account.<sup>9</sup>

New Mexico Senator Jeff Bingaman introduced the legislation, and had this to say about it:

“This provision would authorize the Treasury Department to award grants to financial institutions or charitable groups that help low income taxpayers set up accounts at banks or credit unions. Because many taxpayers do not have checking or savings accounts, their refund from the IRS cannot be electronically wired to them. The alternative is to have the check mailed to the taxpayer or to have the refund immediately loaned to the taxpayer in the form of a RAL [refund anticipation loan]. Of course, getting people to set up a checking or savings account for purposes of receiving their tax refund will also have the benefit of getting many of these people to start saving for the first time.”<sup>10</sup>

Senator Jim Talent (R-MO) and Senator Bill Nelson (D-FL) are the primary’s sponsors of the Anti Usury Amendment of the 2007 Defense Authorization Conference Report,<sup>11</sup> a provision to protect military families from predatory lenders. This Senate-passed amendment would cap the annual percentage rates on short-term loans (such as payday or car title loans) to military families at 36%. The Consumer Federation of America (CFA) and over seventy military and veterans groups have urged Congressional adoption of the Talent/Nelson Amendment.

## OTHER NATIONAL EFFORTS

At a national level, not-for-profit entities are approaching personal financial education from a variety of perspectives.

**Jump\$tart Coalition** – Jump\$tart (jumpstart.org) acts as a nationwide clearinghouse for financial literacy material and coordinates biennial statewide surveys of the financial literacy levels of high school seniors. NFI sits on the Executive Board of the Indiana Jump\$tart Coalition (injumpstart.org).

**National Council on Economic Education** – NCEE (ncee.net) promotes economic literacy through the publication of educational materials and through the distribution of congressionally funded mini grants. NFI has participated in NCEE-coordinated economic education summits and conferences.

**National Endowment for Financial Education** – NEFE (nefe.org) provides educational and collaborative programs that help Americans gain control of their personal finances. The NEFE High School Financial Planning Program is a well-known component of this work and is utilized in many high school classrooms.

**American Institute of Certified Public Accountants** – The AICPA (aicpa.org) coordinates “360 Degrees of Financial Literacy,” a national effort to improve the financial literacy of Americans, as well as providing taxpayer assistance to FEMA in partnership with the IRS.

Most of these entities, governmental and private sector, for-profit and non-profit including NFI work in close collaboration, contribute to a critical national dialogue and continued awareness building of financial literacy matters.

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<sup>1</sup> Testimony of Chairman Ben S. Bernanke Before the Committee on Banking, Housing and Urban Affairs of the United States Senate, May 23 2006, <http://www.federalreserve.gov/boarddocs/testimony/2006/20060523/default.htm>.

<sup>2</sup> Testimony of Chairman Ben S. Bernanke Before the Committee on Banking, Housing and Urban Affairs of the United States Senate, May 23 2006, <http://www.federalreserve.gov/boarddocs/testimony/2006/20060523/default.htm>.

<sup>3</sup> Title V of the Fair and Accurate Credit Transaction Act (FACT Act), <http://www.ftc.gov/os/statutes/031224fcra.pdf>.

<sup>4</sup> MyMoney.gov, National Strategy for Financial Literacy, <http://www.mymoney.gov/pdfs/ownership.pdf>.

<sup>5</sup> MyMoney.gov, Member Agencies, <http://www.mymoney.gov/mymoneyinfo.shtml#memagencies>.

<sup>6</sup> Washington Post, September 9, 2005, Debit card giveaways go awry in Houston, <http://www.washingtonpost.com/wp-dyn/content/article/2005/09/08/AR2005090802169.html>, and CNN.com, June 14, 2006, Lawmaker: Hurricane aid spent on jewelry, erotica an ‘affront,’ <http://www.cnn.com/2006/US/06/14/fema.audit/index.html>.

<sup>7</sup> Homeland Security and Hope Inc. Formalize Partnership in HOPE Coalition America, <http://www.fema.gov/news/news-release.fema?id=10747>.

<sup>8</sup> Committees, Caucuses and Organizations, Congressman Hinojosa, <http://hinojosa.house.gov/biography/organizations.cfm>, and Office of Congresswoman Biggert, <http://judybiggert.house.gov/News.asp?FormMode=Detail&ID=468>.

<sup>9</sup> Library of Congress, Taxpayer Protection Act, April 21, 2005, <http://thomas.loc.gov/cgi-bin/query/D?r109:5:/temp/~r109HYqxta:..>

<sup>10</sup> National Association of Tax Professionals, written statement of Senator Jeff Bingaman upon the introduction of S. 832, <http://www.natptax.com/s832statement.pdf>, April 18, 2005.

