

**Statement**  
**Before the**  
**Senate Governmental Affairs Subcommittee on Financial Management,**  
**the Budget, and International Security**  
**Hearing on Financial Education and Literacy**

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**By**

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**[www.asec.org](http://www.asec.org)**

**[www.choosetosave.org](http://www.choosetosave.org)**

**[www.ebri.org](http://www.ebri.org)**

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## **Introduction**

Chairman Fitzgerald and distinguished members of the Subcommittee. Thank you for the opportunity to speak to you today on the important role the federal government can play in helping to educate Americans about their finances.

As background, my name is Don Blandin and I am president of the American Savings Education Council (ASEC) —a coalition of private- and public-sector organizations that undertakes initiatives to raise public awareness about what is needed to ensure long-term personal financial independence.

ASEC works through its partners to educate Americans on all aspects of personal finance, saving, and wealth development, including credit management, college savings, home purchase, and retirement planning. ASEC develops and distributes educational materials, all of which are available in hard copy and on the ASEC Web sites: [www.asec.org](http://www.asec.org) and [www.choosetosave.org](http://www.choosetosave.org)

ASEC was launched in July 1995 as a result of discussions between representatives of the U.S. Department of Labor and the Employee Benefit Research Institute (EBRI) about taking the savings message to the American public. ASEC is a program of the EBRI Education and Research Fund (EBRI-ERF), a 501(c)(3) nonprofit, nonpartisan public policy research organization based in Washington, DC. We do not lobby or advocate specific policy recommendations.

As president of ASEC since 1996, I have had the unique privilege and opportunity to work closely with public- and private-sector organizations that are truly committed to helping Americans to save and plan for their financial future. In this period of unprecedented attention to the topic of financial literacy, it is imperative that we bring together interested parties and “connect the dots” among their efforts.

We feel strongly that by combining and leveraging our partners’ comprehensive networks and resources, we are able to reach people collectively who none of us would be able to reach alone. Education is still key in helping individuals make changes in their financial behavior and we fully support any initiative to forward this mission that we all share.

## **Overview**

First and foremost, I would like to commend the creation by Congress of the Financial Literacy and Education Commission. I had the pleasure of attending the Commission’s first meeting in January, convened by the U.S. Department of the Treasury, which brought together representatives from an extensive list of federal agencies and outlined substantive plans for the Commission. It was reassuring to see so many heads of agencies and their staff attend the meeting and show their support and commitment to the Commission.

Additionally, I would like to commend Congress for enacting the Financial Literacy and Education Improvement Act. The document is very comprehensive and well-thought-out and clearly lays the groundwork for the Commission’s work. The American Savings Education Council looks forward to helping the Commission meet all of its goals and objectives.

## **ASEC Government Interagency Group (GIG)**

At ASEC, our goal is to bring together organizations and groups that might not normally be “at the same table” — but that clearly *should* be at the same table. From the beginning, we recognized the important contributions and efforts of each of our government partners. As a matter of fact, two federal agencies were integral in helping to launch ASEC in July 1995 — the Department of Labor and the Department of the Treasury. In an attempt to facilitate

coordination and open the lines of communication between our government partners, in 1996 we created the ASEC Government Interagency Group or, in short, GIG.

GIG meetings take place every two months and are co-convened jointly by ASEC and the Department of the Treasury. Representatives from approximately 12 federal agencies have regularly participated in these meetings over the past eight years. GIG meetings are informative and informal and serve as a highly effective information clearinghouse.

We feel that three factors greatly contribute to the success and longevity of GIG: 1) a commitment by our partner organizations to attend the meetings — over time, attendees have gotten to know each other very well, have a real feel for what each organization can bring to the table (if someone cannot attend, a substitute is usually sent in their place), and work well together; 2) it is a trusted, non-threatening forum for information exchange — people are very comfortable sharing their ideas and opinions, asking for assistance/counsel, and providing materials and support to assist each other's events/initiatives; and 3) it has provided effective time management — a lot of work can be accomplished in a short period of time (e.g., ASEC updates all the agencies about upcoming opportunities and events that we know about on the local, state, and national levels and agency representatives are quick to express an interest and often offer their assistance/input on a project).

GIG attendees leave the meetings knowing what all the other agencies are currently doing in the area of financial education. And those seeking assistance with a project usually come out with valuable contacts of people and agencies willing to immediately help. Overall, it is truly a win-win arrangement for everyone.

### **Challenges & Possibilities**

Even despite our efforts to coordinate our work and explore all possibilities in pushing the savings education message, we still face some major challenges. It is very challenging to engage the public about the importance of saving and planning for their future when many people are not receptive to hearing the message. We have all tried to reach out to individuals through public service campaigns, education materials and Web sites, meetings and seminars, etc. Though we are able to reach small segments of the population, millions of Americans remain very lackadaisical about their financial planning approach. To borrow from Aesop's Fable about the grasshopper and the ant, we seem to be dealing with a lot more "live for today" grasshoppers than "plan for tomorrow" ants.

Millions of baby boomers are expecting to retire in the near future, but our research shows that many are inadequately prepared to support themselves financially in retirement. With so many people leaning on our retirement systems at one time, it is imperative that people understand what a toll it will take on the entire nation and the degree to which they will have to depend on *themselves*, rather than others.

Second, we are not seeing enough coordination and outreach among groups that are very involved in this issue of financial education. Organizations are more apt to create their own campaign or event, even re-invent the wheel, rather than collaborate on programs and initiatives that will have the biggest impact. The potential exists for public- and private-sector organizations — including employers; corporations; financial, educational, and consumer groups; nonprofit organizations; trade organizations; and government agencies — to align themselves under one massive, far-reaching, "umbrella" financial education campaign.

Finally, the Congress and the president have an opportunity in 2005 to build added momentum and coordination when the third White House and Congressional Summit on Retirement Savings will be held, as called for by the SAVER Act (Savings Are Vital to Everyone's Retirement Act) of 1997. Previous Summits in 1998 and 2001 provided an opportunity for hundreds of delegates to work together to design initiatives that could make a difference. Both Summits endorsed the Choose to Save<sup>®</sup> television and radio PSA program, now in its seventh year, which now runs in 49 states.

What we know from the Summits and from the many partners of Choose to Save<sup>®</sup> and ASEC, is that there are many organizations and individuals truly committed to helping Americans become financially literate and even savvy. This is a topic that touches all of us and will have a lasting effect on future generations. The new national Commission is in a position to really make a difference and create change. The Commission could help the president and Congress make the 2005 SAVER Summit a truly national event that serves to attract many new partners across the nation.

As an entity made up of government agencies, the Commission has access to millions of Americans who look to the government for objective assistance and guidance in their lives. Our private-sector partners have also shown us that they are committed to the issue of financial education, and are willing and able to assist the Commission with its mission.

As I said at the beginning of my testimony, by reaching out to groups and organizations at all levels, we will be able to achieve greater things collectively than any of us would be able to do alone.

Thank you for the invitation to appear before you today. I would be pleased to take questions and to respond to any written questions following the hearing.