



Family Financial Security: Implications for Policy and Practice

*Madison, Wisconsin
April 19-20, 2010*



2010

Family Financial Security Symposium

Policy Meets Practice

**This event was made possible by the generous support of
American Family Insurance**



As well as the following sponsors:



The Ruth S. Dickie Fund

Thank you to all of our presenters, supporters and sponsors.

Table of Contents

Welcome from the Dean.....	1
Introduction from the Faculty Director.....	2
About the Center for Financial Security.....	3
Introduction to the Symposium.....	4
PANEL 1:	
Banking & Financial Services Choices.....	5
“A Tool for Getting By or Getting Ahead? Consumers’ Views on Prepaid Cards”	5
“Designing Disclosures to Improve Consumer Financial Decision-Making: Lessons Learned from Consumer Testing”	6
“Frame Chargin’: How the Presence of a Child Impacts Provider Selection and Satisfaction in the Insurance Industry”	7
“StabilityFirst” Pilot Program.....	8
Panel 1 Discussion.....	9
PANEL 2:.....	10
Credit Selection & Use.....	10
“Impatience and Credit Use”	10
“Cognitive Abilities and Household Financial Decision-Making”	11
“Sought or Sold? Understanding the Linkages between Origination Channel and Consumer Choice in the Mortgage Market”	12
Panel 2 Discussion.....	13
Keynote Presentation: Dan Innocola	14
PANEL 3:	
Thrift & Debt.....	15
“Credit Counselors as Enablers of Thrift”	15
“Beyond the Bottom Line: Relationship Reasons to Practice and Promote Thrift”	16
“Debt Literacy, Financial Experiences, and Overindebtedness”	16
Panel 3 Discussion.....	17
PANEL 4:	18
Saving for Retirement.....	18
“Financial Literacy: Evidence from the Cusp of Retirement”	18
“Catastrophes and the Demand for Life Insurance”	19
“Applied Visual Analytics for Personal Finance Planning”	19
Panel 4 Discussion.....	20
CLOSING PANEL:	21
Lessons Learned.....	21
Conclusion.....	23
Presenters’ Biographies.....	24
Sumit Agarwal.....	24
James M. Carson.....	24

<u>Jackie Lynn Coleman.....</u>	<u>24</u>
<u>Jeffrey Dew.....</u>	<u>24</u>
<u>Toni Gnewuch.....</u>	<u>25</u>
<u>Jeanne Hogarth.....</u>	<u>25</u>
<u>Dan Iannicola, Jr.....</u>	<u>25</u>
<u>Ianna Kachoris.....</u>	<u>25</u>
<u>Annamaria Lusardi.....</u>	<u>26</u>
<u>Stephan Meier.....</u>	<u>26</u>
<u>Ellen Merry.....</u>	<u>26</u>
<u>Al Meyer.....</u>	<u>27</u>
<u>Joshua Morrill.....</u>	<u>27</u>
<u>Carolina Reid.....</u>	<u>27</u>
<u>Jennifer Romich.....</u>	<u>28</u>
<u>Anya Savikhin.....</u>	<u>28</u>
<u>Ellen Seidman.....</u>	<u>28</u>
<u>Jason Seligman.....</u>	<u>29</u>
<u>Irene Skricki.....</u>	<u>29</u>
<u>Michael E. Staten.....</u>	<u>29</u>

Welcome from the Dean

As Dean of the University of Wisconsin School of Human Ecology, I am happy to welcome you to this chronicle of the Center for Financial Security's 2010 symposium "Family Financial Security: Implications for Policy and Practice."

Our school's mission is: "To understand the complex relationships and interdependence among individuals, groups and families and to improve the quality of life through research, creative innovation, education and outreach." The Center for Financial Security's (CFS's) interdisciplinary and applied research and outreach all focus on developing individuals' financial capacity, which builds on the School of Human Ecology's long tradition of addressing the needs of individuals, families and communities.



Robin Douthitt

At the University of Wisconsin-Madison, we strive to evoke the *Wisconsin Idea*, which is the principle that education should influence and improve people's lives beyond the university classroom. The CFS embodies the *Wisconsin Idea* by not just conducting applied research but also by emphasizing partnerships and outreach.

As a platform that unites leaders across the nation, the CFS drew together dozens of researchers and practitioners from the academic, governmental, and non-profit sectors for this event with the goal of exploring ways to apply research that promotes family financial security through informed public policy and enlightened private industry practices. I invite you to enjoy this record of the 2010 Symposium and to thereby continue the advancement of these goals.

Best regards,

A handwritten signature in dark ink, appearing to read "Robin A. Douthitt". The signature is fluid and cursive.

Robin A. Douthitt, Dean
Vaughan Bascom Professor of Women and Philanthropy,
School of Human Ecology
University of Wisconsin-Madison

Introduction from the Faculty Director

In recent years and amid our country's economic downturn, a clear need to better understand consumer behavior and financial decision-making has emerged. Understanding these complex issues requires collaborative investigations across areas such as economics, finance, psychology, sociology, law, public policy, and human development. It was with this mindset that the idea for our symposium was developed. "Family Financial Security: Implications for Policy and Practice" brought together scholars from diverse fields to present relevant research to high-level practitioners and to engage in discussions of how programs, policies and products can best promote family financial security.



J. Michael Collins

The day and a half event was held at the Fluno Center on the University of Wisconsin-Madison campus. It featured four panels, over twenty presenters, speakers and discussants, and welcomed an audience of over one hundred from the fields of financial services, banking, credit counseling and financial planning.

The symposium was the flagship endeavor of our Center for Financial Security (CFS) at the UW-Madison. The CFS's mission is to conduct applied multidisciplinary research that informs practitioners, policymakers and the general public on strategies that build financial capacity and security over the life course.

The goals of the CFS include leading the financial literacy research field; conducting high quality applied research on household finance; and providing a platform for the integration of best practices through outreach.

I welcome you to enjoy this record of the dynamic presentations and ensuing discussions that occurred on April 19-20, 2010. Our hope in developing these proceedings is to continue the work that began at the symposium, disseminating ideas and creating a forum for discussion amongst practitioners and scholars on the topic of family financial security.

We look forward to participating in a lasting dialogue and building on the relationships that were forged during those two days in Madison, Wisconsin.

All the best,

A handwritten signature in cursive script, appearing to read "J. Michael Collins".

J. Michael Collins
Faculty Director
Center for Financial Security
University of Wisconsin-Madison

About the Center for Financial Security

The Center for Financial Security (CFS) at the University of Wisconsin-Madison was founded by the School of Human Ecology in 2008. The CFS is a platform for research, seminars, and outreach that unites leaders across the UW-Madison campus and nationally.



The CFS engages researchers and graduate students through interdisciplinary partnerships with the goal of identifying the role of products, policies, advice and information on overcoming personal financial challenges. The overarching themes of the work of the CFS is to conduct research, develop programs and carry out evaluations that help policymakers and practitioners engage vulnerable populations in efforts that build financial capacity.

The CFS is one of the Social Security Administration's three Financial Literacy Research Consortium sites nationally. The applied research conducted by the CFS as part of this national consortium is unique in that we are engaging Wisconsin faculty and graduate students through interdisciplinary partnerships on cutting-edge consumer finance issues, specifically those related to vulnerable populations such as minority families, parents of children with disabilities and non-native English speakers. CFS research is informing state and federal agencies, and will have implications for consumer behavior, public policy and financial-planning professionals.

