



## Spring 2009 ASEC Partners' Meeting, April 15, 2009 Summary Report

### Ken McDonnell, EBRI – Updates to the Choose to Save<sup>®</sup> and ASEC

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- Choose to Save<sup>®</sup> is now on Twitter, YouTube, and Facebook.
  - Twitter: **choosetosave**
  - YouTube: [www.youtube.com/ctpsas](http://www.youtube.com/ctpsas)
  - Facebook: Group name—**Choose to Save**
- Next ASEC Partners' Meeting will be October 21, 2009.
- [ASEC Spring Chairman's Report](#)—provides an update on ASEC activities for November 2008 through March 2009.

### Joan Lok, Maryland Saves – “Roll in the Dough” Savings Campaign

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As part of the *America Saves Week* effort, Maryland Saves promoted a campaign called [“Rolling in the Dough.”](#) The campaign partnered with several financial institutions in Maryland.

Individuals were encouraged to deposit money into a new or existing savings account at any participating bank or credit union and enter to win a \$1,000 certificate of deposit (one-year maturity) by random drawing. Results of the campaign were:

- Over 4,000 individuals competed in the drawing.
- Participation was very diverse.
- Over \$10 million was saved in two weeks. This is a nearly 100% increase over 2008, when \$5.1 million was saved.
- Winner: Tina Fulton, who saved \$300 at Columbia Bank, Ellicott City branch.

### Dallas Salisbury, EBRI—[How Long Will It Take for Retirement Savings \(401\(k\) Accounts to Recover?](#)

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- Savings must be increased to have adequate income in retirement. Assuming a person saved 4 percent of his or her annual salary over a 40-year career, what would that person's replacement rate be?
  - A person 100 percent invested in stocks who retired in 1999 and purchased a life annuity would have had a replacement rate of 89 percent. If the person retired in 2008, the life annuity would replace 27 percent. Such statistics highlight the critical importance of when to make the decision to retire.
  - The same person invested 100 percent in bonds would have replacement rates of 20 percent to 25 percent between 1999 and 2008.
- The following is based on EBRI analysis using data from the EBRI/ICI 401(k) database. For further information, see the [401\(k\) Valuations](#) section of [www.ebri.org](http://www.ebri.org)
  - 401(k) accounts with a small balance (less than \$10,000) saw an increase in the average account balance of around 40 percent from January 1, 2008, through January 20, 2009. This is because contributions represent a higher percentage of small account balances. Accounts with a balance of \$200,000 or more saw an average decline of about 25 percent.

- Younger 401(k) plan participants and individuals with a shorter tenure with their current employer experienced increases in their 401(k) accounts on average, compared with older and longer-tenured participants.
- How long will it take to recover from recent market losses? That will depend on market returns and account balances. For example, at a 5 percent equity rate-of-return assumption, those with longest tenure with their current employer would need nearly two years at the median to recover, but approximately three years would be needed at the 70th percentile. For further discussion on the impact of the recent financial crisis on 401(k) account balances, see [EBRI's February 2009 Issue Brief, "The Impact of the Recent Financial Crisis on 401\(k\) Account Balances."](#)
- Equity allocation in target date funds varies greatly by fund family. For example, among 2010 target date funds, the equity allocation varies from 30 percent to 65 percent. A labeling system could be useful in assisting plan participants. A target date fund with a high equity allocation could be labeled an "aggressive" target date fund, while one with a low equity allocation could be labeled a "conservative" target date fund. For further discussion of target date funds, see [EBRI's March 2009 Issue Brief, "Use of Target Date Funds in 401\(k\) Plans, 2007."](#)
- As of April 15, 2009, 154 companies have suspended their 401(k) plan match. What can be learned from 2003, the last time large number of employers suspended their match?
  - Impact on employee contributions—around 60 percent of 2002 levels in 2003, 110 percent of 2002 levels in 2004, to slightly more than 120 percent of 2002 levels in 2006.

**Diane Ty, AARP—Leveraging Social Networking to Promote Savings**

LifeTuners is a program created to provide resources and community support to help young adults gets answers and unbiased guidance for their money questions. With 68 percent of AARP members providing some level of financial support to their young adult children, LifeTuner is:

- Focusing its attention on hard-to-reach segments of the population.
- Providing tools and distributing widgets as well as a discussion forum that includes personal finance experts.
- Promoting eight habits for lifelong financial health, such as encouraging people to spend less than they earn, save at least 10% of their income, invest, plan for an emergency, and get their family on board.
- The "been theres" are important in educating young adults in saving, as the younger generation wants to learn from the life lessons and experiences of those who have been in their situation.
- LifeTuner will be released in the late Fall (with a soft launch in May).

