



# National Extension Money Management



*Stability  
Security in Later Life  
Satisfaction*

Revised: July, 2000

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This Initiative proposal was compiled and written by Nancy M. Porter, USDA-CSREES National Program Leader-Family Economics and Jane Schuchardt, USDA-CSREES National Program Leader-Family Economics & NEFE Senior Fellow, with significant contributions from Marlene Stum, University of Minnesota; Sharon DeVaney and Janet Bechman of Purdue University; Barbara Rowe and Jean Lown, Utah State University; and Nancy Granovsky, Texas A & M University. Research contributions were made by Genevieve Lucas, USDA-CSREES.

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## Executive Summary

Recent research findings describe a dismal financial situation for many individuals and families in the present, but of greater significance, a more dire projection of the situation in the future. During one of the richest times in United States history, the economic divide has widened for families. The rich have gotten richer. The poor have gotten poorer. Consumer credit indebtedness is rampant and personal bankruptcies have just recently leveled off after a four-year upward climb. The personal savings rate is lower than in any other industrialized nation. Few have adequately prepared to achieve financial goals to fund higher education, retirement, and long-term health care.

Today, the complexity of the financial products and services industry, along with the rapid changes in technology, information availability, and public policy, demands a financially literate consumer. Family financial security contributes to emotional stability in families, strengthened communities, and a nation better able to leave a thriving economic legacy for future generations.

The Cooperative Extension System (CES) has provided extensive educational programs through its Family Development and Resource Management base program to "strengthen the capacity of families to establish and maintain economic security."<sup>1</sup> All indicators now point to the need for more intensive program efforts with resources focused on a new five-year National Initiative for *Financial Security in Later Life*.

This critical, emerging issue that is determined to be of wide public concern requires that *Financial Security in Later Life* be named a National Initiative. It is based on a vision of citizens who are financially literate and empowered with the knowledge, attitudes, skills, and confidence to practice effective and successful financial management strategies that insure financial security in later life.

CES has the capacity but needs to enhance the ability of the system to address the educational needs demanded by these indicators. A National Initiative would provide a structural platform for multi-state efforts including broad, research-based, interdisciplinary, educational programs and activities designed to make responsibility for later life financial security a priority for individuals; enhance the capacity of local educators to deliver effective personal finance programs; increase economic vitality and quality of life for citizens and communities; and establish national, state, and local partnerships.

Opportunities exist for immediate collaborations with other organizations and agencies to form successful partnerships including the White House Initiative (via the Treasury Department) for the creation of a new coalition called the *National Partners for Financial Empowerment* and the Consumer Federation of America's *America Saves* program. In addition, this proposal sets forth several ideas as strategies to be implemented throughout the Land-grant University System for the Initiative, i.e., Technology Transfer and Web-Based Strategies, Finances for the Second Sixty Years, Investing for Your Future, and other curricula, workshops, and inservice training suggestions designed to increase the capacity of the system to effectively address this Initiative.

This National Initiative would position CES as a major national player in the effort to focus attention on the retirement issue and raise citizen awareness. Further, it would increase the capacity of community educators to help individuals and families plan and save for later life, expand research and evaluation applications, and enhance resident education programs preparing students for employment in financial services.

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<sup>1</sup> USDA-CSREES. (1994, November). Family development resource management strategic plan. Washington, DC: USDA.

## Financial Security in Later Life

### Statement of Problem

Despite the economic boom of recent years, one-half of American households have accumulated less than \$1,000 in net financial assets (the value of money in the bank, stocks, bonds, and other securities after subtracting loans, credit card debt, and other secured debt) and \$35,000 in net wealth (value of all real and financial assets including home equity, other real estate, vehicles, owned businesses), according to a Census-based economic analysis commissioned by the Consumer Federation of America (CFA) and Primerica. Using 1995 data collected by the U. S. Bureau of the Census in the Survey of Income and Program Participation (SIPP), economist Joseph M. Anderson of Capital Research Associates listed consumer debt as a significant reason for low net financial assets. The typical household held consumer debts that totaled well over one-half of gross financial assets. Moreover, the one-fifth of households with the lowest net financial assets held, by far, the highest consumer debts, most of them unsecured (mainly credit card debt).<sup>2</sup>

In addition, Anderson (1999) found that Americans underestimate their ability to accumulate wealth through saving and investing. In fact, a majority of Americans in households with incomes of \$35,000 or less believed that they are more likely to accumulate a \$500,000 nest egg by winning a lottery or sweepstakes (40%) than by patient saving and investing of relatively modest sums (30%).

Documentation of demographic trends and the extent of the economic situation in the United States may be found in Appendix A. This background information includes specific indicators of the need for a National Initiative on *Financial Security in Later Life* including low savings rates, high credit indebtedness, inadequate financial preparations for retirement and future income needs, limited financial assets, retirement gaps, low levels of knowledge about saving and investing, increased costs of health care, greater life longevity, and special considerations for women, minorities, immigrant, and rural populations.

### Vision

The vision for this Initiative is a nation composed of individuals and families who are financially literate and empowered with the knowledge, attitudes, skills, and confidence to practice effective and successful financial management strategies that insure financial security in later life.

### Mission

The mission of this Initiative is to develop, market, implement, and evaluate effective, research-based, financial management programs that lead to a citizenry who are financially literate and empowered with the knowledge, attitudes, skills, and confidence to practice effective and successful financial management strategies that insure financial security in later life.

### Cooperative Extension System's Capacity

The CES Strategic Plan states, "Research, higher education, and extension programs are essential to help U. S. citizens, agricultural and food industries, and the government respond to many complex social, environmental, and economic issues." Through its strategic goal of improving economic well-being for individuals and families, CES is well positioned to expand programs in personal finance

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<sup>2</sup> Consumer Federation of America & Primerica. (1999, October 28). New study: Typical American household has net financial assets of \$1,000.

education and research through a new National Initiative. More than 500 Land-grant faculty in Extension, research, and resident education regularly interact electronically with National Program Leaders at the Cooperative State Research, Education, and Extension Service (CSREES) and with each other on issues related to personal finance. Of those, Extension State Contacts have been identified at nearly every institution in the Land-grant University System. Informal sessions at professional meetings to discuss a proposed initiative have attracted significant numbers of county and state Extension educators. An assessment of the Land-grant network about a proposed initiative, especially for the purpose of agreeing on a focus area within personal finance, resulted in widespread interest by Extension educators, resident faculty, and researchers. The Cooperative Extension System has the capacity and potential to be a key contributor to developing financially literate and empowered Americans who are ready for the challenges of later life.

A strong research base exists within the system to support the strategies and educational programming proposed to address this Initiative. However, a strong research base does not currently exist specifically related to later life issues. This is due to the relatively new phenomena of large groups of the population living many years after retirement and struggling to meet the financial needs of this situation, especially for health-care expenditures.

Current programming efforts of Family Development and Resource Management programs have established the ability of the Cooperative Extension System to address these critical areas. The existing nationwide leadership model utilizing a variety of professionals within the system results in local applications that meet the needs of diverse audiences. Now looking to the future, educational resources must be focused to insure financial security through later years for our citizenry. The Cooperative Extension System is the ideal educational development and delivery agency, as a non-biased, research-based source of information with no financial product to sell.

### Opportunity

An exciting, new opportunity exists for CES to immediately maximize partnering efforts in this Initiative (See Appendix B). Worried that Americans are not saving enough, the White House (via the Treasury Department) announced on April 4, 2000, the creation of a new coalition called the *National Partners for Financial Empowerment (NPFE)*. NPFE will be a forum for private and non-profit sector organizations and companies to come together with federal leadership to encourage Americans to save for their future and to take control of their personal finances.

As a named federal agency partner in this effort, it is critical that USDA-CSREES, via its collaboration with the nationwide network of Land-grant Universities, contribute significantly to the NPFE goals. These goals include increasing personal savings, reducing excessive personal debt and incidence of personal bankruptcy, improving consumers' ability to take full advantage of the financial services industry, and creating an educated populace capable of making informed choices about common financial transactions (e.g., retirement savings options, home mortgages).

