



NASAA

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U.S. Department of the Treasury
[Financial Literacy Education Commission \(FLEC\)](#)
Office of Financial Education, Room 1332
1500 Pennsylvania Avenue, NW.
Washington, DC 20220

submitted via e-mail to: ofe@do.treas.gov

Attention: Financial Literacy Education Commission (FLEC) and U.S. Department of Treasury

The North American Securities Administrators Association (“NASAA”)¹, respectfully submits comments to the Financial Literacy Education Commission (FLEC) regarding the development of the new national strategy for financial literacy and education in the United States. State securities regulators share the Commission’s interest in the direction of financial literacy, education, research, practice, and coordination with the goal of improving the financial security for our nation’s diverse populations. We also share a belief that we can make a difference, and we are committed to pursuing constructive and proactive solutions in concert with our counterparts at the federal level.

NASAA Investor Education Section

Recognizing that education is a key weapon in the fight against investment fraud, the NASAA Investor Education Section was created in 1997 by the NASAA Board of Directors to help support the financial education efforts of our members. The Investor Education Section, along with a network of professionals from across the NASAA membership, is responsible for developing, coordinating, delivering, and supporting financial education initiatives that can be utilized by state and provincial securities regulators in their ongoing endeavor to improve the level of financial literacy in their jurisdictions. Currently, the Section has six focus areas of investor outreach: Youth, Seniors, Affinity and Military groups, Women in Transition, Informed Investor (adults), and Research and Coordination.

Most state and provincial securities regulators have established investor education departments or divisions within their agencies. The result is a unique network of dedicated professionals delivering financial education at the grassroots level throughout North America. Our financial education professionals can be found at work in such venues as the classroom, the workplace, senior centers, and at trade and professional organization events. They partner with teachers, employers, and peer-based volunteer groups to deliver financial education to our constituents of all ages.

¹ The oldest international organization devoted to investor protection, the North American Securities Administrators Association, Inc., was organized in 1919. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico and Puerto Rico. NASAA is the voice of securities agencies responsible for investor protection and efficient capital formation.

Questions for Development of the National Strategy

(1) In your view, what should be the most critical objectives of the new national strategy?

State securities regulators' primary mission is investor protection. Since we are located in every state, we have investor education outreach programs across the nation. Based on our experience, we believe the following are the most critical objectives:

1. **Coordination:** A national strategy should involve not only the federal government but state and local governments as well. A complete survey and review of the programs that exist and an effort to find ways to make the existing programs complement each other will help avoid duplication, reduce costs, and leverage existing resources. The states have extensive and well-established local programs that could be leveraged.
2. **Identifying Legitimate Programs:** Across the states, we have seen marketing programs lure investors through the guise of promising an investor education program. These marketers have caused a great deal of damage to investors and to legitimate investor education efforts. A national strategy must address ways to help investors distinguish between a trusted source of financial education and commercially funded sources. Publication and research on the most effective ways to teach investors would help legitimate programs improve their work, and compiling and publishing a list that identifies unbiased investor education programs would also help.
3. **Focus on Investor Education:** The national strategy should focus on investor education—including topics like saving, sound investing principles, and fraud prevention.
4. **Financial Needs of Populations:** A national strategy must address the financial needs of diverse populations and demographics. State securities regulators have consistently seen that investor education can only be effective if the message resonates with the communities we serve. Customizing the message to the local constituency is critical.

(2) What should be the key measures of successfully reaching those objectives?

Key measures of success should include a variety of evaluation methods—individual assessments, surveys, and independent research. Typically passive measurement instruments such as website hits or number of complaint calls received only measure volume, but unfortunately provide little information as to the needs or concern of the investor. Therefore to effectively measure success of the national strategy, the Commission should seek a coordinated platform of survey instruments to consistently and periodically measure outreach across the objectives of the national strategy. Behavioral change may be considered the gold standard but is difficult to measure—perhaps this could be addressed by funding piloted portions of the strategy in both traditional and underserved communities to determine if these outreach efforts are gaining traction. Funding of these evaluation instruments could be conducted by pooling agency resources of Commission members. An initial goal could be a concerted federal baseline study of financial literacy—one example is an adult baseline investor survey NASAA's [Canadian](#) members have conducted to inform their outreach initiatives. It is essential that the national strategy be created with internal evaluation instruments to measure what's working, along with periodic assessments so recalculations can be made to address any shortcomings.

(3) What are the most important issues that financial education should be addressing today?