In general, CFS research can be categorized as: (1) Measurement—how to measure financial security and literacy levels, (2) Targeting—who should be the focus of interventions, and (3) Testing—which interventions work and for whom.

The CFS generates research that will lead to strategies to increase savings, manage credit and debt, and generally be more financially secure. Our work includes partnerships with state agencies and the Cooperative Extension, as well as federal agencies, financial institutions and private foundations.

The Family Financial Security Symposium, which was sponsored by American Family Insurance, CBM Credit Education Foundation, Summit Credit Union, and the Ruth S. Dickie Fund, is a good example of the CFS's work in action. The event drew attendees from industry, the non-profit sector, and academia from across the nation. The event helped connect research on families and financial risk to practitioners working with people in the 'real world.'

**For the latest news from
the CFS, visit:**

cfs.wisc.edu

Introduction to the Symposium

The Great Recession and related events of 2008-2010 sent shockwaves throughout the world. Simultaneous declines in investment portfolios and home values, rising unemployment, and weakening trust in financial institutions highlighted the importance of household finance, financial security and financial literacy like no other events of the last few decades. These events and the questions raised by policymakers and consumers have triggered greater interest in applied research on personal finance topics. Researchers across disciplines have heeded the call and are exploring new evidence to better understand consumer behavior and financial decision-making. Yet this nascent field is complex and dynamic. Quality research requires active engagement with policymakers and practitioners to define research questions and to understand findings.



*J. Michael Collins,
CFS Faculty Director*

The *Wisconsin Idea* is at the core of the Center for Financial Security—fostering engagement with the public and the production of research that makes a difference in the lives of people and the community. Establishing opportunities for financial stakeholders to communicate and interact is an important step toward identifying challenges and spurring changes in consumer behavior, industry practice, and public policy.

The *Wisconsin Idea* is a philosophy that research conducted at the University of Wisconsin should be applied to solve problems and improve health, quality of life, the environment and agriculture for all citizens.

For more than a century, the university system has been guided by the *Wisconsin Idea*. Charles Van Hise first articulated this idea in 1904: "never be content until the beneficent influence of the university reaches every family in the state." Today that belief permeates our work, fostering close working relationships within the state, throughout the country and around the world.

On April 19 and 20, 2010, the CFS convened researchers, practitioners and policymakers to explore challenges and opportunities in consumers' financial literacy and stability. The event, "Family Financial Security: Implications for Policy and Practice," introduced some of the most recent and cutting-edge studies that bring new insights into economic behavior. The symposium addressed three key research questions:

- How do people choose and use financial products?
- How do people save and borrow?
- What helps support financial security in retirement?

Across two days and four panels, presenters and discussants shared research on financial security. These proceedings provide a summary of the conversations from this event.

PANEL 1:

Banking & Financial Services Choices

Chair: John Hoffmire, Center on Business and Poverty, UW-Madison, Puelicher Center for Banking Education

This panel launched the symposium with four papers examining and in some cases rethinking financial services in light of behavioral patterns and the shock of economic crises.



Presenters included academics and researchers from industry and the Federal Reserve. Using a variety of methods, these papers highlight the complexity of consumer financial choices and the contexts in which these choices are made. The panel illustrated the need to more closely examine the ways financial options and services are communicated to consumers, as well as to understand why some consumers prefer to use alternative or non-traditional financial products and services. The findings invite more research on how consumers perceive and respond to financial services in order for practitioners and regulators to better adapt those services to users' needs. Consumers may not simply select the product that has the lowest price or the most attractive terms. Institutions, geography and family can be strong drivers of choices in many cases.

John Hoffmire introduced the panel, reminding the audience of the importance of workplace-based initiatives and the potential for employers and businesses to be part of the solution for personal financial problems.



Jennifer Romich
University of Washington

“A Tool for Getting By or Getting Ahead? Consumers’ Views on Prepaid Cards”

Jennifer Romich, University of Washington (Presenter)
Eric Waithaka, University of Washington
Sara Gordon, Center for Financial Services Innovation

Millions of people use prepaid stored value debit cards in the United States. Reloadable cards are a means for conducting financial transactions without a bank account. People can load their payroll earnings on the card, spend it like a typical debit card, use it for electronic and telephone transactions and withdraw cash from cash machines (ATMs). The fees associated with these cards are highly variable, leading some observers to wonder if such products need to exist in a

market with a robust retail-banking sector. Yet there may be good reasons rational consumers select these cards and shy away from banks.

This study considered how prepaid, reloadable debit cards serve consumers' needs and financial goals. Through interviews with 22 prepaid card users, Romich, Waithaka, and Gordon asked how and why consumers used these cards and what they perceived to be the cards' advantages. They determined that prepaid cards largely functioned as a substitute for users who were rejected or felt underserved by more traditional bank services.

One consumer's comments on the built-in discipline of prepaid cards:

"The good thing about this, though, is that you can't write checks and have them bounce. It's like the... funds are either there [or not], the transaction either passes or it doesn't. So it's a good discipline for me."

The authors provided insight into how consumer preferences and practices have implications for behavioral economics. Although prepaid cards offer a number of different features, users typically reported simply loading the cards and spending them on primary expenses such as bills, groceries and gasoline. Consumers also cited the built-in discipline of the cards as being attractive. Few users indicated having used

features like automatic bill payment or transfers to savings accounts. Overall, the cards were seen as convenient, simple and predictable—features that these consumers did not feel described typical bank accounts.

Prepaid cards appear to serve as a valuable substitute to traditional bank accounts, particularly for individuals who have had problems with financial institutions. The authors note, however, that while users expressed positive experiences using the prepaid cards, there is no research on how well the cards advance consumers' long-term financial security. Future research should extend this work to understand how consumers use both traditional and alternative banking products over the life course.

"Designing Disclosures to Improve Consumer Financial Decision-Making: Lessons Learned from Consumer Testing"

Jeanne M. Hogarth, Federal Reserve Board (Presenter)

Ellen A. Merry, Federal Reserve Board (Presenter)

One of the main ways consumers are informed of the risks, costs and benefits of a financial product is through disclosures—standardized written information. As federal regulators, Hogarth and Merry illustrated the importance of using new research methods to better understand how consumers respond to disclosure regulations.¹ They employed mixed methods including surveys, focus groups, observational studies and field-testing to assess the efficacy of disclosure forms.



***Jeanne Hogarth,
Federal Reserve Board***

¹ The analysis and conclusions set forth in their presentation represent the work of the authors and do not indicate concurrence of the Federal Reserve Board, the Federal Reserve Banks, or their staff.

The authors found that the format of disclosure forms makes a difference in terms of how consumers understand financial information. They reported that consumers responded most positively to disclosures displayed in a question-and-answer format with minimal legalese and an easy-to-read layout. Within that format, they identified several strategies that increase the likelihood that consumers will read and understand the disclosure. They recommended using plain language, offering definitions of more technical terms, and incorporating visual representations of the outcomes of different consumer choices. For example, a disclosure might include numbers presented on a graph or along a scale to provide a reference point.

The authors concluded that disclosure testing using mixed methods appears to have great potential to improve the disclosure's readability and boost consumers' comprehension of complicated material related to financial choices. They further emphasized that while disclosure is an important tool for consumer financial protection, it is only one factor in the decision-making process for consumers. A significant issue beyond the format of the disclosure is the timing and context in which it is presented. Future research needs to focus on points in the decision-making process when buyers should receive disclosures, and how the context in which consumers receive disclosures may result in differential responses.

