I. **The most critical personal finance topics as identified by the Research Committee**

1. How to prepare a financial statement (revenue and expenses, difference between net and gross pay, realistic picture of inflows and outflows- cash flow management), how to develop a realistic budget (plans for spending and saving).
2. How to prepare a net worth statement (understanding the assets and liabilities).
3. Why and how to develop an emergency fund: size of the emergency fund.
4. How do the loans in general work (5 c's of credit: character (integrity), cash flow, capital, collateral, conditions).
5. How credit cards work: interest rates, repayment mechanics; difference between a good and bad credit card, consequences of making minimum payment vs. paying in full.
6. Understanding of credit scores: how they are created and used and how they can be changed/improved; how to manage credit to your advantage; and how to avoid negative consequences of using credit.
7. Fundamentals of mortgage and auto loans. How much should be spent on housing, how to build equity in home and why it is important to do so.
8. Good understanding of employee benefits. Programs that are available (retirement plans, insurance plans and educational programs): how they benefit employees.
9. Tax consequences of various financial decisions (home and investment ownership, rent vs. own, employee benefits, borrowing, medical/educational/retirement saving plans).
10. Know when and where to get unbiased, reliable and good information to make appropriate financial decisions.
11. Identity theft: how people can protect against identity theft and what they should do if they are victims of identity theft. A major issue for all Americans, and especially affecting new immigrants.
12. Risk management: the ability to identify risks that need to be transferred to an insurance company and ability to buy proper insurance.
13. Understanding banking basics: how banks work; how to open an account; how to distinguish between good and bad financial institutions); how to increase trust in banks among certain groups.
14. Basic understanding of how investments and investment markets work: basic features of various investments (stocks, bonds, mutual funds, types of investment income; relationship between risk and return.

II: Important questions we wish we knew the answers to (research topics)

1. What is one action that we can take (education, policy, business practice) that will bring about the most behavioral change?
2. What factors successfully predict financial behavior change?
3. What is the impact of financial education on financial behavior? How do we measure the effectiveness (impact) of financial education? Does education matter?
4. At what age and in what way we can effectively engage people with financial literacy?
5. What roles do personal values play in explaining financial behavior?
6. Does financial education mitigate a person's value system?
7. What are the key features of an effective financial education program?
8. *What are the key characteristics of an effective delivery system for financial education?
9. Better understanding of the people who defaulted on their mortgages: what were the differences between who received housing counseling and those who did not? Which economic group was impacted the most (low, medium or high income group)?
10. Debt load among college students: does it differ by those who took financial management classes and those who did not?
11. College students, after graduation, contribution to the 401-K plans: what are the differences between those who took financial management classes and those who did not?
12. How does one develop will power and discipline to mange finances well (so we can practice what we know)?
13. What roles do emotions play in people's approach to managing (or not managing) their finances)?
14. What are the barriers to having financial education be a required subject in public schools, who should require it, and how can the barriers be overcome?
15. If we raised financial literacy, how would it affect individual households and national economic stability?
16. What are the important features of a successful employer-provided financial education program?
17. How do we incentivize businesses to provide financial education to their employees?
18. Which topics should be taught at beginning level courses and which one at advance level courses (and in what order)?
19. How do we structure the delivery of financial education to different groups, since there is a huge difference in the nature of the groups?

20. Should financial literacy programs be developed for each ethnic and cultural group?

Research topics from Section II that sorted by relevant Committee:

4: Outreach.
9: Underserved
10: Youth.
11: Youth, Workplace.
16: Workplace.
17: Workplace, Outreach.
19: Outreach.

Note 1: *(8) The U.S. Treasury Department has developed the following criteria for a successful financial education program. Elements 3 and 4 focus on Delivery. The Web site and criteria are noted below.

http://www.treas.gov/offices/domestic-finance/financial-institution/fin-education/successful_program.shtml

Office of Financial Education

EIGHT ELEMENTS OF A SUCCESSFUL FINANCIAL EDUCATION PROGRAM

The Office of Financial Education works to ensure that Americans have access to financial education programs that help them obtain practical knowledge and skills to make informed financial choices throughout their lives. The Office developed a list of eight elements of a successful financial education program, each element classified as relating to the program’s content, delivery, impact or sustainability. The primary purpose of the eight elements is to offer guidance to financial education organizations as they develop programs and strategies to achieve the greatest impact in their communities.

A successful program…

Content	1. focuses on **basic savings, credit management, home ownership** and/or retirement planning.

	2. is **tailored to its target audience**, taking into account its language, culture, age and experience.
Delivery	3. is offered through a **local distribution channel** that makes effective use of community resources and contacts.
	4. **follows up with participants to reinforce the message and ensure that participants** are able to apply the skills taught.
Impact	5. **establishes specific program goals** and uses performance measures to track progress toward meeting those goals
	6. **demonstrates a positive impact on participants' attitudes, knowledge or behavior** through testing, surveys or other objective evaluation.
Sustainability	7. **can be easily replicated** on a local, regional or national basis so as to have broad impact and sustainability.
	8. is **built to last** as evidenced by factors such as continuing financial support, legislative backing or integration into an established course of instruction.

Note 2

For reference purposes, the definition of financial literacy used by the Financial Literacy and Education Commission ("the Commission") is noted below.

To ensure that the *National Strategy for Financial Literacy* serves its goal of improving the nation's financial literacy for all Americans, the Commission will be guided with the following definition of "financial literacy" and "financial education" based on a distillation of views derived from several sources.

Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.1[1]

Financial education is the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being.2[2]

1[1]Jump$tart Coalition. 2007. *National Standards in K-12 Personal Finance Education*.

1[1] Organization for Economic Co-operation and Development. 2005. *Improving Financial Literacy: Analysis of Issues and Policies*. OECD Publishing. Paris, France.