Efforts in the Initiative have legislative support via H.R. 1377, the "Savings Are Vital to Everyone's Retirement Act of 1997" (SAVER). H.R. 1377 is aimed at advancing the public's knowledge and understanding of the importance of retirement savings through (a) providing bipartisan national retirement savings summits hosted by the White House and congressional leaders and (b) establishing an ongoing educational program coordinated by the Department of Labor.<sup>3</sup>

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<sup>3</sup> American Savings Education Council. Savings are vital to everyone's retirement act (SAVER).[On-line], Available: [www.asec.org/saverhm.htm](http://www.asec.org/saverhm.htm)

### Organizational Goals

Creating a new, five-year National Initiative for *Financial Security in Later Life* will provide an organizational structure that will facilitate the following:

- conducting effective, broad, research-based educational programs and activities designed to make responsibility for later life financial security a priority for individuals;
- enhancing economic vitality and quality of life for citizens and communities;
- establishing common indicators, conducting programs, and documenting impacts for multi-state programming efforts as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998;
- linking university, private, foundation, non-profit, and federal agency expertise for the purposes of planning and conducting innovative and cost-effective programs;
- increasing the capacity of family and consumer and agricultural scientists and educators to address this critical public issue as an interdisciplinary effort;
- augmenting subject-matter expertise of state and local personnel within the Cooperative Extension System to address financial issues related to later life, specifically in more complex aspects of retirement planning, investment strategies, and health-care issues;
- creating a network which effectively connects colleagues to provide additional training and innovative program ideas by using technology transfer and electronic communications to share ideas, expertise, resources, and suggest partnerships/collaborations;
- complementing other National Initiatives and programs which have programmatic ties to financial security in later life (i.e., Workforce Preparation: Preparing Citizens for Job Flexibility and Effectiveness, Healthy People...Healthy Communities); and
- establishing national, state, and local partnerships that will synergistically address issues and implement specific strategies for increasing financial security in later life.

### Collaborations

As the complexities of the financial services industry expand exponentially, the public needs education more than ever before. As educators, there is no time for competition. Cooperation helps to develop working relationships. Collaboration through multi-organizational, strategic partnerships is the key to making a difference.<sup>4</sup>

In addition to key leadership in inter-departmental partnerships in federal government, CES, via national leadership by CSREES, has contributed significantly to the development of major, multi-sector coalitions (e.g., Jump\$tart Coalition for Personal Financial Literacy, American Savings Education Council, National Savings Forum). The agency has provided key, national leadership for the development, distribution, and evaluation of successful educational programs such as Money 2000™, the NEFE® High School Financial Planning Program, Investing for Your Future, and the AARP Women's Financial Information Program.

Increasing personal financial literacy has direct applicability to the USDA's emphases on developing prosperous, sustainable communities and enhancing small farms and rural areas. The White House emphasis on personal financial literacy, via the NPFE described previously, and efforts by the Departments of Labor and Treasury, and the Securities and Exchange Commission, among other federal government entities, has strong applicability. NPFE is nonpartisan and will be organized in such a manner as to transition effectively from one administration to another. Additionally, research

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<sup>4</sup>Schuchardt, J. (2000). The power of partnerships, p. 5.

is underway to better understand retirement and succession planning for farm families and increase related educational efforts.

Further, a National Initiative on *Financial Security in Later Life* would strengthen CES's alignment with the American Savings Education Council (ASEC), a nonprofit coalition focused primarily on increasing personal retirement savings, and the National Savings Forum, coordinated by the Consumer Federation of America and focused on intense, community-level savings initiatives. Each of these entities, representing strong alliances among government, business, and nonprofit sectors, looks to the Land-grant University System to provide leadership in research and education on increasing financial literacy, security, and empowerment, especially among lower- and middle-income families.

### Activities to Integrate Research, Education, and Extension Efforts

Internal collaborations are equally important in a successful Initiative. The activities designed to integrate research, education, and extension efforts are outlined below. These strategic partnerships focus on three priority areas: program content, delivery of educational programs, and research.

- To develop insights for and from research (e.g., review and conduct research to determine which management behaviors increase financial security; examine how financial management practices within and across diverse family systems affect outcomes; what characteristics differentiate planners, savers, and spenders; what program content should be presented; which educational strategies are most effective; and what defines success for various targeted audiences).
- To provide comprehensive training to equip community educators with the skills, tools, strategies, resources, and motivation to plan, deliver, and evaluate local educational efforts on increasing financial security in later life.
- To identify appropriate educational tools, package them for effective use, and make them readily accessible to educators and consumers.
- To develop new educational resources as needed, especially web-based options.
- To focus educational programs on a variety of audiences, especially working poor, welfare-to-work audiences, women, minorities, immigrant populations, self-employed individuals, and farm families, with concerted efforts in rural areas.

Integrated activities are essential. A dialogue has been initiated among members of the Initiative writing team and Experiment Station Council on Policy (ESCOP) Social Science Committee colleagues to determine commonalities and lay a basis for interdisciplinary collaborations in research, education, and extension. A proposal for a Rural Vitality Initiative has emerged. A draft may be found in Appendix C.

In order to develop a strong research base in later life issues, research funding would support a national research agenda with conferences scheduled to disseminate results, (e.g., financial security, credit use and wealth accumulation, and program evaluation studies). Interesting new trends in personal finance, such as an increase in payday loans and retirement fund leakage (i.e., cash outs) pose unexplored research questions. Regarding education, web-based train-the-trainer options on financial security would target community educators, employers, and faith-based leaders. Program implementation grants would fund community-level programs targeting welfare-to-work audiences, women, minorities, immigrants, self-employed individuals, farm families, and the general public.

Resident education programs would benefit from the insights gained from a strong research base. In addition, resident instruction faculty would have a role in developing or adapting new educational

materials that would be used in both undergraduate and graduate courses as well as with Extension personnel and participants. This strategic partnership would help expand the body of knowledge and create an awareness of financial planning needs for later life, both for the students themselves and for the clientele they work with in professional roles after graduation.

### Target Audience

CES programs must serve the needs of diverse audiences by developing, marketing, implementing, and documenting the impact of educational programs that are both relevant and responsive to diverse audiences. Within the general population, those most in need of a National Initiative for *Financial Security in Later Life* are members of the Baby Boom cohort during their pre- and post-retirement years; women, minorities, immigrants, and self-employed individuals facing a retirement gap; farm families, people working in agriculture-related businesses, and employees of small employers; and working poor, welfare-to-work audiences, and other limited resource individuals.

However, the financial and gerontological issues involved in this Initiative simultaneously affect younger, middle-aged, and older members of the same families. The financial caregiving and health-related issues may be relevant for audiences of diverse ages. A clear indication of this need lies with the statement from Eldon Weisheit (1994), "Nowadays the majority of middle-aged people have more parents than they have children."<sup>5</sup> Target audiences must be expanded to help people of varying ages with the need for education and information.

In addition, the financial literacy component of this Initiative also targets much younger individuals so that they will begin taking appropriate steps early in their working years when time is on their side in securing their financial futures.

A challenge exists in effectively addressing the needs of these diverse populations, especially minorities, immigrants, and limited resource audiences. A strong research base needs to be developed to provide appropriate strategies. Difficulty reaching these groups, language barriers, and diverse cultural values related to money and wealth mandate that unique approaches must be utilized in order to be successful. Strategic partnerships, both internally and externally, need to be developed to maximize the CES's ability to be successful.

### Initiative Goals, Strategies, and Outcomes

A schematic of the *Financial Security in Later Life Initiative* has been included in Appendix D to visually illustrate the relationships envisioned between the goals, strategies, and expected outcomes.

#### Goals

In order to help people improve personal finance behaviors, the goals of this Initiative are to increase the number of consumers who:

- engage in activities which increase their financial literacy;
- successfully manage their use of credit in light of their long-term goals;
- regularly participate in savings plans or increasing contributions to plans;
- determine retirement and/or future income needs and develop a plan to achieve these goals;
- establish or revise investment goals;

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<sup>5</sup> Weisheit, E. (1994). Aging parents: When mom and dad can't live alone anymore.

- review and/or update pension, annuity, and other retirement plans;
- adequately prepare for their retirement;
- prepare to manage the risk of changes in health and independence, including the need for long-term health care;
- participate in employer-sponsored financial education programs and/or activities; and
- maximize the use of job-related benefits.

In addition, it is expected that the Initiative will enhance the capacity of local educators, Extension as well as other community educators trained by Extension, to deliver personal finance programs emphasizing needs for later life. The goals of this aspect of the Initiative are to:

- enhance the capacity of local educators to offer effective personal finance programs;
- enhance the capacity of financial service providers to deliver products and services to help consumers prepare financially for later life; and
- enhance capacity of employers to emphasize preparation for later life in work-based personal finance educational programs.

