

U.S. Congresswoman

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## Committee on Financial Services "Financial Literacy and Education: The Effectiveness of Governmental and Private Sector Initiatives"

April 15, 2008

Statement for the Record

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Thank you Mr. Chairman for holding this important hearing today. I think we can all agree this hearing could not be more timely.

It is no secret that we have a real crisis in the United States with foreclosure rates that compare with the Great Depression. We can blame this on a number of reasons, but one could argue if homeowners had been better educated in financial matters they could have avoided being duped into bad loans or could have taken better risks.

Moreover, the Organization for Economic Co-operation and Development found in a 2005 study that 2 out of 5 Americans are not saving for retirement. This statistic is alarming, at the least.

Other members of the OECD have taken grand steps in improving the financial literacy of their citizens, and I am saddened the United States is not leading the pack. For instance, the UK has instituted a 7-point plan to increase financial literacy that involves new parents, schools, young adults, the workplace, consumer communications, online tools, and money advice and spends roughly \$20 million per year on this program.

I appreciate the efforts the U.S. Treasury Office has taken to educate Americans through their partnership with the American Savings Education Council. However, Americans will never improve their financial literacy if we only look at this through a macro-view. If Congress cannot get parents, teachers, students, and children involved in improving their understanding of financial markets and basic concepts such as compound interest rates, balloon payments, and the importance of credit scores, we will never improve our national savings rates and provide stability to families in tumultuous economic times like these.

I look forward to hearing from the witnesses today on how we can accomplish this, and I yield back the balance of my time.