

Acceptance Speech for Jump\$Start Coalition Odom Award

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I am very pleased to accept this award and would like to thank Jane Schuchardt at USDA and the New Jersey Coalition for Financial Education for nominating me. I am honored to join the company of previous Odom Award recipients including Lew Mandell, Dara Duguay, Jane Schuchardt, Bill Anthes, Suzie Irvine, the late Elizabeth Schiever, and, of course, William Odom, the namesake and first recipient of this award.

I'd also like to accept this award on behalf of Cooperative Extension educators nationwide who are actively teaching personal finance to youth and participating in state Jump\$Start Coalitions. I also accept this award on behalf of my financial education colleagues in the New Jersey Coalition for Financial Education.

For those of us in the financial literacy education movement, this is our moment to shine:

- ◆ First, people need us. They are concerned about their debt, investment losses, and economic uncertainty.
- ◆ Second, financial literacy is being recognized at the highest levels of the federal government through entities such as the Financial Literacy and Education Commission and the President's Advisory Council on Financial Literacy.
- ◆ Third, numerous public and private funding sources are available for financial education and research.
- ◆ Fourth, there are so many ways to reach people today with financial information including new methods such as podcasts, YouTube, Twitter, blogs, and interactive chats.
- ◆ Finally, as a result of the subprime mortgage crisis, turned global financial meltdown, the entire country now has a greater appreciation of the negative effects of financial illiteracy.

While we're now firmly on the national radar screen, our work has just begun. What do we need to increase the effectiveness of youth financial education? I've learned over the years that people often remember short phrases so I'll structure my recommendations around five words that rhyme:

- ◆ **Collaboration-** The word "TEAM" is an acronym for "Together Everyone Achieves More." Enough said. Not only are collaborative efforts more likely to be successful but they're also fun to plan and deliver. I've had some great times over the years working collaboratively with others on financial education programs.
- ◆ **Triangulation-** This is a fancy academic term (indulge me, I'm a university professor!) for the process of collecting research data through multiple methods such as surveys, observations, and focus groups. It can also describe the use of multiple outreach methods for financial education. No one teaching method will work best for every learner so we need to package information in many different ways. For example, as a print Q&A fact sheet and online Frequently Asked Questions in a Web portal such as www.extension.org.
- ◆ **Motivation-** To encourage people to adopt positive financial practices, we need to fully understand their mindset, obstacles, and "hot buttons." Application of theories like Social Marketing Theory and the Transtheoretical Model of Change to financial education programs can help people change their behavior.
- ◆ **Evaluation-** We need to continue to study what works in financial education and why, and the impact that our programs have on learners. I applaud efforts that have already taken place such as NEFE's online evaluation toolkit and conferences sponsored by Cooperative Extension and the Treasury Department, the New America Foundation and Citi Foundation, Networks Financial Institute, and others.

- ◆ **Replication-** Once we identify best practices in financial education, we need to share them widely to take successful programs to scale. Yesterday in New Jersey, we held a conference called T³ or Teachers Training Teachers. Participants submitted their most creative financial education lessons and competed for the title of “Financial Education Idol.” Their lesson plan templates will soon be available for national distribution. There are so many excellent financial education programs available for replication. We need to spend our scarce dollars to create demand for existing resources instead of more supply.

I’d be remiss if I didn’t comment on the acute need for personal financial education in the current economic downturn. Between the high number of home mortgage defaults and foreclosures, rising unemployment rates, declining stock market prices and home values, multiple bank and investment firm failures, a credit crunch, and increased costs for basic necessities such as food and heating oil, some would argue that we haven’t been experiencing a “perfect storm,” but, rather, a “perfect tornado.”

I’ll close my remarks by describing two big challenges for financial educators in the years ahead: helping learners keep the current bear market in historical perspective and helping them adjust to a “new normal” when economic recovery eventually begins.

We all know that, historically, the stock market bounces back after bear markets and that market timers often miss the “best trading days” because, unfortunately, no one knows when they are in advance. It is very important that young adults, today’s grade K to 16 population, not be terrified of stocks, after seeing the current news, like many who came of age during the Great Depression of the 1930’s were. Otherwise, these young people could lose decades of wealth-building returns like many of their ancestors did. America can’t afford to lose another generation of investors. People always react negatively to market downturns but, over time, the best chance that people have for wealth accumulation is a diverse mix of investments that includes stock. Financial educators will need to spread this message far and wide in years to come...and it won’t be easy.

Like other Americans, financial educators are feeling uneasy about recent market performance. Some have privately questioned whether historical trends will hold up this time. Educators are concerned, not only about personal investment losses, but those of their students. Despite “past history cannot predict future investment results” disclaimers, it can feel uncomfortable to portray stocks in a positive light during a severe bear market. I know this first hand, having taught four *America Saves Week* seminars recently. Additionally, if we’re practicing what we preach or, as financial media like to say “tasting our own cooking,” we’ve lost money, at least on paper, in the short term. Nevertheless, it is very important to focus on long-term stock market performance. It is imperative that we teach young people how stocks have performed historically so they don’t automatically conclude that the way things are today is the way they always are. The same holds true for the housing market and other aspects of personal finance.

Finally, we’ll need to help consumers adjust to “a new normal” when the recession ends. A new normality is inevitable because the financial crisis was precipitated by unsustainable trends and bubbles. The over-leveraged, debt-driven, era of underpriced risk is now history. Americans’ prior level of spending was unsustainable and will be replaced with lifestyles marked by consumption as a declining share of GDP and rising savings rates. People will need to learn to live within their means and financial educators can help them.

Again, I’d like to thank the Jump\$tart Coalition for presenting me with the Odom award. It is indeed a high honor. I’d also like to leave you all with a challenge to collaborate, triangulate, motivate, evaluate, and replicate. Working together, we can help Americans survive this financial tornado by providing them with the knowledge and skills necessary to manage their resources effectively for lifetime financial security. Financial education is in the spotlight today and we have the country’s full attention. 2009 is our teachable moment. Let’s make the most of it!