Further, this Initiative will increase economic vitality of communities through the following goals:

- increase public awareness of policy issues affecting financial security in later life; and
- increase prosperity and vitality of sustainable communities.

### Strategies

*Financial Security in Later Life* is a current major issue that has risen out of the components of the base program. It is sufficiently complex to merit strategies that are unique and diverse in order to effectively reach the multiple target audiences and to successfully achieve the goals set for the Initiative. Several ideas for strategies for the Initiative are described. Some of these strategies are currently being utilized, with updates or enhancements necessary. However, the majority of those listed are new ideas that will be developed in order to have a coordinated, solid Initiative program. These strategies also illustrate resource commitments that exist within the system that support this Initiative and demonstrate the system's capacity to respond to this emerging societal issue.

Retirement Income Security: A Guide for Community Educators is a web-based guide to conducting programs in retirement income security that was originally developed by the Cooperative Extension Services at the University of Georgia, University of Kentucky, and Purdue University with funding from USDA-CSREES. It provides instructions on how to develop, implement, and evaluate a retirement education program. The guide helps in identifying audiences and matching the educational message to specific audiences. In addition, it contains resources and strategies developed by many states as well as publications both internal and external to Extension.

This Guide needs to be updated and expanded to provide the initial resource base for the *Financial Security in Later Life Initiative*. In addition to keeping the database current, it should be expanded to include other programs associated with this Initiative, i.e., savings and investment programs and health care issues.

Web CT Course. Web-based technology should be utilized to increase the capacity of the Cooperative Extension System to address this priority issue. A Web CT course for specialists and agents could update subject-matter knowledge in this complex and rapidly changing area to help personnel effectively program in this Initiative. The possibility exists for this strategy to dovetail

with a new effort by six universities in the Great Plains (Iowa State University, Kansas State University, Montana State University, North Dakota State University, South Dakota State University, and University of Nebraska) that are offering a Master's degree by distance education in family financial planning (See Appendix E). Course offerings in this new program could be utilized to increase the capacity of Extension educators to address the complex financial issues in this Initiative.

Planning for a Secure Retirement. A variety of other possibilities exist for technology to be utilized with this Initiative. For example, Sharon DeVaney and Janet Bechman of Purdue University plan to offer a distance-learning course on planning for a secure retirement to be designed for workers ages 25 to 55. Many workers receive little or no retirement planning information at work or have no employer-sponsored retirement plan. Learning modules will help participants access retirement planning information that will help them make decisions about saving for retirement. Participants will focus on retirement income needs, Social Security benefits, participation in employee plans, individual retirement accounts, investing a lump-sum distribution, and developing a retirement plan. After completing the course, participants will be able to increase their level of retirement savings by participating in or increasing their contribution to a retirement plan or through private savings.

Technology Enhanced Education to Address Health-Related Issues. Marlene Stum of the University of Minnesota proposes to develop an interactive research-based web site to provide on-line access to up-to-date, unbiased, comprehensive, and practical tools to help consumers make more informed financial decisions about financial security in later life. This web site would improve financial literacy regarding later life financial security issues and increase consumers' knowledge and skills to help them better prepare for longer life expectancies and meet their later life financial management goals.

The web site would be designed to improve financial literacy regarding: (a) the recognition and assessment of long-term care as a financial risk in later life, (b) the potential costs of long-term care, (c) later life financial security goals (how to define priorities and clarify meaning for individuals and family systems), (d) how to assess one's financial circumstances and financial risk, and (e) public and private financial alternatives and financial service professionals.

The intended audience would be young and middle-age adults and their spouses as well as Baby Boomers planning for retirement and later life and adult children of parents/in-laws coping with paying for long-term care and in need of making later life financial decisions, often in a crisis.

These audiences are nationwide and would be accessing the site from intentional searches for financial and retirement planning information as well as having heard of the site. To be most helpful, the site would need not only generic but state specific information/links. In the best of worlds, a search function would allow users to find state specific information.

In the initial phase, the generic components relevant to all states/audiences would be developed as well as models for how two different state-specific links could be developed for Minnesota and Illinois. Additional state partners could be trained in how to determine and establish critical links in the next development phase.

America Saves Through Cooperative Extension Programs. The Consumer Federation of America (CFA) Foundation and the Cooperative Extension System are exploring ways to partner in the delivery and evaluation of the America Saves program to rural areas and small cities. Cooperative Extension agents will help individuals and households set and achieve specific

savings/wealth-building goals such as contributing to an Individual Development Account (IDA), owning a home, planning for retirement, or building an estate.

Over a period of several years, the CFA Foundation and the Cooperative Extension System hope to recruit 100 to 200 extension agents to carry out the America Saves program. If these agents were to enroll 100 to 400 savers a year, the total for the nation would range between 10,000 and 80,000. Over a period of five years, that would total between 50,000 and 400,000 families.

Finances for the Second Sixty Years. Barbara Rowe of Utah State University proposes the development of a curriculum addressing the issues contained in this Initiative which would be similar to the workshop and presentation format of the very successful Women's Financial Information Program. Goals of the workshop would be to get clientele to calculate an estimate of retirement income needs with detailed follow-up to document program impacts.

Investing for Your Future. Following along this idea, Jean Lown of Utah State University advocates using the new "Investing for Your Future" curriculum that is available via a web-based and printed format to reach audiences primarily containing women to addresses specific needs they have in order to reduce the retirement gap and accumulate sufficient assets to last throughout their longer lifetimes. Lown reports that she has received funding from the Foundation for Financial Planning to do focus groups with women to determine what has or what might motivate them to actually take action toward achieving financial goals. This effort will provide one model for effective programs designed to reach the target audience of this Initiative.

Curricula/Workshops. Extension faculty in Texas propose that a program needs to be specifically designed for workers without employer-provided retirement plans given the growth in self-employment, entrepreneurship, and small businesses. Nancy Granovsky, Texas A & M University, suggests that a web-based format with resources related to financial security in later life, educational leader packets suitable for small group instruction, and the incorporation of public policy issues such as Social Security reform would be appropriate for this audience.

National Training. Last, due to the complexity of this Initiative and the rapidly changing financial services industry, it is suggested that national trainings be conducted in order to increase capacity of personnel at all levels within the CES system to effectively address the components of *Financial Security in Later Life*.

## Outcomes

As a result of these efforts, the following outcomes will be realized:

- individuals and families will experience financial security throughout later life;
- community educators of the CES and its partners will increase their abilities to plan, deliver, and evaluate educational programs; and
- communities will have improved economic stability and quality of life for citizens.

Initiative evaluation strategies will include the following:

- survey and focus group studies of program participants;
- capacity assessments of community educators; and
- tracking of secondary data to note expected trends in increased saving and investing for retirement; reduced delinquent debt loads by individuals and families; and increased confidence by individuals and families related to their financial security in later life including health care.

### Resources Required

System resources are already being allocated to this emerging issue without benefit of specific coordination through a nationwide leadership team. However, due to rapid changes in longevity, health care costs, and financial services, the Initiative requires extensive new training, new models, and new educational materials that are researched, developed, marketed, delivered, and documented to be effective. Internal reallocations of federal, state, and local funds will begin to address additional resource requirements.

In addition, new funds would increase the success, outcomes, and impacts of this Initiative. Some examples of specific needs are:

- Leadership team travel and other expenses
- National program leadership
- National training
- Funding research projects
- Educational resource development, including web-based tools
- Mini-grants for local program delivery
- Evaluation tools
- Marketing and communication strategies

Potential sources of funding are:

- USDA-CSREES operating funds
- USDA-CSREES 2002 federal budget initiative on prosperity for sustainable communities
- Proposed budget increases for the Rural Development Centers
- Cooperative agreements with other federal agencies
- Private foundations and financial services businesses
- State and local government agencies
- Community funding from banks and local foundations
- In-kind contributions via partnerships with non-profits, businesses, and government at federal, state, and local levels

### Leadership for the Initiative

A National Initiative Management Team (NIMT) would be named that cuts across disciplines and administrative units of CES and will represent education, extension, and research, as well as state, federal, and local partner interests. Representatives from other federal departments and non-profit and public partners would have ad hoc roles. Specifically, the Initiative would benefit from the involvement of the U. S. Departments of Treasury and Labor, Administration on Aging, businesses

and corporations, national professional organizations, and selected foundations and non-profit organizations.

