



America Saves⁰⁷
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FEBRUARY 25 - MARCH 4

America Saves Week – Need for Emergency Savings

Monday, February 26, 2007

11:00 am EST

Press Statements of:

- George Barany, Director Financial Education, Consumer Federation of America
- Stephen Brobeck, Executive Director, Consumer Federation of America
- Jeanne Hogarth, Program Manager for Consumer Policies at The Federal Reserve Board.
- Leslye A. Arsht, Deputy Undersecretary, Military Community and Family Policy, for the Department of Defense.
- Ellie Cimaglia, Director of the SPEC Division of the Internal Revenue Service.
- Jane Schuchardt, National Program Leader Cooperative State Research, Education, and Extension Service (CSREES), USDA.
- Dr. Madye Henson, Vice President - Community Impact Development for United Way of America
- Bill Binzel, Executive Vice-President and General Counsel for the National Foundation for Credit Counseling.
- Michael Benjamin, Executive Director of Family, Career and Community Leaders of America.

George Barany, Director Financial Education

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I want to thank all of you for joining us today to hear from a unique group of non profit and government organizations. My name is George Barany; I am the Director of Financial Education for the Consumer Federation of America, and the coordinator of America Saves Week.

I am joined by representatives of Federal Reserve Board, Cooperative State Research, Education, and Extension Service (CSREES), USDA, Department of Defense, Internal Revenue Service, United Way of America, National Foundation for Credit Counseling and Family, Career and Community Leaders of America.

Today we will bring attention to a core issue that puts people into poor financial positions, the lack of emergency savings. And we are introducing the first annual America Saves Week to focus attention on financial action that can support individuals in saving money, reducing debt and building wealth.

America Saves is a 6 year old social marketing campaign in which over 1000 local, state, and national organizations have motivated more than 65,000 people to enroll as American Savers by making a commitment to save for a goal of their choice and to develop a plan to achieve this goal.

With the national savings rate consistently hovering around 0 for the past 6 years, America Saves is the call to action that we must not spend all and save some.

Our local Cleveland Saves campaign, for example, has to date enrolled 8700 Savers who have saved or reduced debt by an estimated \$6 million.

This first America Saves Week is being introduced as an annual event to focus all of us on the need and opportunities for financial action. With the partners represented here today and many others the reach of this pilot Week will exceed 7 million people. Local activities are being organized that encourage individuals to take action such as opening a savings account for emergencies, participating in work place retirement programs, or setting a goal such as homeownership and establishing a savings account dedicated for that purpose.

The issue of establishing emergency savings is a primary focus for this introductory America Saves Week and you will next hear why that is from Stephen Brobeck, the Executive Director of the Consumer Federation. I will then introduce the next speakers who will briefly indicate how their national organizations are addressing this issue and participating in America Saves Week.

Jeanne Hogarth, Program Manager for Consumer Policies at The Federal Reserve Board.

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At the Federal Reserve Board, we believe that savings improves consumers' flexibility, independence, and choices in managing their personal finances and can help them in achieving their short- and long-term life goals. And we know that having an emergency fund to serve as a cushion against some of the financial shocks that families face is an important part of a family's savings plan.

In a recent study by Federal Reserve Board staff, we found that there were at least two parts to the saving picture: helping more people save and helping people save more. So what did we find out? Beyond raising income levels, which was strongly associated with having financial assets, other strategies that could prove successful include:

- **Have a reason to save.** Households that had an identifiable goal for saving were more likely to have financial assets and to have higher levels of financial assets. Setting a goal is an important part of a saving strategy.
- **Think ahead, plan ahead.** Households that expected a major expense in the next five years were more likely to have financial assets and to have higher levels of assets. Looking into the future can be an important motivational tool to help families anticipate and be prepared for future expenses.
- **Develop a savings habit.** Households reporting that they “usually” saved were more likely to have financial assets and to have higher levels of assets. Developing the habit of savings takes time, but it appears to have persistence and payoffs. Many financial educators have developed lists of tips and tricks for saving that work, the most common being “pay yourself first.”
- **Make savings automatic.** Households that reported having a savings strategy were more likely to have financial assets and more assets than their counterparts. Automating savings via payroll deduction or automatic transfers into a saving account is one strategy that may help some low-income households.

Leslye A. Arsht, Deputy Undersecretary, Military Community and Family Policy, for the Department of Defense.

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Individual financial readiness remains a top priority for the Department of Defense and is one of the critical features of quality-of-life for our military members and families.

When our members get into financial difficulty it can dramatically affect critical decision-making and attention on the job, family quality of life, and ultimately, our mission readiness.

In fact, we equate financial readiness to mission readiness. We used to focus on helping members remediate financial problems after incurring them.

But now, through partnerships with other federal, corporate, and non-governmental organizations, the Department is educating and counseling military members and their families on how to proactively manage their finances – to encourage saving and reducing debt – as a way of life.

Military Saves Week – part of the America Saves campaign – helps us bring an added focus to our year-round effort to change personal habits and behaviors. We have great interest and support of this effort – all over the globe. Military Saves activities this week – from fun runs to extra computer time in family readiness centers are part of a tremendous awareness effort

under way. In fact, folks in the Navy's Southwest Region – in San Diego – kicked the week off a day early this past Saturday when hundreds of people participated in day-long MoneyWise in the Military event with PBS' Kelvin Boston.

