



Highlights of [GAO-05-93SP](#).

## Why GAO Convened This Forum

Research has shown that many Americans lack the knowledge of basic personal economics they need to make informed financial judgments and manage their money effectively. Yet financial literacy is increasingly important in a world where consumers must choose from an array of complicated financial products and services and employees must take on more responsibility for their retirement savings. Title V of the Fair and Accurate Credit Transactions Act of 2003, known as the Financial Literacy and Education Improvement Act, created the Financial Literacy and Education Commission, comprised of 20 federal agencies, and charged it with coordinating federal efforts and developing a national strategy to promote financial literacy.

The act also mandated that GAO report on recommendations for improving financial literacy among consumers. To help in developing our work, on July 28, 2004, GAO hosted a forum on the role of the federal government in improving financial literacy. Forum participants included experts in financial literacy and education from federal and state agencies, the financial industry, nonprofit organizations, and academic institutions. Participants discussed the topics federal efforts should cover, populations that should be targeted, methods of delivering information, and the role of program evaluation.

[www.gao.gov/cgi-bin/getrpt?GAO-05-93SP](http://www.gao.gov/cgi-bin/getrpt?GAO-05-93SP).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Thomas J. McCool at (202) 512-8678 or [mccoolt@gao.gov](mailto:mccoolt@gao.gov).

## HIGHLIGHTS OF A GAO FORUM

### The Federal Government's Role in Improving Financial Literacy

#### What Participants Said

Forum participants offered a number of suggestions regarding the federal government's role in improving Americans' financial literacy:

- *The federal government should serve as a leader.* The federal government should use its influence, authority, and “bully pulpit” to make financial literacy a national priority. However, given that a wide array of state, local, nonprofit and private organizations already provide financial education, the federal government's role should largely be supportive, filling the gaps left by others and serving as an unbiased source of information.
- *Increased public-private partnerships and interagency coordination are needed.* Partnerships between federal agencies and other organizations are the best way to use scarce resources efficiently, facilitate the sharing of best practices, and help federal agencies reach targeted populations at the community level. In addition, federal financial literacy efforts should be integrated across agencies and consolidated to focus on those agencies with the most expertise and best track records in this area.
- *Consumers need financial information on a broad range of topics.* Among the most important topics for financial education are basic skills—such as budgeting, planning, and managing money—as well as information on saving for retirement, investing, and managing credit. Financial education should be delivered at “teachable moments” when the information is applicable to a person's life. Participants' views varied on the need to incorporate into financial education broader issues such as the implications to individuals of the budget deficit and long-term fiscal challenges facing the nation.
- *A variety of methods are needed to deliver financial education effectively.* Participants said that the federal government should sponsor a major media campaign with a clear and simple message and find ways to ensure that existing financial education materials are more widely disseminated. Participants also emphasized the importance of personal interaction—such as one-on-one counseling—and of including financial education in school curriculums. To this end, they said the U.S. Department of Education needs to deepen its commitment to financial education.
- *Financial literacy programs need to be evaluated.* Program evaluation ideally should assess outcomes, such as the impact on participants' personal savings. The federal government can facilitate others' evaluation efforts by developing or supporting standardized evaluation tools, serving as a national clearinghouse for evaluation efforts, and disseminating best practices.