Specifically NIMT members would provide expertise in financial management and planning; meeting needs of diverse populations; program development, marketing, delivery, and evaluation; gerontology; financial caregiving; family and agricultural economics; sociology; rural and community development; workplace education programs; health-wealth connections; and health care policy. NIMT members need a demonstrated ability to integrate research, education, and extension efforts into comprehensive, coordinated, educational end products. NIMT membership would be enhanced by the inclusion of external partners who provide expertise in national education campaigns, social marketing strategies, financial gerontology, and resource development.

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## APPENDIX A

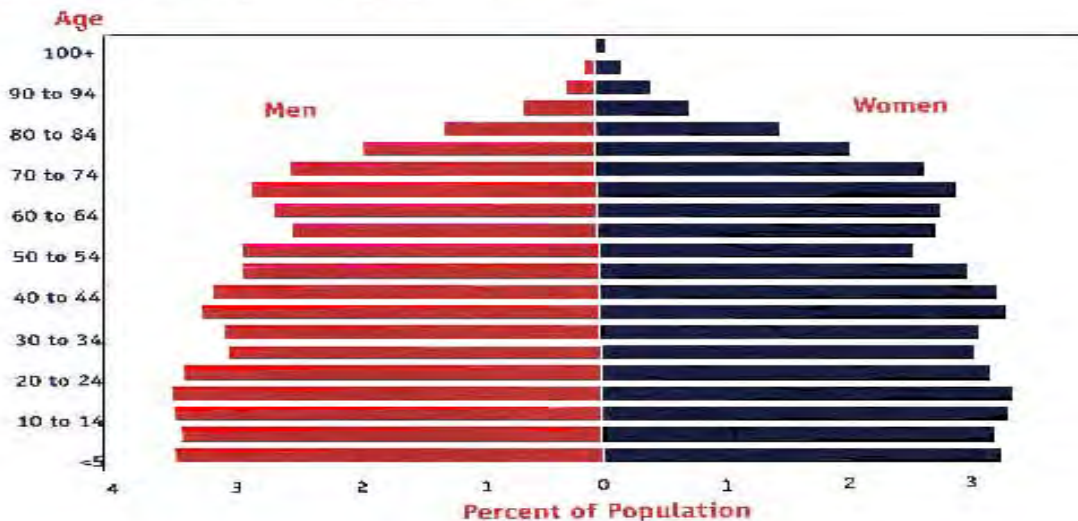
## Background Information

Demographic Trends

Information about the citizenry of the United States provides insights into population groups with specific needs for financial management education, both now and in the future. As it has throughout its life cycle, the Baby Boom generation (approximately 76 million people born between the years of 1946 and 1964) continues to present enormous challenges for the economic future of the nation as

**The Boomers in 30 Years**

U.S. Population Projection by Age &amp; Sex: 2030



this chart reprinted with permission from the AARP Public Policy Institute illustrates.<sup>6</sup>

Accordingly, the number of persons age 65 and older is projected to increase from 39 million in 2010 to 69 million in 2030. The oldest old will grow even more rapidly than the 65-and-older population, based on the assumption that they will benefit the most from future improvements in mortality rates. The population that is 85 or older is growing the most rapidly of all age groups, and is expected to double in size by 2025 and increase five-fold by 2050, when the last cohort of the Baby Boom enters this age group.<sup>7</sup>

Savings Rate

The personal savings rate in the United States has steadily declined in the late 1990s causing much speculation about the financial security of citizens. A recent study revealed that only 41% of Americans report that they save regularly for any purpose.<sup>8</sup> In fact, the personal savings rate in 1999 was 2.4%, the lowest one-year rate recorded in more than a generation. Historically, the rate hovered

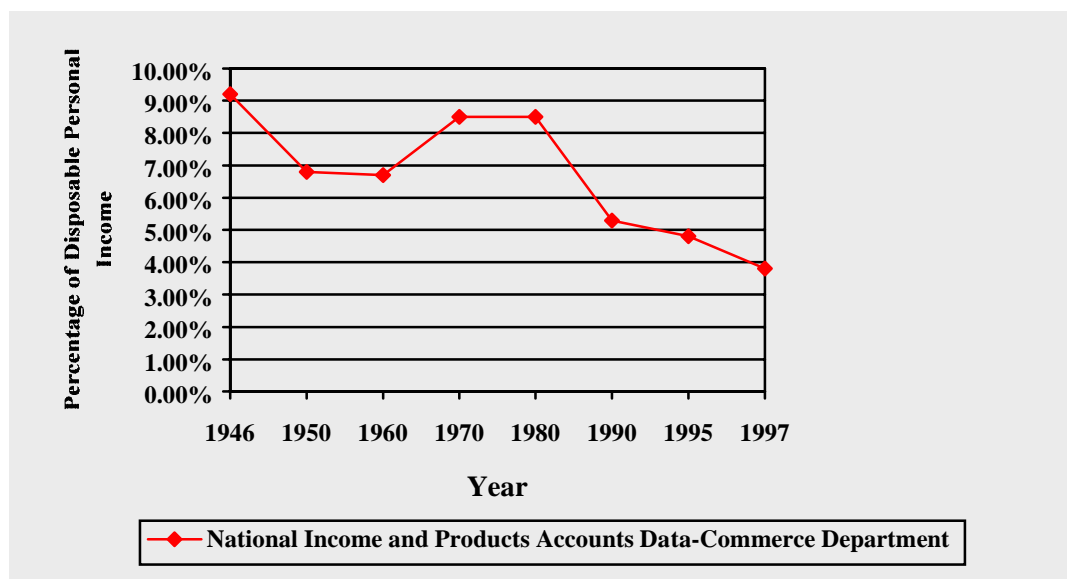
<sup>6</sup>AARP Public Policy Institute. (1998). Boomers approaching midlife: How secure a future?

<sup>7</sup>Rogers, C. C. (1999). Changes in the older population and implications for rural areas, p. 23.

<sup>8</sup>Farkas, S., Johnson, J., Bers, A., & Duffett, A. (1997). Miles to go: A status report on Americans' plans for retirement, p. 14.

between 7% and 11% from 1960 through 1993, but dropped to 6.1% in 1994 and has kept falling since that time.<sup>9</sup>

### Personal Savings Rate<sup>10</sup>



### Credit Usage

As of April, 2000, American consumers had a total of \$610.7 billion in revolving debt. Approximately \$490 billion of the debt is in bank card credit and an additional \$95 billion in retail (store, gas, etc.) credit card debt. Of the 78 million households in the United States that have at least one credit card, the average balance is \$7,564 and the average interest rate is 17.99% according to CardTrak Online.<sup>11</sup>

Among Americans with credit cards, almost half (47%) carry finance charges on their balances every month. In most cases, this is a factor of a consumption ethic, not an effort to stay out of poverty or to stretch meager financial resources. Fifty-three percent of respondents in a 1997 study with incomes between \$35,000 and \$50,000 faced monthly credit card finance charges, as did 47% of those with incomes from \$50,000 to \$75,000. Only when respondents made over \$75,000 did the proportion facing monthly finance charges decline to 34%.<sup>12</sup>

Bankruptcy filings in the United States have been climbing steadily for four years reaching a level of total filings of 1.4 million in 1998. Final figures for 1999 reveal that the number of filings declined slightly to a level of 1.3 million according to The American Bankruptcy Institute.<sup>13</sup>

<sup>9</sup>Jackson-King, L., & Maye, N. (2000, February 14). Department of Labor and the Certified Financial Planner Board of Standards launch new savings fitness tool for consumers.

<sup>10</sup> U. S. Department of Labor. (1998, June). The national summit on retirement savings, p. 5.

<sup>11</sup> CardTrak Online. (2000, April 13). Fed rate hike. [On-line], Available: [www.cardw...cardtrak/news/2000/april/13a.html](http://www.cardw...cardtrak/news/2000/april/13a.html)

<sup>12</sup> Farkas, S., Johnson, J., Bers, A., & Duffett, A. (1997). Miles to go: A status report on Americans' plans for retirement, p. 17.