“Frame Changin’: How the Presence of a Child Impacts Provider Selection and Satisfaction in the Insurance Industry”

Joshua Morrill, American Family Insurance (Presenter)

Toni Gnewuch, American Family Insurance (Presenter)

Many life events affect how we perceive personal financial choices. Morrill and Gnewuch are consumer researchers from the private sector working to understand how consumers relate to financial products and how firms can best communicate

with consumers. Using data collected from surveys, the authors considered how having children affects the financial choices of parents.



The authors approached this question through the concept of schema or “mental maps.” Schema Theory explicates how the beliefs and ideas that people have about themselves (self-schema) shapes their perception of and response to information. The financial services that individuals pursue depend on both their self-schema as well as the conceptual framework that a financial services provider may use to describe a financial product. The

consumer's perception of the context in which they make decisions clearly plays an important role.

When a person's schema changes, they may consider financial choices in a different context. An event such as having a child can stimulate such a schematic shift and invite uncertainty. This life event alters consumers' interpretive lenses. The paper suggests that marketing practices need to account for customers' self-schema, including how significant life changes alter their perceptions and therefore their financial choices. More broadly, this study highlights the need to consider what factors shape the ways in which consumers interpret their own financial situations and the financial options available to them.

"StabilityFirst" Pilot Program

Gregory Mills, The Urban Institute (Presenter)

StabilityFirst is a program designed to assist low-income families in establishing a financial safety net that helps them weather economic shocks such as unexpected changes in income or expenses. StabilityFirst combines the following five program components: (1) a ***BankIt*** basic checking account into which paychecks and government payments can be direct-deposited and from which bills can be paid; (2) a ***SaveIt*** savings account into which amounts can be transferred from *BankIt* on a scheduled basis; (3) a ***SpendIt*** general-purpose reloadable prepaid card into which amounts can be transferred from *BankIt* on a scheduled basis for store purchases; (4) the ***Financial dashboard***, which provides timely feedback on the *SpendIt* card through a daily account balance received via text message, and a monthly at-a-glance update of spending and savings versus one's budget; and (5) ***Financial coaching*** assistance for constructing and monitoring a monthly household budget, and for online management of the *BankIt*, *SaveIt*, and *SpendIt* accounts.

A small-scale pilot test of the StabilityFirst program was launched at Central New Mexico (CNM) Community College in Albuquerque, New Mexico. The pilot test was not intended to provide estimates of program impact; instead, it aimed to assess the operational feasibility of the model and to enable further refinements to the intervention.

The initial study revealed a main obstacle was a lack of home internet access. In part due to this barrier,

The Center for Working Families® (CWF)

CWF was pioneered by the Annie E. Casey Foundation and is now supported by other major funders. The CWF offers an innovative framework for how families can increase their earnings and income ("Earn It"), reduce their financial transaction costs ("Keep It"), and build wealth for themselves and their communities ("Grow It").

The CWF approach brings together – or bundles – access to a full range of essential economic supports in one convenient location to help families build self-sufficiency, stabilize their finances, and move ahead. The CWF is integrated into trusted community organizations and works with families on a long-term basis, providing support to them as their needs change.

Information courtesy of the Annie E. Casey Foundation. For more information, see:

participants needed more one-on-one work with financial coaches. Even with the individualized attention that this service provides, consumers were often overwhelmed by the complexity of their financial choices.

This study, like others presented at the symposium, points to the cognitive challenges of financial literacy. Future research should explore not just what consumers know and understand, but how much consumers can learn and to what extent they can use new information.

Panel 1 Discussion

Discussant: Ianna Kachoris, John D. and Catherine T. MacArthur Foundation

In response to the implications of the papers presented, discussant Ianna Kachoris offered three takeaways. First, consumers must be empowered with information in order to make sound financial decisions. Second, practitioners and businesses should be incorporated into the conversation about how to best communicate with consumers and take advantage of the knowledge gained through this research, thinking about how programs can be designed to respond to the needs of consumers as explicated by this research. Third, this research is important for policy conversations—to protect consumers by ensuring that new programs do not adopt similar fees/charges/financial consequences that current financial programs often do.



Ianna Kachoris, MacArthur Foundation

The subsequent discussion with the audience further emphasized the value of examining how financial services are explained to and subsequently interpreted by consumers. Moreover, conference attendees noted the need to educate consumers about saving before pursuing financial literacy on more complex practices such as investing. Concerns were raised about the extent to which services such as prepaid cards may in the long run remove vulnerable populations from the regulated financial sector and encourage poor financial practices. While programs like StabilityFirst offer promise, the costs of implementation on a larger scale may be prohibitive. The discussion emphasized the importance of utilizing a mix of research methods and the value of qualitative studies. Clearly, financial service providers can and should partner in this research, as should employers and firms providing alternative financial services. More work needs to be done to both understand the nuances of key niches of consumers as well as strategies to broaden practices to new and larger constituencies.

PANEL 2:

Credit Selection & Use

Chair: Timothy Smeeding, University of Wisconsin-Madison, Institute for Research on Poverty

This panel highlighted one of the single biggest challenges facing consumers today: managing credit. Well-designed credit products that are carefully used have the potential to provide needed liquidity to consumer and improve their overall welfare. Poorly designed products and the mismanagement of credit by consumers have the potential to invite financial ruin for firms and households.

Yet, what shapes consumers' credit decisions is not well understood. This panel provided three studies on how consumers select credit products and how these loan products are repaid. These researchers identified psychological, cognitive, and social factors that guide how consumers respond to financial problems and opportunities. Financial literacy is a key factor—simply not understanding credit terms, fees and repayment rules can be costly. But behavioral factors are also in play. These studies shed light on why consumers may at least appear to behave unwisely as well as how credit might be better regulated by firms and government.

“Impatience and Credit Use”

Stephan Meier, Columbia University (Presenter)
Charles Sprenger, University of California at San Diego

Meier and Sprenger's study points to a fundamental characteristic that shapes economic behavior: patience (and impatience). Their study was inspired by Walter Mischel's famous marshmallow study, in which researchers challenged 4-year old children to refrain from eating a marshmallow that sat in front of them by promising a reward of two marshmallows should they be patient. The experiment is at the heart of the principle of temporal discounting. To a small child, one marshmallow right away may seem more valuable than two marshmallows in some indefinite future. For adults, temporal discounting leads otherwise rational people to compromise their long-term financial health for short-term gains.



This paper presented a field study conducted in 2006 and 2007 at two Volunteer Income Tax Assistance (VITA) sites in Boston, Massachusetts. The study combined tax information, credit reports, and the results of a non-marshmallow choice experiment designed to measure time preferences. The study concentrated on 446 individuals with revolving or installment accounts in their credit history, but no mortgage.

Meier reported that the study found that people with high discount rates, those who are more present-biased, also tend to have higher debt levels and are more likely to default on

"Less patient individuals are more likely to default, have higher balances in default and have lower FICO credit scores."

today in return for a payoff tomorrow.

their loans. He also showed that consumers who seek financial education are among the most patient. These people are also more likely to enroll in savings programs, consistent with avoiding gratification

Meier highlighted the implications of their findings for both policymakers and practitioners. In establishing lending policies and practices, consumers' impatience needs to be taken into account. For lenders, consumers' impatience might make it easy to attract customers, but it can also lead to more defaults. An eager credit customer may not be the most careful financial manager. Financial assistance programs may be improved by targeting the impulsive behavior of the most impatient consumers.