<sup>11</sup> Report on Predatory Lending Practices Directed at Members of the Armed forces and Their Dependents, August 9, 2006,



## A glance at major NFI events coming up.

For more, contact NFI Event Manager Linda Beckwith (left) at 800.603.7113, Ext. 715, by email at [linda.beckwith@isunetworks.org](mailto:linda.beckwith@isunetworks.org) or visit NFI online: [networksfinancialinstitute.org](http://networksfinancialinstitute.org)

## JANUARY

### 24 China Forum: A Two Way Street?

Wednesday, January 24  
8:00 a.m. – 4:30 p.m.  
Westin Hotel  
Indianapolis, Indiana

The China Forum has been designed with two, interwoven themes. The first purpose is to address “Why China?” The forum will inform policymakers about present and future opportunities to be gained from developing a relationship with the Chinese. We will demonstrate to a broader business community the benefits to Indiana from conducting business with the Chinese, particularly in partnering for capital investment or trade. This forum will be one of the first conferences to explore the potential for capital to flow from China to the U.S., specifically Indiana. The second theme is “How to deal with China.” Business managers will be interested in discussions on specific issues such as Chinese tax law, developing relationships, dealing with state bureaucracies, etc. Finally, we hope to develop these conversations so that they would appeal to academics and students, as well as business leaders, policy makers, advisors government and various organizations and associations who may be affected by this topic.

## JANUARY

### 25 Financial Forum Series: China’s Changing Financial System: Can It Catch Up With, Or Even Drive, Growth?

Thursday, January 25  
8:00 – 11:30 a.m.  
Westin Hotel  
Indianapolis, Indiana

Following on the heels of NFI’s Financial Forum on health care financing and November Forum on corporate governance, in January 2007, we will host a Financial Forum entitled “China’s Changing Financial System: Can It Catch Up With, Or Even Drive, Growth?” The forum concentrates on China’s financial system and economic growth, examining its strengths and weaknesses, the pace of reform, and if the Chinese financial sector can become a leading sector for growth. Details of the event are still being finalized. Visit NFI website for more details.

## FEBRUARY

### 10 Interview Day Networks Scholars

Saturday, February 10  
Hulman Memorial Student Union  
Terre Haute, Indiana

The Networks Scholars Selection Committee will meet with potential scholars during on-campus interviews. The committee is currently selecting applicants and will be contacting them in January to be invited to the February interview day.

## MARCH

### 7 4th Annual Regulatory Reform Summit

Wednesday, March 7  
Ronald Reagan Building and  
International Trade Center  
Washington, DC

This summit will focus on dialogue and research on the changing face of insurance regulation in the U.S., including current condition of state-based regulation, its advantages and shortcomings; case for a federal role in insurance regulation; and current federal proposals to reform insurance regulation. Watch for more details coming soon!

## MARCH

### 19 Business Ethics Conference

Monday, March 19  
8:00 a.m. – 3:00 p.m.  
Hulman Memorial Student Union  
Terre Haute, Indiana

Networks, Gongaware and Presidential Scholars at Indiana State University will once again host the “Business Ethics Conference.” The conference will feature break-out sessions with expert speakers and industry panelists who will either speak to a specific issue or answer questions related to an important current event. Watch for more details coming soon.

## 2007 Special Events



# CLASS OF 2010



Eighteen of the best and brightest came to Indiana State University to participate in the Networks Professional Development program.

STORY BY LIVIA SCOTT and PHOTOGRAPHY BY TONY CAMPBELL

Three esteemed scholarship programs at Indiana State University are represented among the student scholars who participate in the Networks Program: Networks Scholars, Gongaware Scholars and Presidential Scholars. These students have elected to major in the College of Business with a career interest in the financial services industry. The freshman class hails from across Indiana and Illinois, with one scholar from Nevada.

The students first applied for admission and were accepted to Indiana State University, then followed with scholarship applications.

## INDIANA

Curt Bromm, Saint Anthony  
Mark Elliott, Terre Haute  
Silas Gennicks, Linton  
Michael Hogan, Cory  
Traci Rosenbalm, Danville  
Emily Stites, Huntington  
Nathan Lloyd, Plymouth  
Kaleb Kester, Pimento  
Stephanie Balback, Evansville  
Eric Gettelfinger, Dapauw  
Allison Myers, Kokomo  
Whitney O'Brien, Terre Haute  
Paige Williams, Terre Haute

## ILLINOIS

Tony Askins, Shelbyville  
Kristin Elston, Paris  
Michael Peterlich, Charleston  
Jeremy Thompson, Martinsville

## NEVADA

Tessa Murdock, Winnemucca

In addition to the 11 Networks Scholars, five Freshman Presidential Scholars, Allison Myers, Whitney O'Brien, Eric Gettelfinger, Stephanie Balbach, and Paige Williams joined the Networks Professional Development program this year, in addition to two freshman Gongaware Scholars Kaleb Kester and Nathan Lloyd.

The freshman class kicked off their semester by participating in an adventure at the low-ropes course at the University's field campus in Brazil, Indiana, allowing the students to get to know



**Above** The freshman scholars started their semester with a team-building exercise at the ropes course at the University's field campus in Brazil, Indiana. **Bottom** All the scholars continued to reconnect with one another at the kick-off meeting in August.

each other in a relaxed environment while engaging right away in team building. This was followed by a Welcome Picnic for all scholars the following Saturday at McCormick's Creek State Park in Spencer Indiana, and an All scholars kick-off meeting the last week of August.

Students in the program will find that we ease them into learning about themselves, the University and the financial services industry through the program's problem-based learning approach. Through experiential learning, students gain a better understanding of themselves as problem solvers and team members at a personal level. These types of activities provide the foundation for new students to progress through their first year at Indiana State University, and provide a meaningful foundation for their sophomore educational experience.