The economic crisis underscores the importance of empowering investors who struggle with financial literacy. The current fiscal climate has created unease among investors who feel financially vulnerable and ill-equipped to make informed financial decisions. Compounding this issue is a shift in responsibility where the onus is placed on the investor to make financial choices that significantly impact their financial future—e.g. lump sum retirement disbursements or allocation of funds in a 401k. Our chief concern is investment fraud—and in light of the impact of the economic crisis on Main Street, we believe the Commission should address investor protection and specific steps investors can take to educate and protect themselves from fraud. This type of educational information should include targeted tips to direct investors where to report fraud and/or questions about a financial professional or product. NASAA members provide this information to youth, adults, seniors and affinity groups through targeted outreach at the state level—however this could be complemented with a listing of federal/local authorities so investors know who to contact with questions or complaints. In conclusion, we believe the Commission can address these important financial education issues by integrating the following objectives into the national strategy: coordination, identifying legitimate programs/resources, a focus on Investor Education, and assessing the financial needs of varying populations and demographics.

(4) What do you see your organization's role in executing a national strategy for financial education?

NASAA represents our members—state and provincial securities regulators— at the national level through our participation on (1) national outreach campaigns (America Saves Week, National Consumer Protection Week, Financial Literacy Month, etc.), (2) meetings and events (e.g. FLEC, PACFL, National Savers Forum, ASEC Partners meetings), and (3) policy and legislative comment (e.g. Comment letters, Financial Literacy Hearings of the House and Senate, and legislative language). Within our membership, NASAA funds a committee on Investor Education, which provides resources and targeted outreach to youth, women, military, seniors, and adults. In reality, a national strategy on financial education is executed at the local level. NASAA members offer a unique grassroots distribution channel with the flexibility to customize information to meet the needs of their diverse local communities. We urge the Commission to coordinate and leverage resources between federal and local partners by reinvigorating the National Financial Education Network as the third component to complement the work of the Commission and the non-profit President's Advisory Council on Financial Literacy. NASAA is an active participant at both the state and national level where we represent state securities regulators—who provide a crucial function in both the regulatory and educational framework of our financial markets.

(5) How can the Federal government best help to coordinate and promote financial literacy/capability? Please give us your suggestions and include policies, initiatives or actions the government has not yet undertaken but you think would have an impact.

The federal government should conduct an integrated coordination of a national strategy by leveraging unbiased financial education resources to investors. In the economic downturn, funding such education and outreach is difficult—we recommend Congress consider offering grant money to fund quality unbiased financial education to local trusted organizations. Because

investors are overwhelmed with information, the Commission could establish a directory of financial education resources to help investors distinguish between trusted and commercially funded sources. We also encourage the agencies of the Commission to create financial literacy access points for the public at their regional offices where the public can receive unbiased financial education in their communities. The missing link in the national strategy is how to coordinate the efforts of the Commission with those on a local level. Since a national strategy on financial education is executed at the local level—we recommend the Commission create a state advisory group. The state advisory group would be a voice for state financial educators to inform the Commission of the work being conducted at the grassroots level. The creation of a state advisory group would help ensure the coordination of financial literacy efforts by interested parties at both the federal and state level. One solution could be to reinvigorate the existing National Financial Education Network (NFEN) which has facilitated contact between state and federal participants to encourage partnerships and leveraging of resources. While the Network was introduced in 2007, the activities have been intermittent and disjointed. As a coordinator of the NFEN, Treasury’s Office of Financial Education could strengthen the Network by allocating support and elevating the stature of the NFEN to be carried out at the same manner/level with funding and resources as Treasury currently administers the Commission (FACT Act) and Advisory Council (Executive Order). At a minimum, in the spirit of avoiding duplication and leveraging resources, Treasury could consider appointing a liaison of the FLEC and Advisory Council to the Network to coordinate and integrate the activities of federal agencies and public/private partners working in financial education.

(6) What would you name the new national strategy (e.g. A National Strategy for Financial Literacy/Capability/Security) and why?

We recommend the national strategy be called “*Your Money and Your Life: A National Strategy for Personal Financial Empowerment*” or “*Financial Literacy: A New Agenda for a New Day.*” Again we note that knowledge or literacy is not sufficient without tools that can help the investors take action.

Thank you for your consideration of our views. Please do not hesitate to contact Tung Chan, Hawaii Securities Commissioner and Chair of NASAA’s Investor Education Section, or me if there is anything that state securities regulators or NASAA can do to assist you as the Commission continues the dialogue on this important issue.

Sincerely,



Denise Voigt Crawford
NASAA President
Texas Securities Commissioner