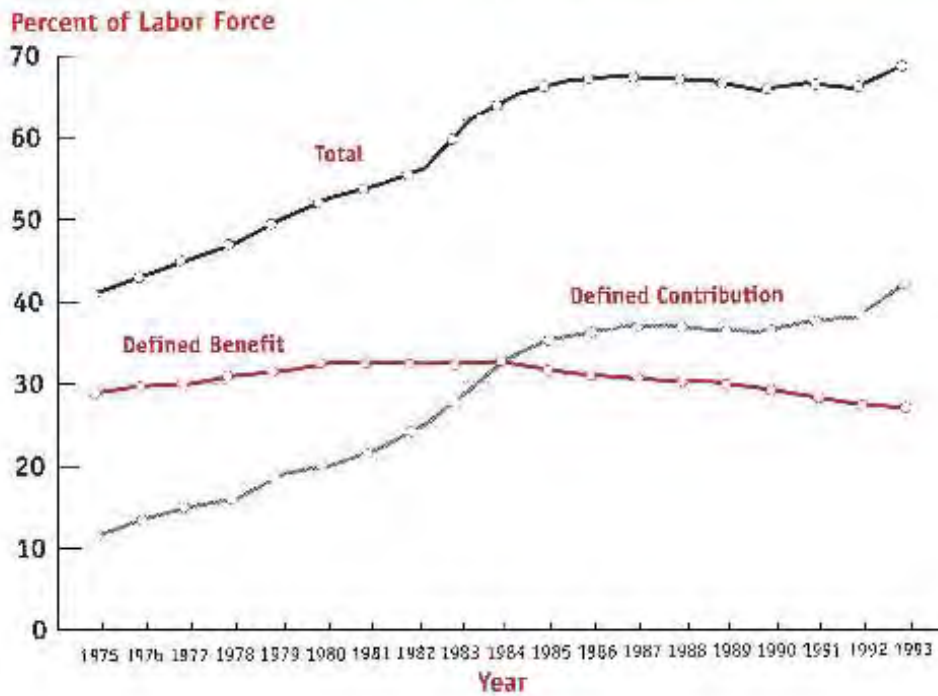
<sup>13</sup> The American Bankruptcy Institute. (2000). U.S. bankruptcy filings 1980-1998 (Business, non-business, total). [On-line], Available: [www.abiworld.org/stats/newstatsfront.html](http://www.abiworld.org/stats/newstatsfront.html).

Retirement Planning

Given the low personal savings rate and the high levels of indebtedness, concerns abound over the ability of individuals to adequately put money aside to meet short-term financial obligations and to accomplish long-term goals (i.e., financing children's education, providing for a secure retirement, assuring good health, building an estate). Of primary concern currently, is the ability of citizens of the United States to provide for a secure retirement given the increasing personal responsibility involved in accomplishing this goal. Conclusions of the "Retirement Planning in the 21<sup>st</sup> Century" retirement think tank sponsored by the National Endowment for Financial Education (NEFE®) in 1999 included the statement, "Responsibility for retirement security in the 21<sup>st</sup> century will fall squarely on the shoulders of individual Americans. This underscores the need to save significantly more than what people currently are setting aside for their retirement."<sup>14</sup>

**Pension Coverage Is Tending Toward Greater Self-Reliance**

Participants in Pension Plans as Percent of Civilian Labor Force, 1975-1993



The level of employer-provided pension plans is one factor related to increasing personal responsibility. As the above chart illustrates,<sup>15</sup> employers are increasingly moving away from traditional pension plans to retirement programs based on voluntary contributions by the worker. While 62% of civilian wage and salary workers currently have access to some kind of pension plan at work, 38% do not. Pension coverage is particularly low among people who work for small employers: 19% of people who work for organizations employing fewer than 25 workers have access to pension or retirement savings plans at work, compared with 48% of those working for organizations that employ 25-99 people and 83% of those in organizations that employ 100 or more

<sup>14</sup> Mead, N. (2000, January). New millennium signals new retirement approach., p. 2.

<sup>15</sup> AARP Public Policy Institute. (1998). Boomers approaching midlife: How secure a future?, p. 19.

people.<sup>16</sup> Typically, more Americans are working for smaller companies--companies less likely to have pension plans, or even voluntary retirement plans.<sup>17</sup> Of particular interest to Cooperative Extension, many people working in agriculture-related businesses face a similar situation.

According to the 2000 Retirement Confidence Survey (RCS), Americans are becoming more focused on retirement planning with 53% having tried to calculate how much they need to save for a comfortable retirement, up from 32% in 1996 and 36% in 1997. Subsequently, 70% of Americans reportedly have a savings or investing strategy for retirement and four in ten (41%) have thought about insurance coverage for long-term care or nursing home needs. Unfortunately, this means that almost one-third of the population has yet to begin a savings plan for retirement and a full 60% have not thought about health needs in later life. In addition, the RCS reports that the amounts accumulated for retirement by workers as a whole are disappointing. The majority of those who are able to provide figures have accumulated less than \$50,000 and almost one-fourth of all workers have saved less than \$10,000 toward retirement.<sup>18</sup>

In a 1997 study conducted by Public Agenda, only 37% of respondents indicated that they think about retirement often. When asked how they felt about retirement, 32% said they are looking forward to it, 11% reported they worry about it, and almost half (46%) expressed a combination of emotions. It is believed that such mixed feelings were driven mostly by a sense of financial vulnerability and insecurity. Few people in the study were confident about their retirement preparations, with slightly more than half (53%) rating their efforts as poor or only fair. Three-quarters (76%) believed, when it comes to putting aside money for retirement, they should be doing more. Even in sustained good economic times, with consumer confidence on the upswing, the proportion of people worrying about their ability to live the way they want to in retirement has climbed to 39%, up from 29% in 1994.<sup>19</sup>

### Financial Assets

Data available on financial assets substantiates these fears. The amount of financial assets held by American households is small, and most households are not close to meeting their retirement savings targets. Among all households, median net worth, excluding home equity, was less than \$8,500 for the bottom 60 percent in 1992. It was about \$15,000 for the fourth quintile of Baby Boomers, and it barely reached \$45,000 for those in the top 20 percent of the income distribution.<sup>20</sup>

The financial assets held by the typical Boomer are worth only \$1,000, and only one-fifth of Boomers have more than \$25,000 in financial assets—i.e., the total of their financial assets minus liabilities.<sup>21</sup> Even when asked to include anything and everything they've set aside in any type of saving vehicle, nearly half (46%) report nothing or less than \$10,000 in retirement savings.<sup>22</sup>

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<sup>16</sup>U. S. Department of Labor. (1998, June). The national summit on retirement savings, p. 2.

<sup>17</sup>Farkas, S., Johnson, J., Bers, A., & Duffett, A. (1997). Miles to go: A status report on Americans' plans for retirement, p. 7.

<sup>18</sup>Employee Benefit Research Institute, American Savings Education Council, & Matthew Greenwald & Associates, Inc. (2000, May 16). Retirement confidence survey. Washington, DC.

<sup>19</sup>Farkas, S., Johnson, J., Bers, A., & Duffett, A. (1997). Miles to go: A status report on Americans' plans for retirement, p. 9.

<sup>20</sup>AARP Public Policy Institute. (1998). Boomers approaching midlife: How secure a future?, p. 25.

<sup>21</sup>AARP Public Policy Institute. (1998). Boomers approaching midlife: How secure a future?, p. 28.

<sup>22</sup>Farkas, S., Johnson, J., Bers, A., & Duffett, A. (1997). Miles to go: A status report on Americans' plans for retirement, p. 10.

### Concerns for Selected Population Groups

Of further concern, Dallas Salisbury, president of the Employee Benefit Research Institute, states that the nation faces "tremendous challenges" in helping low-income families accumulate what they will need to retire. According to Salisbury, 10% of families with the lowest income in the United States have pension assets worth, on average, \$1,356, and the present value of their Social Security benefits is \$42,312. In comparison, the wealthiest 10% hold pension assets worth an average of \$89,865, and the present value of their Social Security entitlement is \$161,605.<sup>23</sup>

Women, minorities, and immigrant populations face special challenges in saving for retirement. Women tend to have shorter job tenure than men and are disproportionately employed in the service and retail sectors, where pension coverage tends to be lower than in other sectors. According to the 1998 National Summit on Retirement Savings, some 39% of female full-time workers in the private sector are covered by pension plans, compared to 46% of male workers. At the same time, 32% of Hispanic Americans and 38% of African Americans received pension benefits, compared to 51% of white retirees.<sup>24</sup>

A "retirement gap" results when groups have significantly different wages and shorter job tenures leading to fewer resources in retirement. The disparity between men and women, combined with women's greater longevity, is reflected in the statistics that show nearly three-quarters of all persons age 65 or older living below the poverty level are women, more than double the level of their male counterparts. Since women earn less than men, they have less money to invest for retirement. Women are generally more risk-averse investors and may receive more conservative investment advice further reducing the amount of assets women accumulate for retirement which must generally last for longer lifetimes.<sup>25</sup>

### Financial Literacy

If workers have to fill retirement gaps and assume more personal responsibility for providing themselves a financially secure retirement, they must understand at least the basics of savings and investing. Unfortunately, a number of surveys have shown that many lack the knowledge they need to be effective investors. In 1996, the Retirement Confidence Survey found that only one-third of workers have a high degree of financial knowledge, while 55% have a moderate level and 11% have a very low level of knowledge. The survey found, in particular, that:

- 44% of those polled knew that a male retiring today at age 65 can expect to live to age 80, on average.
- 61% knew that the U.S. stock market has provided a greater return over the past 20 years than U.S. government bonds.
- 47% did not know that employer stock typically is more volatile than a diversified portfolio of stocks.
- 86% knew that the average person retiring today will need 60-80% of his or her working income to maintain the same standard of living.
- 50% did not know that the probability of losing money on an investment goes down the longer one holds the investment.<sup>26</sup>

<sup>23</sup>U. S. Department of Labor. (1998, June). The national summit on retirement savings, p. 7.