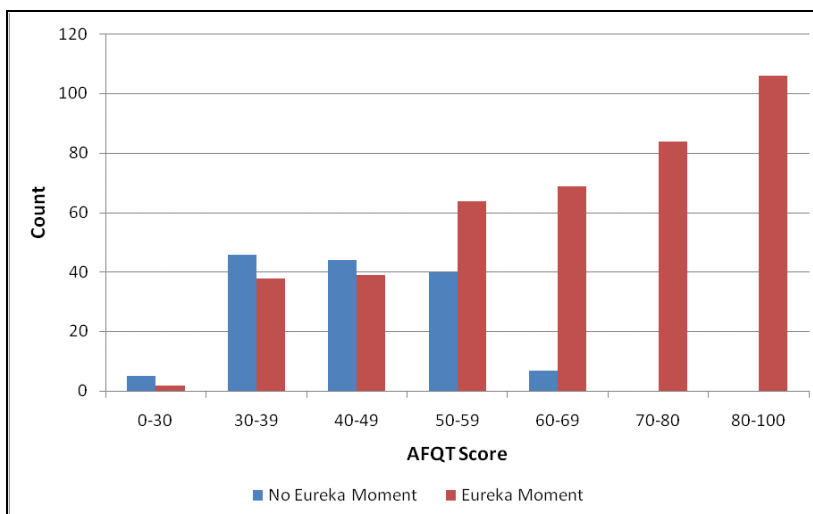
"Cognitive Abilities and Household Financial Decision-Making"

Sumit Agarwal, Federal Reserve Bank of Chicago (Presenter)

Bhashkar Mazumder, Federal Reserve Bank of Chicago

Agarwal and Mazumder's study reveals a strong correlation between consumers' decision-making and their cognitive abilities. Curious about the cognitive strengths and weaknesses of financial actors, they tested individuals' mathematical aptitude using the Armed Forces Qualification Test (AFQT).

They used these scores to predict whether individuals were able to capitalize on a series of unique "eureka" moments in financial decisions—such as realizing that a credit card teaser period applies only to transferred balances and other behaviors readily observable in data the authors obtained.



After measuring how long it took for each person to achieve "eureka," Agarwal and Mazumder aligned those results with the AFQT scores. They discovered that the stronger a consumers' mathematical reasoning ability on the AFQT, the faster he or she figured out how the details of a credit arrangement worked.

In addition to underscoring the importance of basic cognitive ability in understanding financial behaviors, these findings validate the idea that consumer product choices may be attributable to their mathematical aptitudes. This discovery further attests to the importance of clarity in disclosure documents as discussed in the first panel. Individuals with low mathematical aptitudes likely need more assistance with interpreting the terms of

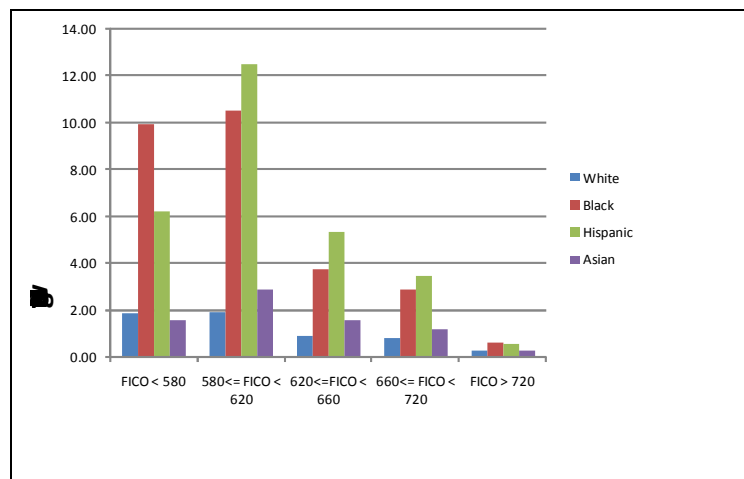
various financial documents. Practitioners and regulators need to determine ways to adapt their financial services to account for a variety of aptitude levels among consumer populations.

“Sought or Sold? Understanding the Linkages between Origination Channel and Consumer Choice in the Mortgage Market”

Carolina Reid, Federal Reserve Bank of San Francisco (Presenter)

Reid’s study represents an innovative research strategy designed to better understand the conditions that lead to the origination of loans that result in default. Recognizing mortgage lending as a social process, she asked what social factors, particularly in a local context, shape a person’s decision to buy a home and find a mortgage. The study method paired survey data with interviews conducted with borrowers in default and their neighbors. This mixed-methods approach offers insight into how local culture and personal relationships influence economic decision-making.

First, Reid explored which borrowers used a mortgage broker to find a mortgage loan and which borrowers took out a high-cost subprime mortgage loan using survey data. While the data revealed almost no variation by income or race as to who used a broker, white borrowers were less likely to take out high-cost,



“I didn’t realize the implications of the loan terms. We were so focused on whether or not we could afford the monthly payments, and once that seemed to be worked out, I was ready to sign on the dotted line. ...the broker said that if I didn’t decide right away, I’d probably lose my chance...other friends had lost out in the market, and I really really loved this house.”

- Mortgage borrower in Oakland, CA

subprime loans than minority borrowers, regardless of FICO credit scores.

Next, Reid investigated how people found their mortgage broker based on interviews she conducted with defaulted borrowers in Oakland and Stockton, California. In Oakland, most people interviewed learned about their community mortgage broker through local social networks (neighbors, church, etc.). In Stockton, most people reported that they met their broker in the house they were considering buying. Brokers in both contexts played on ideas of social cohesion and timeliness for purchase to convince borrowers to act quickly. Almost all borrowers interviewed indicated that they took the first loan offer. Borrowers tended to assume that the broker’s level of expertise ensured a safe investment. Furthermore, most

believed that they would not be eligible for loans from other sources, so they did not comparison shop.

Even after foreclosure, most borrowers reported that they did not blame their broker and did not realize that they had loans with costly terms because their neighbors had similar loans; they did not believe they could have gotten a better deal. The local contexts in which the borrower connected with their broker created long-lasting and unquestioned trust.

Reid challenged regulators and industry to rethink policy and practice in light of the vast influence that local actors and culture play in financial decision-making. She urged financial educators to incorporate information about the incentives that motivate brokers. More research is needed on mortgage broker conflicts of interest and the role of brokers in communities.

Panel 2 Discussion

Discussant: Ellen Seidman, New America Foundation and ShoreBank Corporation



Ellen Seidman, New America Foundation

Discussant Ellen Seidman raised several policy implications for the studies presented. First, she noted that the trends revealed in the studies point to the need for improved general education in school on mathematical reasoning. And, as Agarwal and Mazumder's analysis suggests, that education need not be specifically financial. Moreover, because of the racial and gender disparities made apparent in this line of research, particular attention needs to be paid to improving math instruction for girls and historically disadvantaged groups. Second, Seidman noted that the findings make plain the need to simplify and further clarify financial instruments. Complex schemes and overly technical disclosure

forms often require specialized knowledge and interpretive skill in order to make good financial choices. Unless further assistance and education is provided, many consumers—particularly those with lower incomes—will continue to be at a disadvantage in the financial market. Finally, Seidman declared, “credit is not a substitute for income.” The emphasis placed on creating opportunities for people to assume debt wisely is in part based on the fact that families are trying to maintain a lifestyle or standard of living that simply is not sustainable given their income opportunities. The idea that consumers can borrow more in hopes of a future windfall or rising earnings is overly optimistic. The complexities that lead to poor financial choices suggest a need to simplify the educational message to “earn more money, spend less, and save.”