**Jane Schuchardt, CSREES-USDA—Research Priorities for Financial Literacy and Education**

National Research Symposium (October 6–7, 2008).

- The 29 private- and public-sector institution researchers wanted to answer the questions: "What do we know?" and "What do we need to know?"
- Discussion topics at the meeting included: behavior theory application; consumer economic socialization; financial education and program evaluation; and financial risk assessment.

- A detailed report is available: [Results of the National Research Symposium on Financial Literacy and Education—Full Report](#)
- A one-page summary with 10 research questions is also available: [Results of the National Research Symposium on Financial Literacy and Education – Ten Recommended Research Priorities \(one-page document\)](#).
- The *Journal of Financial Counseling Planning* will publish an article summarizing the symposium in Volume 20 (1), which will be posted in June 2009 at <http://www.afcpe.org/publications/journal-articles.php>

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### **Melora Heavey, AICPA—Amplifying Your Message Using New Social Media**

Social media are seen as necessary to reach the target audience of the Feed the Pig Campaign of 25–34 year olds. Overall comments on social media:

- It does take a significant amount of time.
- It is a way to re-purpose your materials.
- It is an opportunity to cross-promote.
- There is a need to set realistic goals. This is important because of the time commitment. You need to manage your time and know your target audience.
- Feed the Pig started on MySpace.com and has now moved on to Facebook. Facebook is recommended if your organization needs to choose between the two.
- Developed Podcasts for the Campaign: <http://feedthepig.podomatic.com/> The Podcasts consist of a short message that gives listeners information on a specific topic, such as coping with economic crisis. There are some costs to create the Podcasts, but distribution is at no cost and users can leave comments.

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### **Lyn Peters, WA State Department of Financial Institutions—Power of Partnerships: Results Washington Saves Week 2009**

Working with the news media:

- Reporters need to be given specific information that pertains to them. Give 'em local, give 'em people, and involve your “regulars” for coverage.

Working with your partners:

- Reach out to every possible contact, the basic premise being, “Throw the net wider than you think you should: you’ll be surprised what you ‘catch’ in the way of partners.”
- Share positive news with everyone involved—it gets everyone excited!

Results:

- Around 60 people were involved with the planning and implementation, making tasking out assignments a crucial part of the planning process.
- Multiple press releases were sent out.
- Connected with people throughout the state.

How to use Saves Week:

- Use the Week for more than just a savings issue. Use it to promote overall financial fitness.

How to measure success:

- Success of your efforts can be measured by the number of people contacted, media pick-up, and requests for speakers.

**Dean Brassington, Fleet and Family Support Center Oceana—Oceana's Military Saves Approach to Putting the Fun Back into Savings Fundamentals**

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- Oceana conducted a series of forums with different demographic groups, officers, enlisted, family members, etc., to develop a financial literacy program that would engage the military personnel and their families.
- Developed a game in the Jeopardy format for the 2009 Military Saves events. The Jeopardy® format is familiar to nearly everyone and works for all age groups. Instant gratification is provided for younger audience members. Obtained sponsors to award appropriate prizes to the winners.
- [Slide sets showing the questions and answers from the 2009 NAS Oceana Jeopardy® game.](#)

**Tina Kotsalos, Pennsylvania Securities Commission—Reaching Investors of All Ages: The Money Matters Campaign**

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- Face-to-face interaction and its impact were very important. Participants were able to interact with and inform people who had never heard of their organization, didn't know where to go for information, etc.
- Baby steps are key.
- How do you get people to attend the events?
  - Right location.
  - Only three hours of information crammed into one session.
  - Change trends and speakers each year.
  - Storytelling is key.
  - Format is important.
  - Consumer reporter/PA station anchor has been emcee for the past three years.
- What does this mean?
  - Free local media coverage.
  - Different target audiences.
- Lessons learned:
  - Dynamic opening session grabs audience attention.
  - Compelling story keeps audience attention.
  - Information is appropriate for all age groups.
  - Credibility is achieved (through partnership with news media).
  - Food is offered (to keep audience happy!).
- This year's Money Matters stop: King of Prussia, PA, on 4/22/09 from 6 to 9 p.m.

**Melinda Semadeni, NASAA, Sandwich Generation: Caught in the Middle**

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- Generation between children and their parent's parents, 16 million strong that tends to make bad financial decisions when stressed.
- Brochure, booklet, and DVD educating on consumer fraud and protecting investments are available on NASAA's Web site.

**Ted Daniels, Society for Financial Education & Professional Development, Lessons Learned from Outreach to Universities Applied to the Workplace**

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- Reasoning behind their seminars:

- Credit and personal money management—so students do not have to drop out of school because they cannot afford it.
- Investor education—teaches students about bonds, stocks, etc., so they know what investing options they have when they set up their 401(k).
- Home ownership—prospective homeowners must be fully educated on mortgages, etc., prior to signing any loan documentation to a house.
- Key point: practical application of financial knowledge and skills to everyday life. How does it work?