<sup>24</sup>U. S. Department of Labor. (1998, June). The national summit on retirement savings, p. 2.

<sup>25</sup>TIAA-CREF. (1999, August). Women and retirement.

<sup>26</sup>U. S. Department of Labor. (1998, June). The national summit on retirement savings, p. 13.

According to the findings of the 1998 Retirement Confidence Survey, there is a demonstrated need for ongoing, broad-based educational efforts designed to make retirement savings a priority for individuals. "The good news is the evidence that education can have a real impact at the individual level."<sup>27</sup>

### Health Care Issues

In addition to inadequate financial preparation and lack of financial expertise, a threat to economic security in later life will be whether health costs continue to outpace incomes. Health expenditures are an increasing part of household budgets, especially during retirement. Currently, Boomers have relatively low health premium costs, but their premiums can be expected to rise substantially as they age. Out-of-pocket health costs can also be expected to increase with age, reaching one-fifth of income for those over age 65. The following chart illustrates the relationship between health costs and wages from 1966 to 1994.<sup>28</sup>

#### **Health Costs Have Far Outstripped Wages in the Last 30 Years**

Growth Rates of Earnings and Per Capita Health Expenditures, 1966–1994



Consequently, a critical area of retirement planning involves decisions made concerning health and long-term-care needs. There is an indication of a greater need for long-term care as a result of three trends:

- The demographic increase in longevity, with more Boomers surviving into their 80s and 90s, when rates of disability are highest.
- The changes in health care, which are pushing more treatments and patients out of hospitals and into post-acute settings.
- The increase in persons living alone, without a spouse to help care for them.<sup>29</sup>

According to Wagner (1996), the John Hancock Mutual Life Insurance/National Council on the Aging Long-Term-Care Survey supports three conclusions: (a) the American public thinks that it is well-informed about long-term-care finance; (b) the public is in fact not very well informed about

<sup>27</sup>Yakoboski, P., Ostuw, P., & Hicks, J. (1998, August). What is your savings personality? The 1998 retirement confidence survey.

<sup>28</sup>AARP Public Policy Institute. (1998). Boomers approaching midlife: How secure a future?, p. 43-44.

<sup>29</sup>AARP Public Policy Institute. (1998). Boomers approaching midlife: How secure a future?, p. 49.

either the range of available long-term-care services or alternative options by which families can pay for long-term-care services; and (c) there is a substantial consensus on the part of Boomers that the cost of long-term care will have a substantial negative impact on their retirement income and assets.<sup>30</sup>

### Financial Caregiving

In addition to financial constraints due to funding personal long-term-care needs, research has shown that family members provide more than 80% of the assistance elders receive, with more than 22.4 million American households providing care for an older person. This study also estimates that caregivers to the elderly (other than spousal caregivers) provide \$171 monthly in out-of-pocket expenses related to caregiving over an average of 4.5 years of providing care. These costs accumulate to over \$2,000 annually and over \$9,200 during the average caregiving period, in after-tax expenditures that could otherwise be invested to fund housing expenses, education costs, retirement, or other family needs. Households engaged in eldercare spend almost \$46 million for caregiving annually.<sup>31</sup>

### Implications for the Future

The older population in the United States has been growing and aging rapidly, with the fastest growing segment being the oldest old--those age 85 and older. This segment of the population increased 37% between 1980 and 1990 compared with a 17% increase in the total population of elderly (60 and above). Three aspects of the aging United States population are of major public concern: (a) failing health and the consequent loss of the ability to take care of oneself; (b) poverty in old age, especially among the oldest old, those living alone, and the most rural elderly; and (c) the preponderance of women, with their greater economic vulnerability.<sup>32</sup>

With advancing age, economic well-being declines. After health services, economic and social resources make the greatest difference in quality of daily life for the older population.<sup>33</sup> Furthermore, there are critical implications for populations living in rural America. In 1998, over half of nonmetro persons age 85 and older were poor or near poor (income of 100 to 149% of poverty level), compared with only one-quarter of those age 60-64. The oldest old are the most economically vulnerable population and also the most in need of health, medical, and other services in rural areas hard-pressed to provide such services. Since a higher proportion of the nonmetro than metro elderly population is age 85 and older, this becomes an urgent issue in nonmetro areas.

The oldest old are more likely to be women, to be in poor health, to live alone, and to be poor. Poverty rates of older non-metro residents are higher than those of metro residents, a disparity that is even more pronounced among the oldest old. In sum, rural elderly persons fare less well economically than the urban elderly.<sup>34</sup>

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<sup>30</sup>Wagner, D. L. (1996). Research and practice implications of the John Hancock Mutual Life Insurance/NCOA long-term-care survey.

<sup>31</sup>National Alliance for Caregiving, AARP, and Glaxo Wellcome. (1997). Family caregiving in the U. S.: Findings from a national survey.

<sup>32</sup>Rogers, C. C. (1999, December). Changes in the older population and implications for rural areas.

<sup>33</sup>Rogers, C. C. (1999). Changes in the older population and implications for rural areas, p. 22.

<sup>34</sup>Rogers, C. C. (1999). Changes in the older population and implications for rural areas, p. 16.

## APPENDIX B



### **What is the “National Partners for Financial Empowerment?”**

The National Partners for Financial Empowerment (NPFE) is a growing coalition of consumer and community organizations, corporations, business organizations, federal, state and local governments, and non-profit groups dedicated to helping improve personal finance skills, including money management, saving, investing and credit in United States today. NPFE will act primarily through its partners, drawing on their considerable expertise, and bringing added visibility to their efforts. The key objective of NPFE is to bolster and support the work of its partners. The non-partisan coalition was brought together by Treasury Secretary Lawrence Summers in April 2000.

### **What problem is the coalition addressing?**

Too many Americans at all income levels do not understand the basics of personal finance and how to make their money work for them as efficiently as possible. Some are easy targets for abuses or make poor choices in the use of credit. Many low and moderate income families lack access to financial services. Personal debt levels and bankruptcy filing rates are high, and savings rates are at their lowest levels in 70 years. The inability of many households to budget, save, and invest, prevents them from laying the foundation for a secure financial future.

While there are some notable successes to be told in this area, surveys show that there is still a great deal more work to be done. Inadequate personal financial management is a barrier to individual family financial stability and to an even stronger American economy in the years to come.

### **What is the mission of the NPFE?**

Most Americans would benefit from being better informed about personal finance. NPFE is a coordinated effort to promote personal financial skills in America by increasing public awareness of its importance; by encouraging personal financial education in our nation’s schools, corporations and other major institutions by fostering better education of individuals; and by bringing greater focus and visibility to financial literacy projects underway. Our mission is to help Americans improve their personal financial circumstances.

### **What activities will the coalition undertake?**

NPFE members will carry out this mission by building on the hundreds of public and private initiatives already underway to assist people to make informed financial choices. National leaders, including senior officials at the Department of the Treasury, the Department of Labor, the Federal Reserve System, and the Securities and Exchange Commission, as well as senior executives in corporate America, will lead a nationwide campaign to promote financial literacy. Partners will share information about approaches that work and better coordinate their activities.