Sumit Agarwal, Chicago Federal Reserve

Audience members speculated about the various personal and social issues that influence individual economic preferences. Several stressed that further investigation about the causes of economic behavior is needed. For example, not caring about the future might be a rational response if the prospects for the future look bleak. It also remains a conundrum if impatience is an innate characteristic or the result of social and financial contexts.

Mathematical skills, for example, may be the result of being willing to invest time and energy in education. Mathematical aptitude may actually be a signal of being more patient and less present-focused, rather than a direct factor driving financial choices. The discussion suggested that financial literacy cannot be viewed as the only solution to consumer financial problems. A challenge for policymakers, practitioners, and researchers alike is to consider other means for asset-building because the security of assets like an owned home may only further exacerbate consumer financial problems.

Whether dictated by impatience or by low mathematical aptitude, practitioners and regulators need to better understand how to adapt to account for the dynamics of economic choices. Who consumers decide to trust also needs to be considered, particularly for populations that may be more vulnerable to scams and disadvantageous financial schemes.

Keynote Presentation: Dan Innocola

Dan Innocola, the president & CEO of the Financial Literacy Group, presented during the symposium lunch on day one.



He focused his remarks on the evolution of financial literacy as a public policy at the federal level, especially in light of the creation of the President's Council on Financial Literacy and the Department of Financial Education at the Department of Treasury. In general, financial literacy is viewed as a bipartisan issue with broad support. Nevertheless, community-based practitioners need to understand the import of policy in driving financial literacy activities and coordination at the federal level, as well as support for research in this area. Support for consumer financial issues is susceptible to shifts in politics like any other. It is critical that policymakers remain informed about state and local activities and for policymakers to hear from constituents on financial literacy issues.

PANEL 3:

Thrift & Debt

Chair: Kim Sponem, Summit Credit Union

The conversation on credit and savings pursued in panel two segued well into research on thrift and debt. Thrift had been a shared focus following the Great Depression, but fell out of the vernacular over the years and has now returned as an important topic for consumers, industry and policymakers. Panelists presented analyses that consider the value of thrift and the challenge of debt for credit counseling, relationships and the accumulation of wealth.

“Credit Counselors as Enablers of Thrift”

Michael Staten, Take Charge Institute, University of Arizona (Presenter)

Staten provided an overview of the rapidly changing credit counseling industry. He noted that many financially-distressed borrowers turn to credit counseling agencies for assistance and explained that while credit counseling can be educational, it primarily functions only as short-term decision assistance. Debt settlement—negotiating with an individual lender or creditor to pay back less than the full amount owed—is one way to address a consumer’s immediate financial problems. However, this approach presents several problems. First, consumers do not address the underlying financial problem and fail to learn how to avoid unmanageable debt in the future. Second, debt settlement often leads to an adversarial relationship between the consumer and the creditor. Third, borrowers may pay significant penalties, and their credit ratings often take a major hit. Finally, there has been a boom in for-profit firms offering debt settlement, which may add little value for consumers, after collecting a large upfront fee. To the consumer, debt settlement ‘counseling’ looks much like traditional credit counseling services, but the traditional credit counseling industry has existed for over 50 years and offers high quality information and advice. Credit counseling has the potential to play a key role for consumers, but it faces challenges.



Michael Staten, Take Charge Institute

Staten’s analysis reveals that current counseling practices offer fairly simplistic advice, with little long-term education for consumers. Staten’s study suggests a need for more proactive credit education services as well as for credible nonprofit counseling agencies to disassociate credit counseling from debt collections and repayment negotiations. In addition, the number and variety of agencies that provide debt settlement or counseling services makes it difficult for consumers to select a relevant and reputable organization to help them. Consumers frequently cannot distinguish true credit counseling agencies from debt settlement agencies. More research is needed to guide the consumer credit counseling

industry to both expand product offerings, but also to better educate consumers and market their services as different—and better—than debt settlement.

“Beyond the Bottom Line: Relationship Reasons to Practice and Promote Thrift”

Jeffrey Dew, Utah State University (Presenter)

Dew launched his discussion by highlighting the fact that over the first decade of the 2000s, consumer debt more than doubled. Prior studies have linked debt to the incidence of marital conflict, but that research has not shown a causal link between the two. Financial stress created by debt certainly seems likely to cause conflicts, however, and the effect of managing debt may result in stresses on communications and relationships. In this study, Dew investigated the complexity of the link between finances and marital happiness, considering how debt might undermine family unions.



Jeffrey Dew, Utah State

While many researchers have examined the success of marriage in relation to savings and assets, Dew focused his analysis on the role of debt in family life. High levels of debt—and how well that debt is managed—can be a significant source of tension in a marriage and is a greater predictor of marital satisfaction than income or savings. Those with poor financial management skills are much more likely to divorce, while those with strong management skills maintain longer and happier marriages. In other words, Dew found that income is not significant as a predictor of relationship satisfaction as debts; thus, it is what families do with their income, rather than their income level, that makes the greatest difference. This correlation held regardless of economic conditions.

The implications of Dew’s study reach not just personal finance researchers and practitioners, but also those who study and counsel families. Marriage counselors and financial planners need to communicate with each other in order to successfully address the challenges that life partners may face. This research may incite many couples to take more seriously the need to take greater care in managing their money. Dew’s findings suggest that doing so will not only provide greater financial security, but also greater family stability.

“Debt Literacy, Financial Experiences, and Overindebtedness”

Annamaria Lusardi, Dartmouth College (Presenter)

Lusardi argued that financial education and services should redirect their focus from asset building to debt reduction. She equated debt spending to running water and invited scholars and practitioners to teach consumers to “turn off the faucet.” Because debt has such an impact on workers’ happiness, well-being and productivity, she emphasized the urgency of training consumers to focus on saving and not just spending. Noting that regulations in credit markets often do not keep pace with changes in these markets, Lusardi

explained that consumers can easily be lured into financial choices that result in burdensome debt loads.

Lusardi's current study expanded on her ground-breaking work on financial literacy in retirement and other domains in the area of consumer credit literacy. Using survey data, she explored who debt literate individuals are and whether debt literacy matters in terms of financial outcomes. In a survey, she asked people to self-assess their financial knowledge and identified a strong correlation between their knowledge and economic behavior. Those with low literacy tend to make high-cost decisions in taking on debt and report having high debt. Overall, she found that "debt literacy is low and linked to financial experiences and debt loads." The elderly as well as women, African Americans, and Latinos emerged as the groups with the lowest debt literacy.

Lusardi further demonstrated that one's schema—how an individual's beliefs and ideas shape his or her interpretation of information—affects economic decision-making. Those who choose debt often do so out of a lack of knowledge or understanding about the lasting implications. Financial education needs to focus, Lusardi argued, on the value of thrift. If thrift is undervalued, then consumers will continue to replace one debt with another.

Panel 3 Discussion

Discussant: Jackie Lynn Coleman, National Community Tax Coalition, Center for Economic Progress

In response to the panelists, Jackie Lynn Coleman considered ways that the free tax preparation services that nonprofit organizations offer to low-income earners can provide a space for redeveloping and implementing new financial education practices. She noted that a tax preparation site provides one-on-one time between a consumer and a trusted tax preparer, making it an ideal moment to incorporate needed credit and savings counseling, budget planning and even job search assistance. Capitalizing on time already spent with a consumer rather than identifying new opportunities for financial education may be a convenient and simple way to tackle the financial literacy challenges articulated by the presenters. As an example, the National Community Tax Coalition and other organizations serve over 3 million low- to moderate-income workers per year for tax assistance, and many of those clients benefit from comprehensive "financial social work."