**Mathew Greenwald, [Mathew Greenwald & Associates](#), [Results of the 2009 Retirement Confidence Survey](#)**

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- Retirement confidence has dropped to the lowest level in the 19 years of the RCS. Perhaps this is not all bad: It could be a sign that people are becoming more realistic about retirement planning.
- Decline in retirement planning is steepest among older workers. Among workers ages 45–54, confidence has declined from 69 percent (2007) to 45 percent (2009).
- Confidence declined more among individuals who have done a savings calculation (from 85 percent in 2007 to 61 percent in 2009) compared with those who have not done a savings calculation (59 percent in 2007 to 49 percent in 2009). This could be because those who have done a savings calculation are more aware of retirement planning needs.
- Interest in financial planning has declined at a time when it is most needed.
- Twenty-eight percent of respondents said they have altered the date at which they will retire; most of those individuals (89 percent) said it is at a later age.
- While most workers are planning on retiring later, almost half of retirees left the work force before they planned. Many of those did so for a reason beyond their control. For example, 42 percent reported leaving the work force early due to an illness or disability; 34 percent reported changes at their company, such as downsizing; and 18 percent needed to take care of a family member.
- More workers plan to work for pay in retirement (72 percent in 2009) than retirees reported working for pay in retirement (34 percent in 2009).
- Less than half (44 percent in 2009) of workers report doing a retirement needs calculation.
- When asked how much they think they and their spouse will need to have saved for retirement, 47 percent of workers said less than \$500,000.
- When asked how they determined that amount, 44 percent said they guessed and 26 percent said they did their own estimate.

**Partner Roundtable – Items mentioned during the Roundtable**

- [New micro-grant program](#) from ICI Education Foundation
- MetLife Mature Market Institute – [Study: Broken Trust, Elders, Family, and Finance – A Study on Elder Financial Abuse Prevention](#)
- MetLife Mature Market Institute – [Helpful Hints: Preventing Elder Financial Abuse: For Family Caregivers](#)
- MetLife Mature Market Institute – [Helpful Hints: Preventing Elder Financial Abuse: For Older Adults](#)
- MetLife – [The 2009 MetLife Study of the American Dream](#)

- Federal Citizen Information Center 2009 Consumer Action Handbook: [order a copy in English and/or Spanish](#)
- American Bankers Association new Web site: [Teach Children to Save](#)
- U.S. Department of Agriculture, Cooperative State, Research, Education, and Extension Services, [Managing Money in Tough Times](#)
- NewsHour new Web site demystifying the most complex issues in the economic and financial news: [The Exchange: Economic News and Analysis](#). [One-page brochure promoting the site](#)
- Federal Trade Commission's new Web site: [Money Matters](#) is also available [en Español](#)
- Federal Reserve Board's [5 tips for Avoiding Foreclosure Scams](#)
- Federal Reserve Board's [30-second PSA](#) promoting the 5 Tips for Avoiding Foreclosure Scams will be airing in theaters in nine states with high rates of foreclosure.
- Federal Reserve Board's new [Credit Card Repayment Tool](#)
- [Money Wise with Kelvin Boston](#) will be producing 26 new episodes. Corporation for Public Broadcasting starting a two-year, \$3 million financial education effort. PBS working on two specials on foreclosure.

### **Additional Documents:**

Documents in packets:

- [The Power of Partnerships, Washington State's America Saves Week Report](#)
- [Results of the National Research Symposium on Financial Literacy and Education—Ten Recommended Research Priorities \(one-page document\)](#)
- [Choose to Save<sup>®</sup> in New Media](#)

Referenced during presentations:

- [Results of the National Research Symposium on Financial Literacy and Education—Full Report](#)
- [Results of the 2009 Retirement Confidence Survey](#)
- [NAS Oceana's Military Saves 2009](#)

Documents from the display table:

- Society for Financial Education and Professional Development "[About Us](#)" brochure
- Investment Company Institute Education Foundation [Microgrant Program for Investor Education Innovation within Metropolitan Washington, DC](#)
- North American Securities Administrators Association — [Sandwich Generation: Caught in the Middle](#)
- North American Securities Administrators Association — [Investor Ed Fall 2008](#)
- Pennsylvania Securities Commission – [Confessions of a Scam Artist](#)

### **Upcoming ASEC Partners' meetings are scheduled for:**

Wednesday, October 21, 2009

Wednesday, April 14, 2010

Wednesday, October 20, 2010