The coalition members will work together to develop a comprehensive plan of action, including:

- A broad national campaign to raise awareness about the importance of improving financial skills and savings
- A website to provide access to educational materials and links to national, local, and other initiatives
- Workshops, conferences and other events to promote financial skills
- National and local partnerships to address challenges facing targeted populations, such as students, young adults, retirees, immigrant communities, or low-and-moderate income consumers.

National leaders in both the public and private sector will help to foster effective financial literacy efforts so that all Americans can develop the skills they need to take charge of their financial futures.

**NPFE PARTNERS**

AARP

American Express

American Express Financial Advisors

American Express Foundation

American Financial Services Association Education Council

American Savings Education Council

Association of Independent Consumer Credit Counseling Agencies

Bank of America

Bank United

Chase Manhattan Bank

Citibank

College Parents of America

Consumer Bankers Association

Consumer Credit Counseling Service

Consumer Federation of America

Consumer Health Education Council

CUNA & Affiliates

Edelman Financial Services

Employee Benefit Research Institute

Experian

FannieMae Foundation

Federal Deposit Insurance Corporation (FDIC)

Federal Reserve Board (FRB)

Federal Trade Commission (FTC)

Fidelity Investments

First Union

Firststar

Fleet Boston

Freddie Mac

Genus Credit Management/InCharge Institute

GSA Consumer Information Center

Investment Company Institute

Jump\$tart Coalition for Personal Financial Literacy

Latino Credit Union Network (NFCDCU Affiliate)

MasterCard

Myvesta (formerly Debt Counselors of America)

National Coalition of Asian Pacific American Community Development

National Community Reinvestment Coalition

National Council on Economic Education

National Endowment for Financial Education

National Federation of Community Development Credit Union

National Foundation for Consumer Credit

National Home Equity Mortgage Association

National Institute for Consumer Education

National Urban League  
North American Securities Administrators Association  
Organization for a New Equality (ONE)  
PNC Bank  
PriceWaterhouseCoopers, LLP  
Prudential Investments  
Save for America  
Securities Industry Foundation for Economic Education  
Social Security Administration (SSA)  
The EDSA Group  
TIAA-CREF  
U. S. Department of Agriculture, Cooperative State Research, Education, and Extension Service  
U. S. Department of Defense  
U. S. Department of Education  
U. S. Department of Housing and Urban Development  
U. S. Department of Labor  
U. S. Department of the Treasury  
U. S. Health and Human Service, Administration on Aging  
U. S. Office of Personnel Management  
U. S. Securities and Exchange Commission (SEC)  
US Bancorp  
VISA U.S.A.  
Wachovia  
Wells Fargo Bank  
Wells Fargo Foundation

## APPENDIX C

### **Rural Vitality Initiative**

The Rural Vitality Initiative (RVI) represents the collaboration of ECOP and ESCOP concerns for rural people and their communities. The Social Science Committee of ESCOP's Science and Technology committee is in the process of proposing several programs that will be subsumed under the Rural Vitality Initiative. A high priority proposal will be a competitive grant program to create public-private partnerships to bring university-based expertise to bear on issues important to rural families, farms, and communities.

#### **The Opportunities and Needs**

Even though the 1990s were one of the longest periods of economic expansion in American history, the benefits have primarily accrued in urban areas. Significant portions of rural America continue to be plagued by persistent unemployment and poverty, low agriculture commodity prices, out-migration of the brightest youth, and insufficient social, economic, and physical infrastructure necessary for self-development. But government alone cannot solve these rural crises; families and communities in rural areas need access to state-of-the-art social science knowledge and information so that they can develop credible informed strategies for dealing with a complex set of issues affecting their quality of life.

This initiative recognizes a heightened bipartisan awareness in Congress and the Administration of citizens and communities left behind during this period of prosperity as well as new opportunities to build upon existing capacities of rural people and places. Although approaches to solutions may vary from one side of the political spectrum to the other, there is common interest as well as plans being brought forward to address the issues. For example, HR 815 American Community Renewal Act of 1999 sponsored by Congressman J.C. Watts and others, Congressman Archer's efforts to reach agreement on community renewal, the recreation of the Congressional Rural Caucus, and the Clinton administration's "Building Livable Communities" initiative.

#### **The Issues**

A broad set of issues affects the quality of life in rural America, including:

- Financial management and the ability to manage risk at the farm, ranch, and family level
- Workforce quality and job development
- Access to, and utilization of, information technology (cross-cutting issues)
- The impacts of structural change in food/fiber systems
- Community capacity to deal with issues such as brain drain among youth, local services (health care, education, etc.), land use pressures, and others

#### **RVI in Operation**

RVI will be based upon tapping the creative and innovative mix of ideas and information that can put rural people to work, address the needs of communities concerned about youth and families in crisis, and both build and expand on existing social capital in rural America. This proposed competitive grants program would be administered by a consortium of federal agencies and managed via USDA's

CSREES Competitive Grants Program. This competitively allocated pool of funds would be designed to support interdisciplinary and inter-institutional teams working on community and family issues in partnership with rural communities and institutions. The objective is to address a wide range of the challenges that rural families and communities face.

RVI projects will not be solely research or extension. Rather, they would be a seamless continuum of activity ranging from discovery to application. These projects will require collaborative partnerships of university faculty, community residents and leaders, and various governmental and non-governmental organizations. The processes for implementing RVI projects will employ participatory techniques more often associated with international, rather than domestic, development efforts. RVI will engage universities and communities in a real-time process of addressing complex problems so that science-based solutions can be identified, implemented and evaluated.

Work has begun on formulating the RVI to address key social and economic issues of rural America, potentially in collaboration with other efforts now being brought forward in Congress or by other groups. The ESCOP/ECOP Rural Communities and Farm Crisis Task Force has been formed to address both the discovery and dissemination phases of the initiative. The social science community is poised to move forward. The Land Grant Universities, through their social science capacity, have the resources and a track record for empowering citizens and communities to find solutions to their concerns.

At this time, RVI envisions a competitive grant program that will include university personnel, communities, and NGO's. Projects that directly address rural community issues through a wide variety of meaningfully involved partners will receive funding priority. In the rhetoric of the Fund for Rural America, these projects will give emphasis to efforts where the rubber hits the road in rural development. Evaluation and accountability will be required, including provisions for evaluation funding for up to five years after the rest of the project concludes. Proposals for specific projects and centers will be considered.

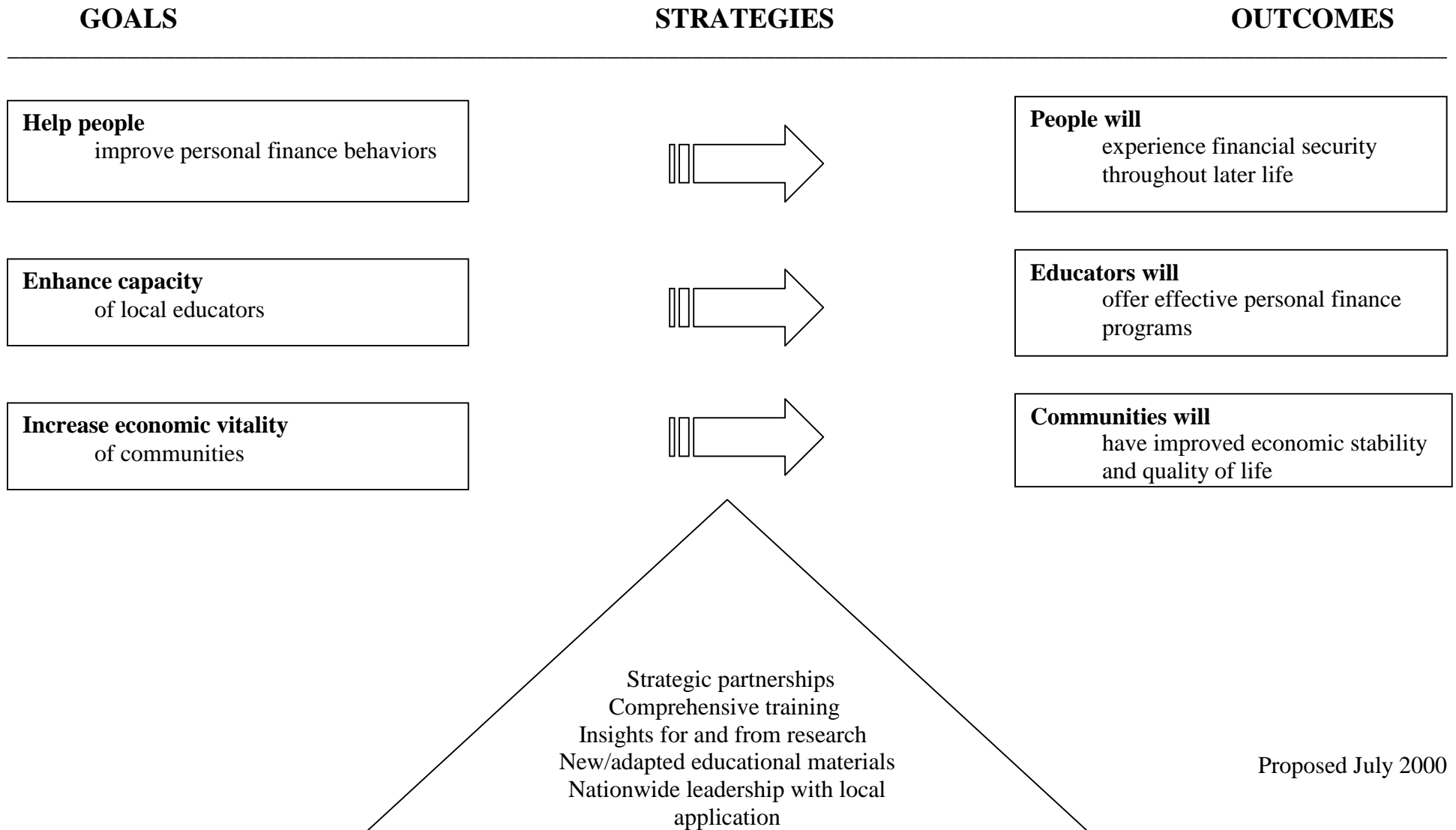
**Funding priority will go to projects with the following features:**