Jackie Lynn Coleman, NCTC

During the audience discussion, the panelists stressed the need for researchers to examine financial services in a more comprehensive manner. For example, pension auto-enrollment programs, which clearly can increase retirement savings, might need to be complemented by educational programs so people in these programs do not offset savings with high debt levels. The ultimate goal is financial security, not an unrealistic savings rate or portfolio amount. Audience members reiterated the need to understand savings choices, attitudes and behaviors. Practitioners related that getting people to save more and borrow less

remains a major challenge, only made worse by the recent economic downturn and high debt levels. Other discussions ranged from how to better research savings products to how to more effectively connect financial institutions and vulnerable consumers.

PANEL 4:

Saving for Retirement

Chair: Karen Holden, Professor Emeritus, University of Wisconsin-Madison



Karen Holden, UW-Madison

The final panel examined the ultimate indicator of financial security: a secure retirement. In light of losses in investments and housing, the prospect of retirement appears more elusive than ever for many aging workers. Over the last several decades there has been a shift towards self-directed retirement planning and investment as opposed to employer-defined benefit plans. This has resulted in shifts in how retirement is viewed and the context in which financial choices are made. This panel explored a range of concepts related to financial planning and retirement choices, including how advice and life events influence choices.

“Financial Literacy: Evidence from the Cusp of Retirement”

Jason Seligman, Ohio State University (Presenter)

Seligman’s research investigates how people make retirement choices and compares people’s perception of their financial future with reality. In his presentation, he noted that many people are ill-equipped to manage risk that accompanies their retirement benefits, such as the health of the individual and the health of the financial market. His study further revealed that people do not recognize their own vulnerability to these uncertainties.

The analysis examined data from three employers with various retirement benefit offerings in relatively high-skilled jobs. Seligman conducted 350 survey interviews with employees considering retirement within the next year. Despite indicating an intention to retire soon, in the interview roughly 20% of respondents could not state when they would retire. This uncertainty served as just one example of the employees’ inability to fairly assess the complexity and status of their retirement portfolio.



Al Meyer, Jason Seligman, Jim Carson, Anya Savikhin

Overall, Seligman found that even when people rated their retirement situation and their ability to manage uncertainty highly, serious shortfalls in their knowledge and capacity to manage their finances existed. Thus, the population headed toward retirement tends to be far more vulnerable to risk than they believe themselves to be. This

presents a significant challenge for them—without even basic awareness of their own risk, how do they seek and choose a financial professional to get needed assistance?

“Catastrophes and the Demand for Life Insurance”

Jim Carson, Florida State University (Presenter)

Stephen Fier, Florida State University

Even though life insurance is a fundamental part of retirement, many people fail to think about it when doing long-term planning. Moreover, as Carson noted, many people who have insurance are underinsured. Research shows that most households are underinsured and would face a 20-40% decline in living standard with the loss of a spouse. While previous studies have shown that the demand for life insurance increases following a catastrophe, Carson sought to better understand what people consider when deciding to buy life insurance.

In his analysis, Carson examined recorded disasters in all 50 states from 1994 to 2004 and compared that to the demand for life insurance. He found that disasters often prompted people to consider possible financial risks and to think about life insurance. In addition, the demand for life insurance increases in the year following a catastrophic event, even in states neighboring the one most impacted by the disaster.

His study suggests that people mostly think about risk in moments of crisis. Thus, a takeaway for the insurance industry as well as for financial and retirement advisers is to get people to think about risk during critical and catastrophic situations that may occur in distant, but similar geographical areas. When people recognize that catastrophe can strike, they are more likely to consider how such a disaster may affect their own household.

“Applied Visual Analytics for Personal Finance Planning”

Anya Savikhin, Becker Center on Chicago Price Theory, University of Chicago (Presenter)

Research has shown that visual tools can help represent data in a format that makes it easier for consumers to interpret their options and make decisions. Savikhin explained that her study used that premise to build a visual tool that could aid consumers in assessing risk and making financial decisions. She asked, “can cognition be enhanced through the use of interaction and/or visual analytics,” and do those tools generate biases in decision-making?

She summarized her study as an examination of how visually interactive interfaces can help people with their comprehension of financial information and assist them with financial planning. Visual tools allow data to be presented in various formats—representing patterns and trends—and can account for the fact that people learn differently. In addition,



*Anya Savikhin,
University of Chicago*

these visual representations can create an image of risk and financial options that might be more memorable for consumers.

Testing the visual models' ability, undergraduate college students were given an opportunity to use the tool in order to learn about the risk and expected return on money associated with different choices. Savikhin found that visuals helped simplify complex options for consumers. Moreover, good and appropriate visual analytics boosted consumers' confidence in making decisions.

Panel 4 Discussion

Discussant: Al Meyer, American Family Life Insurance Company

Al Meyer identified the theme of mis- or under-comprehension of risk as a complication of financial planning across the three presentations. He noted that a lesson from Seligman's analysis is that people need to be able to understand the nature of their portfolio and the relationship with their financial manager, even if they cannot fully understand the details of their financial plan. Relative to the insurance industry as explored by Carson, Meyer emphasized that the middle market is underserved in terms of education and services—people often do not know what to do. He argued that education would help build confidence and customer loyalty, so it is a practice from which both consumers and industry could benefit. Finally, Meyer stressed the value of visuals that Savikhin's study illustrated in helping people both understand and remember their financial options.

Symposium participants raised questions about the ways in which these presentations created new possibilities for advancing consumer education and confidence. In a highly digitized world, do people make better decisions by going to a counselor versus using online resources? Furthermore, given the complexity of risk, how easily can it be represented visually? As Savikhin noted, the challenge with visual analytics is actually calculating the risk before attempting to represent it visually. It was also suggested that when decisions are complex, people procrastinate more. Other people may turn to "rules of thumb," which may not lead them to an optimal choice. More research is needed on how decisions are made and how simple rules and displays may make the decision process easier to navigate.

CLOSING PANEL: Lessons Learned

A short wrap-up session provided an opportunity for several participants in the symposium to reflect on the overall themes discussed and to offer key takeaways based on the research and discussion presented.



*Annamaria Lusardi,
Dartmouth College*

Annamaria Lusardi emphasized that as financial options become more complex, there should be better tools to assist people to make decisions that will ensure a secure financial plan. Preventing people from getting into financial distress means providing more help so they will not have to make decisions on their own. In addition, she noted that the symposium illustrated how decisions about assets, risk, and debt are interrelated and that policy interventions need to account for this. Finally, she pointed to the need to learn more about risk, particularly since “risk literacy is even lower than debt literacy.” Because risk is embedded in and central to financial decisions, she called for more research to better understand risk and what policy interventions may be required to protect consumers.

Jeanne Hogarth called attention to the theme of financial literacy and stressed that adult education programs need to be consumer/customer driven and timely. People need to be able to figure out how to make decisions specific to their own situation. Moreover, she suggested that the conference called for a return to basics. Regulators and practitioners need to work together to ensure that people can make secure transactions and to encourage consumers to have an emergency fund to help stabilize them regardless of the financial environment. Lastly, Hogarth argued that there is no single solution for all consumers and that products and disclosures need to be adapted for people based on where they are in their life cycles and what the products are.

