

Statement for the Record

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U.S. House of Representatives
Committee on Financial Services
Subcommittee on Oversight and Investigations

Field Hearing On:
“Empowering Consumers:
Can Financial Literacy Education Prevent Another Financial Crisis?”

August 24, 2010
Robert J. Dole Institute of Politics, University of Kansas
Lawrence, Kansas

Thank you for convening the hearing on the critically important and timely topic of financial literacy. On behalf of the NavPoint Institute for Financial Literacy (“NavPoint”), I am submitting this statement for the record. In order to face today’s challenges, individuals need a strong foundation of financial literacy. NavPoint appreciates this opportunity and we thank you for your consideration of our views.

The Need

The unprecedented financial events of 2008 dramatically brought to light the grave need for financial literacy. Sadly, the financial crisis demonstrated that many do not have adequate financial skills to help them in budgeting, making appropriate use of credit, saving, or investing. As a result, far too many families lost their homes or were forced into bankruptcy; communities across the nation were devastated and many are still dealing with the aftershocks. Financial education is critical to improving the economy in the short-term and possibly averting another financial crisis in the long-term.

NavPoint

Over the past ten years, our team has developed, authored, and launched several proven and tested financial literacy courses, online programs, and educational management systems on a national level. NavPoint’s mission is to provide a complete range of educational and practical tools that deliver broad personal financial education supported by a robust and comprehensive platform for maintaining financial well-being. These programs have helped over 300,000 Americans gain financial knowledge in the areas of saving, investing, budgeting, use of credit, debt responsibility, and overall money management.

Most recently, our efforts have culminated in the NavPoint | Navigating Your Financial Life™ personal finance platform. The NavPoint personal finance platform is a one-of-a-kind, comprehensive, interactive education and training curriculum that can be customized based on the target audience. Notably, the platform was developed with an eye toward exceeding the recommendations of the President’s Advisory Council on Financial Literacy, Financial Literacy and Education Committee, Department of the Treasury, and Department of Education, among others.

Observations

In order to be successful, individuals must have access to financial education through multiple, reinforcing means. K-12 schools, colleges, and workplaces provide designated learning environments. At NavPoint, we have targeted a particularly critical and formative period for young people – college, a time when many young people are first faced with complex and significant financial decisions. NavPoint has

been working with community colleges across the country to provide financial education as part of freshmen student orientation. Over the past three years, this program has helped over 30,000 college freshmen students improve their financial literacy knowledge and skills. A study found that more than 80 percent of NavPoint participants successfully completed the course and the average financial literacy score of participants that successfully completed the course increased from an average of 68.60% (“D”) in the pre-course assessment to an average of 96.30% (“A”) in the post-course assessment. The study also demonstrated higher retention rates among students that completed the financial literacy course, which is a significant issue as finances often contribute to decisions to drop out of college.

Significant financial decisions – such as purchasing a home – provide additional “teachable” opportunities to assist people in acquiring necessary financial skills. In this regard, NavPoint has developed various courses. For example, NavPoint has worked closely with the U.S. Department of Housing and Urban Development (“HUD”) - approved housing counseling organizations and national HUD-intermediaries to help facilitate financial counseling and education to over 200,000 people across the country. Similarly, the NavPoint personal finance course content was approved for use in 48 states by the Department of Justice/Executive Office and has helped over 80,000 debtors satisfy their requirements with the courts.

These experiences have demonstrated that successful financial education must fulfill the diverse needs of Americans, regardless of stage of life, circumstances, income levels, or family characteristics. Put simply, the needs of a college student dealing with student loans are different from those of a retiree concerned about stable investment return. In recognition of this, NavPoint’s platform can be tailored to individualized circumstances or specifically targeted audiences as it continues to actively seek avenues to provide financial and economic literacy education.

Conclusion

Financial education must be made available in multiple, reinforcing environments to provide individuals with the knowledge and skills necessary to make financial decisions that will result in their financial well-being and, at the same time, prevent future financial crises. We urge consideration of a variety of tools, such as the NavPoint personal finance platform, as viable financial literacy solutions.