Life in the military environment includes multiple training and educational opportunities. This week is a great time to focus on financial readiness – it will be followed by 51 other weeks to ensure we are constantly focused on financial readiness.

We're now including financial readiness education, training and support to encourage our service members and their families to develop healthy financial habits – including establishing good credit, saving regularly and planning for a future in a way that builds wealth.

Ellie Cimaglia, the Director of the SPEC Division of the Internal Revenue Service.
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IRS-Stakeholder Partnerships, Education and Communication (SPEC) works with over 60 national partners and over 300 local community coalitions with emphasis in three key areas:

- 1. Preparing and electronically filing tax returns free of charge for low-to-moderate income people,*
- 2. Promoting tax laws and credits including the Earned Income Tax Credit (EITC), Telephone Excise Tax Refund (TETR) and Split Refunds, and*
- 3. Encouraging and facilitating personal asset building and self-sufficiency through tax incentives for low-to-moderate income taxpayers such as the EITC.*

As a partner in America Saves Week 07, SPEC will ensure the America Saves message is visible in more than 80 Volunteer Income Tax Preparation (VITA) sites where:

- taxpayers will be encouraged to save a portion of their refund to build wealth, or perhaps start an Emergency Savings Fund; and to enroll in America Saves.*

Last year, over 2.2 million taxpayers had their tax returns prepared for free at one of more than 12,000 volunteer sites. SPEC looks forward to a successful campaign this week and working towards expanding this initiative throughout our network in the future.

Jane Schuchardt, the National Program Leader Cooperative State Research, Education, and Extension Service (CSREES), USDA.
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Take financial action to build wealth, not debt. We share this America Saves Week vision at the Cooperative State Research, Education, and Extension Service, an agency of the U.S. Department of Agriculture and the federal partner in the nationwide Cooperative Extension System.

Extension educators in 22 states will reach more than a million youth and adults in pilot efforts. In New Jersey, for example, the goal is for 1,000 consumers to open new accounts, save tax refunds, and increase savings through plans at work. Efforts in rural Alabama focus on youth with a goal of 200 opening new accounts.

At the national level, the new eXtension (pronounced ee-Extension) will launch its personal finance interactive web site at www.extension.org. Through Extension efforts, Americans of all ages will gain the knowledge, skills and motivation to save, first for an emergency, and then for other life goals.

Dr. Madye Henson, Vice President - Community Impact Development for United Way of America

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On behalf of our President, Brian Gallagher and the United Way system, we are proud to play our part in supporting "America Saves Week." Its message is timely and couldn't be more important to the well-being of all of our communities.

Making a commitment to savings and asset building isn't just about retirement, big purchases and discretionary bank accounts, when we understand that one in three American families are using credit cards to pay for very basic living expenses and the U.S. personal savings rate is at its lowest level in 73 years. These are habits and practices that are critical to success in everyday life.

To demonstrate our commitment to savings this week, United Way of America has launched its own internal employee savings campaign in partnership with the Consumer Federation of America to provide our staff with a series of financial education, planning activities and savings strategies.

As a system we've made a similar commitment. Throughout the nation, local United Ways are increasingly reframing their work to provide individuals and families with the tools and resources necessary to build and preserve assets to achieve long-term economic stability and independence.

We are excited to be participating and look forward to a successful week.

Bill Binzel, Executive Vice-President and General Counsel for the National Foundation for Credit Counseling.

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The NFCC is proud to be one of the participating national organizations behind America Saves week, and we applaud the efforts of CFA, the Federal Reserve, the United Way and others in calling attention to the importance of having savings to handle financial emergencies.

Recently, the Commerce Department announced that the savings rate in this country is the lowest it has been since the Great Depression. Although financial tools may change, the availability of funds in a financial emergency is, and has been, a cornerstone of personal financial responsibility.

There's no way to know when a financial emergency is going to happen, and the best one can do is to be prepared. And that means having enough savings to cover your living expenses for three to six months. That is one lesson that is part of the financial counseling and education delivered through the nearly 1,000 NFCC agency offices throughout the country. We are pleased to support this important initiative and the efforts to deliver this message.

Michael Benjamin, the Executive Director of Family, Career and Community Leaders of America.

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Family, Career and Community Leaders of America (FCCLA) has partnered with the Consumer Federation of America in promoting America Saves Week, and raising awareness about smart financial action and emergency savings.

As one of this country's oldest youth centered organizations we feel that is particularly important for young people to develop responsible savings habits early in order to avoid credit card abuse, years of debt, and predatory lending.

So far this school year, over 317 Teachers/Advisers and 1360 FCCLA student leaders in 14 states have received direct training on how, where and most importantly, why to save money while learning how to educate their peers and build relationships with supportive financial institutions.

Additionally, five states will pilot the America Saves Week with 1600 middle and high school students who will teach their peers, not only about saving for their future, but also about the importance of saving for unexpected and expensive emergencies, such as car repair or emergency medical expenses.

We will evaluate the effectiveness of this introductory week focused on financial action so that we can best encourage our more than 220,000 student members to participate in next years America Saves Week.