Jim Carson reiterated Hogarth’s point about the importance of accurately and clearly describing financial services and insurance options to consumers. He noted that doing so would help build trust among consumers. The conference highlighted multiple ways that risk might be better conveyed, visually and discursively, to consumers. He also stressed that while regulation can be helpful in some cases, in other cases it can do more harm than good. Regulation may lull consumers into complacency and not necessarily ensure that they are presented with the best options for their individual situations. Finally, he concluded that future research on risk should consider how people review and respond to risk, particularly in relationship to their patience levels.



Jim Carson and Carolina Reid, Closing Panelists

Carolina Reid emphasized the need for researchers to gain more access to individual and national data on assets, credit and debt. Such information is essential to better understanding economic behavior. While the conference affirmed the importance of education, she said it also raised the question about whether people need more access to general education or education about specific financial transactions. As Reid noted, several panelists suggested that improved financial literacy is “not only about knowing the

decision, but also about feeling like an empowered decision-maker.” Third, Reid stressed that “debt should not be a family safety net.” Too many people have begun to use debt that way, and major change is required to adjust that behavior. She argued that because we can’t fix the whole system and because financial education alone is insufficient, much more consumer regulation and protection on all levels is needed.

Finally, *Irene Skricki* of the Annie E. Casey Foundation offered her insights. In summarizing the breadth of topics discussed at the conference, Skricki stated that the symposium cogently reflected the evolution and interrelatedness of the financial field, by discussing savings, financial services and products, and consumer regulation and protection. Another contribution of the conference, she noted, was in rethinking how the market is segmented. In other words, consumers need not only be divided up based on their demographics, but also in relationship to their behavior, cognitive ability, and psychology. Different types of people require different kinds of interventions. Finally, she asked whether the complexities of the financial world that the presenters highlighted should lead us to think about generating more simple rules of thumb that can help guide better financial decision-making. What are the basic things that people need to know?



Irene Skricki, Annie E. Casey

Conclusion

The CFS 2010 Family Financial Security Symposium proved to be a successful event. The papers provided the foundation for high quality discussions and helped connect practitioners, policymakers and researchers on important issues facing consumers in financial markets. The format and context of the event offered high levels of interaction among speakers, discussants and participants. The papers presented were made publically available and many were submitted for peer review in academic journals. Video footage of sessions was also made available on the CFS website (cfs.wisc.edu). We hope these media along with these proceedings will help facilitate continued conversations and even more research in the years ahead.

The CFS is proud of this event and grateful for all the program sponsors, participants and attendees who helped make this event such a great success. We look forward to our next conference together in 2012.

Presenters' Biographies

Sumit Agarwal

Sumit Agarwal is a senior financial economist in the research department at the Federal Reserve Bank of Chicago. His research interests include issues relating to household finance as well as corporate finance, financial institutions and capital markets. Prior to joining the Chicago Fed in July 2006, Agarwal was a senior vice president and credit risk management executive in the Small Business Risk Solutions Group of Bank of America. He also serves as an adjunct professor in the finance department at DePaul University. Agarwal received a Ph.D. from the University of Wisconsin-Milwaukee.

James M. Carson

James Carson holds the Midyette Eminent Scholar Chair of Risk and Insurance at Florida State University, where he is the Coordinator of the RMI Doctoral Program. Professor Carson received undergraduate (1986) and master's degrees (1989) in finance from the University of Nebraska-Lincoln, and earned his Ph.D. in Risk Management & Insurance (1993) from the University of Georgia. He completed the Lloyd's of London Executive Education Program through Lincoln College at Oxford University, and he holds the CPCU, CLU, and ARM professional designations.

Jackie Lynn Coleman

Jackie Lynn Coleman is the Senior Director of the National Community Tax Coalition as well as Vice President of National Programs for the Center for Economic Progress. In the past she has provided capacity building to a number of organizations across the country, including those in the fields of construction, child care, and manufacturing; apprenticeship programs; the Chicago One-Stop Career Centers; and the Illinois Department of Human Services. Jackie is a candidate for a Ph.D. in Nonprofit Management and holds an M.S. in Human Services Administration from Spertus College, graduating Magna Cum Laude, as well as a B.S. with honors in Political Science from Chicago State University.

Jeffrey Dew

Jeffrey Dew is an assistant professor of Family, Consumer, and Human Development at Utah State University. He studies the association between families' resources (e.g. their time and money) and their relationships. For example, his research has shown how financial assets and consumer debts influence marital quality at different points in the life course (e.g. recent marriage, retirement), as well as family formation and dissolution (e.g. marital formation and divorce). Dew earned a dual-title Ph.D. in Human Development and Family Studies (HDFS) and Demography from Pennsylvania State University in 2007.

Toni Gnewuch

Toni L. Gnewuch received her Ph.D. in Journalism and Mass Communication from the University of Wisconsin-Madison in 2002. She taught a variety of advertising related courses at UW-Madison, worked as a lead researcher at a strategic consulting firm where she helped Fortune 500 companies identify brand positioning opportunities, and served as the Director of Advertising and Brand Management for a fortune 500 insurance company. Her expertise is in areas of survey construction, quantitative research methods, and advertising/media.

Jeanne Hogarth

Jeanne Hogarth is the manager for the Consumer Education and Research Section of the Division of Consumer and Community Affairs at the Federal Reserve Board. At the Federal Reserve Board, she is responsible for research and outreach initiatives related to consumer financial services. Her recent projects include initiatives on consumers' use of banking services, consumer protection strategies, the effectiveness of financial education efforts, and consumer testing for comprehension and usability of disclosure notices. Jeanne received a B.S. in education from Bowling Green State University (1971) and an M.S. and Ph.D. in family and consumer economics from The Ohio State University (1979 and 1981).

Dan Iannicola, Jr.

Dan Iannicola, Jr. is the president & CEO of the Financial Literacy Group, a consultancy that brings together a team of international experts to provide financial literacy programs, research, materials and campaigns to companies, NGOs, and government agencies. Prior to founding this company, he served for five years as Deputy Assistant Secretary for Financial Education in the US Department of Treasury. In this position, Mr. Iannicola was responsible for overseeing the Treasury's Office of Financial Education, established to promote access to financial education programs so that Americans obtain the practical knowledge and skills that will enable them to make informed financial choices throughout their lives. Mr. Iannicola earned his Bachelor of Science degree in Economics from The Wharton School of Business at the University of Pennsylvania, his Juris Doctor from the University of Illinois College of Law, and his Masters in Communications from American University.

Ianna Kachoris

Ianna Kachoris is a Program Officer in Affordable Housing for the MacArthur Foundation's Human and Community Development program. Ianna has extensive experience in housing and policy, community development, and the critical role that affordable housing plays in affecting economic opportunity. She worked extensively to educate state and local leaders and to elevate affordable housing on state and local agendas. Ianna holds a Master's degree in Public Policy from the University of Chicago's Harris School of Public Policy, and a B.A. in Sociology from Emory University.

Annamaria Lusardi

Annamaria Lusardi is the Joel Z. and Susan Hyatt Professor of Economics at Dartmouth College and a Research Associate at the National Bureau of Economic Research. She has taught at Dartmouth College, Princeton University, the University of Chicago Public Policy School and the University of Chicago Booth School of Business. In 2008 she was a visiting scholar at Harvard Business School. She holds a Ph.D. degree in economics from Princeton University. Dr. Lusardi's main areas of research are financial literacy and financial education, saving, Social Security, and pensions. She is the Director of the new Financial Literacy Center, a joint Center of Rand, Dartmouth, and the Wharton School that started in October 2009 with the support of the Social Security Administration.