- Research design/program goals demonstrably grounded in community-defined issues and needs;
- Address controversial topics and engage potentially contentious stakeholder groups, provided that the project 1) involves a team with appropriate conflict management experience and 2) develops a conflict management strategy that focuses on capacity building and leadership skills;
- Clearly defined public issue education and communication strategies;
- Decision-making authority vested in local groups (consistent with existing laws); and
- Involves typically under-represented groups.

**For more information:**

Dr. Louis Swanson, Chair Social Science Sub-Committee of the Science and Technology Committee, ESCOP, Department of Sociology, Room B258 Clark Hall, Colorado State University, Ft. Collins, CO 80523-1784; 970-491-1619; swansonl@lamar.colostate.edu

## Financial Security in Later Life a national initiative of the Cooperative Extension System



## ***Family Financial Planning: An investment in you and your future***

Working together, the Great Plains-IDEA developed an on-line family financial planning curriculum that lets you do course work at convenient times for you.

These courses in family financial planning and counseling enable you to

- enhance personal financial knowledge,
- complete a masters degree from any of the participating universities,
- develop competencies that may lead to professional certification by the CFP Board of Standards.

FFP has been registered by the CFP® Board of Standards. CFP® and Certified Financial Planner® are federally registered service marks of the Certified Financial Planner® Board of Standards, Inc. They are granted by the CFP® Board to those persons who have fulfilled a comprehensive educational requirement, passed the CFP® Certification Examination, satisfied a work experience requirement, and agreed to abide by the CFP® Board code of ethical conduct.

This program consists of 42 semester credit hours. Students typically complete the program in three years while employed full time. Students who participate in full time study can shorten the time from matriculation to degree completion. There will be a regular sequencing of classes commencing Fall 2000. Each subsequent year, additional courses will be added, and the full set of courses will be available 2002-2003. Since this is a complete program, it is unlikely you can transfer credits into the program.

You will need a computer with a CD-ROM drive, the capability to access and download materials from the Internet and a browser equivalent to Netscape/Explorer 4.0 or newer. An E-mail address is essential as well as access to a VCR (VHS) and FAX.

### **Apply Early!**

As long as there is interest, a new set of classes will start each fall. If you aren't admitted because the spaces are filled, you may renew your application for the following year. Students are encouraged to seek admission for fall semester. *Apply early!*

You select the institution to be your degree conferring institution. This institution will award your degree on successful completion of the program of study. Each course has a maximum enrollment limit; and those who have been admitted to a degree program at one of the participation universities will be given preference for space in class. Contact persons can provide specifics about admission and placement on wait-lists.

### **Financial Aid**

Check with your degree-granting institution.

### **Course Registration**

Your program advisor will send instructions and course registration materials for each course. You will register for the course and pay tuition and fees to the institution teaching the course. For instance, if you take a course from Iowa State University, you will register for the course at Iowa State University and pay Iowa State University tuition and fees for that course. If the next course is taught by the University of Nebraska, you will register for the course with NU and pay NU tuition and fees for that course. Your program advisor will help you with this process.

It is possible you may need to be admitted to the Graduate College at the institution teaching the course. Your program advisor can advise you about the admissions process which may vary by institution.

### **Admission to Family Financial Planning**

E-mail or call the contact person for the university where you would like to pursue the degree. Students seeking admission at any of the universities will need to:

1. Complete an application for admission to the Graduate College where you wish to receive your degree.
2. Pay the campus application fee.
3. Submit two transcripts of all college work completed to date.
4. Provide current Graduate Record Examination scores. The Graduate Record Examination is a general aptitude test required of all applicants. No minimum GRE score is set. Educational Testing Services has a website at <http://www.gre.org/>.
5. Provide three letters of recommendation.
6. Send a brief resume and a goal statement (previous education and professional experience, plans after completing the degree).

When all the materials are on file, the graduate committee at your institution will act on your request for admission to the FFP program and will contact you about their decision. You may receive one of four decisions: 1) full admission, 2) full admission, but you are on a waiting list, 3) conditional admission subject to resolving deficiencies, or 4) admission denied.

### **Classroom Instruction**

Most courses use Internet classrooms. Some have supplemental materials on videos or CDs and others may require phone conferencing. Interactivity between students and professors is through email, phone conferencing, and the Internet classroom.

### **Course Materials**

Textbooks and supplemental materials are required for each course and are the responsibility of the student.

### **Transfer of Credits**

The Dean of Graduate Studies of the degree-awarding institution will maintain a transcript for students matriculated at that university.

## *Participating Universities*

### **Iowa State University**

*Master in Family and Consumer Sciences: Specialization in Family Financial Planning*

Contact Person: Dr. Mary Winter  
Iowa State University  
College of Family and Consumer Sciences  
126 McKay Hall  
Ames, IA 50011-1120  
Phone: (515) 294-8843  
Fax: (515) 294-9449  
Email: mwinter@iastate.edu

### **University of Nebraska**

*M. S. in Family and Consumer Sciences: Specialization in Family Financial Planning*

Contact Person: Dr. Sheran Cramer  
University of Nebraska  
Department of Family & Consumer Sciences  
123 Home Economics Bldg.  
Lincoln, NE 68583-0801  
Phone: (402) 472-2913  
Fax: (402) 472-9170  
Email: ebottsford1@unl.edu

### **North Dakota State University**

*No degree at this time*

Contact Person: Dr. Margaret Fitzgerald  
North Dakota State University  
Dept. of Child Development and Family Science  
283 EML  
Fargo, North Dakota 58105  
Phone: (701) 231-8280  
Email: mfitzgerald@badlands.nodak.edu

### **Kansas State University**

*M. S. in Family Studies and Human Services: Specialization in Family Financial Planning*

Contact Person: Dr. John Grable  
Kansas State University  
Dept. of Family Studies & Human Services  
303 Justin Hall  
Manhattan, KS 66506-1403  
Phone: (785) 532-5510  
Fax: (785) 532-5505  
Email: jgrable@ksu.edu

### **South Dakota State University**

*M. S. in Family and Consumer Sciences: Option in Family Financial Planning*

Contact Person: Dr. Bernadine Enevoldsen  
South Dakota State University  
College of Family & Consumer Sciences  
P O Box 2275A, NFA 307  
Brookings, SD 57007  
Phone: (605) 688-4328  
Fax: (605) 688-4888  
Email: Bernadine\_Enevoldsen@sdstate.edu

### **Montana State University**

*M. S. in Health and Human Development, Option in Family and Consumer Sciences, Emphasis in Family Financial Planning*

Contact Person: Dr. Debra Haynes  
Montana State University  
Dept. of Health & Human Development  
Merrick Hall  
Bozeman, MT 59717-3540  
Phone: (406) 994-5013  
Fax: (406) 994-2013  
Email: dhaynes@montana.edu