Stephan Meier

Stephan Meier is an Assistant Professor at Columbia Business School and a Visiting Scholar at the Center for Behavioral Economics and Decision-Making at the Federal Reserve Bank of Boston. He holds a Ph.D. in Economics from the University of Zurich, was previously a senior economist at the Boston Fed and taught courses on strategic interactions and economic policy at Harvard University and the University of Zurich. His research interest is in behavioral strategy. He investigates the impact of psychology and economics on human decision-making and its implications for public policy and firms' strategy. Current research topics include how non-selfish behavior affect organizations or the effect of borrower's decision-making on financial institutions' strategy.

Ellen Merry

Ellen Merry is a Senior Economist in the Division of Consumer and Community Affairs at the Federal Reserve Board. As a member of the Consumer Education and Research section, her responsibilities include research and education initiatives related to consumer financial behavior. Most recently, her work has focused on the Board's review and revision of Truth in Lending Act mortgage disclosures. Her research has examined household mortgage borrowing behavior and mortgage delinquency. Prior to joining the Division of Consumer and Community Affairs in 2006, she worked in the Division of Research and Statistics at the Federal Reserve Board where her responsibilities included data and measurement issues for mortgages and owner-occupied housing in the Flow of Funds Accounts statistical release. Ellen received a B.S. in Mathematical Economics from Wake Forest University (1989) and an M.A. and Ph.D. in Economics from the University of Virginia (1995 and 2001).

Al Meyer

Al Meyer has spent his entire career with American Family. He joined American Family in October 1977 as an Underwriter. January of 1981 through July of 1986 Al ran an agency in Wisconsin. From July 1986 to January 1988, Al worked as a District Sales Manager in St. Joseph, Missouri. During January 1988 he was promoted to Missouri East State Director in St. Louis, Missouri. From June 1994 to December 1995 Al was the Regional Vice President, in the new Valley Region overseeing Indiana and Ohio. January 1, 1996, Al became Vice President of Marketing at the Company headquarters in Madison, Wisconsin. Effective January 1, 2005 Al became an Executive Vice President. In early March 2009, the Board approved Al as Vice President of the Life Company. Al holds designations as a Chartered Life Underwriter (CLU) and a Chartered Financial Consultant (ChFC). He holds a Bachelor's degree from the University of Wisconsin-Platteville with a comprehensive major in Business and Economics. He also earned his Master's in Risk Management/Insurance from Florida State University.

Joshua Morrill

Joshua H. Morrill (Ph.D), received his doctorate in communication science with a concentration in group decision-making processes from the University of Wisconsin-Madison in 2004. His dissertation examined the way trial opening statements interact with individual attitudes to influence subsequent juror deliberations. In 1999, Joshua started his own consultation firm (*MorrillSolutions Research*) where he has consulted with groups such as the National Science Foundation (NSF) and the Wisconsin Public Library Consortium. Dr. Morrill has taught small group decision-making, interpersonal relationships and persuasion as a visiting professor at UW-Madison, and he is regularly asked by private, government and educational agencies to talk about issues relating to group decision-making, evaluation and innovation practices. Since 2007, Dr. Morrill has served as the chief research methodologist for primary research projects at American Family Insurance.

Carolina Reid

Carolina Reid is the Manager of the Research Group for Community Development at the Federal Reserve Bank of San Francisco. Her current work is focused on understanding how the subprime crisis has affected lower-income communities and how policies and regulations can be revised to better protect consumers going forward. Carolina earned her Ph.D. in Human Geography in 2004 from the University of Washington, Seattle.

Jennifer Romich

Jennifer Romich is an Associate Professor of Social Work at the University of Washington and a founding affiliate of the federally-funded West Coast Poverty Center. Romich studies resources and economic in families, with a particular emphasis on family budgets and interactions with public policy. Her current poverty-related projects include ongoing research into effective marginal tax rates created by means-tested benefit schedules and the tax system; a study of the effects of highway tolls on low-income households; research into financial services used by low-income consumers; and an ethnographic study of financial well-being among families served by the Seattle Housing Authority. Romich holds bachelor's and master's degrees in economics and earned a Ph.D. in Human Development and Social Policy from Northwestern University (2002).

Anya Savikhin

Anya Savikhin is a Post-Doctoral Scholar in Economics at the Becker Center on Chicago Price Theory, University of Chicago. In April, Anya received her Ph.D. from the Department of Economics at Purdue University after studying the application of visual analytics for economic decision-making using experimental methods. She received her B.S. from Purdue in 2005 and her M.S. from Purdue in 2006.

Ellen Seidman

Ellen Seidman is a Senior Research Fellow in the Asset Building Program of the New America Foundation, where she works on issues relating to financial services and their impact on consumers and communities. In addition to her work at New America, Ms. Seidman serves as Executive Vice President, National Policy and Partnership Development, at ShoreBank Corporation. She served as Senior Counsel to the Democratic staff of the Financial Services Committee of the U.S. House of Representatives. From 1997 to 2001, she was Director of the U.S Treasury Department's Office of Thrift Supervision. She was also a director of the Federal Deposit Insurance Corporation and Chairman of the Board of the Neighborhood Reinvestment Corporation. From 1993 to 1997, Ms. Seidman served as Special Assistant for Economic Policy to President Clinton. She has also held senior positions at Fannie Mae, the United States Treasury Department, and the United States Department of Transportation. She holds a bachelor's degree from Radcliffe College, a law degree from Georgetown University Law Center, and an MBA in finance and investments from George Washington University.

Jason Seligman

Jason Seligman is an Assistant Professor with the John Glenn School of Public Affairs at The Ohio State University and a Research Fellow with the TIAA-CREF Institute. His research focuses on Public Finance and within this area he devotes considerable attention to topics related to savings, pensions and retirement policy. He has served in federal government with the U.S. Treasury, Office of Economic Policy and the President's Council of Economic Advisers under Presidents Clinton and Bush, and advised the state governments of California, Georgia and Ohio on fiscal and demographic issues. He received his Ph.D. in Economics from the University of California, Berkeley.

Irene Skricki

Irene Skricki is a senior associate at the Annie E. Casey Foundation who leads the organization's work on issues of income security for the working poor. Skricki's role has transitioned into the lead on the Foundation's asset development agenda, including IDAs (Individual Development Accounts), the EITC (Earned Income Tax Credit), and helping to build a field of practice for linking economic opportunity strategies such as EITC outreach, free tax preparation, and financial services. Skricki earned a bachelor's degree from the Massachusetts Institute of Technology and a master's degree in public affairs from the Woodrow Wilson School of Public and International Affairs at Princeton University.

Michael E. Staten

Michael Staten holds the Take Charge America Endowed Chair in the Norton School of Family and Consumer Sciences at the University of Arizona. He is also director of the Take Charge America Institute for consumer financial education and research. Dr. Staten received his Ph.D. in economics from Purdue University's Krannert Graduate School of Management in 1980. He currently serves as a trustee for the American Financial Services Association Education Foundation, and is on the Advisory Council for the National Foundation for Credit Counseling. He also served as Chairman of the Board of Directors of the Purdue Employees Federal Credit Union from 1995-1997.