

October 29, 2004

Department of the Treasury
Financial Literacy and Education Commission
Room 50001B
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Commission Members:

RESPONSE TO REQUEST FOR COMMENTS ON
NATIONAL STRATEGY

The American Institute of Certified Public Accountants (AICPA) is the national, professional organization of CPAs, with more than 340,000 members in business and industry, public practice, government, and education. It sets ethical standards for the profession and auditing standards for U.S. private companies.

The AICPA created the National CPA Financial Literacy Commission (CPA Commission) to lead the CPA profession in a national effort to advance the financial literacy of Americans. The CPA Commission is pleased to submit its response to your request for comments on the development of a national strategy to promote the basic financial literacy and financial education of everyone in the United States.

(1) What are the three most important issues that the national strategy should address, and why?

- Creating demand. Two levels of demand need to be addressed. First, through the work of your Commission and other organizations, we need to create a national demand for better financial education focused on solving America's growing financial illiteracy problem. Working together, all financial literacy stakeholders, including government agencies, nonprofit organizations and media, should share a national message increasing public awareness of the need for financial literacy and of the one primary way to remedy it: education. The national message should address personal finance as a life skill needed by all Americans in order to make more informed money decisions throughout their lives. The end result should be children, parents, and other adults demanding personal finance education in K-12 schools, in colleges, and in other adult education venues.

Second, we need to get students and adults to recognize that they need to learn more about personal finance. This recognition is the first step in encouraging people to seek out and commit to financial literacy education.

- Matching supply with the demand. There is a plentiful supply of excellent teaching materials as well as numerous professional teachers and volunteers interested in bringing financial education to communities across America. One key is to provide more training and encouragement for these volunteers and to find ways to overcome any reluctance to teach personal finance. Another key is marshalling, training and deploying the huge army of qualified volunteers. There are many private organizations working to do this.

Financial literacy education should address both basic money management issues as well as new issues arising out of our continually changing financial landscape. One opportunity to connect volunteers and resources to consumers is to focus on increasing awareness of pivotal life moments that trigger financial issues. In addition, educators and other stakeholders in the financial literacy arena should be aware of social, political and economic forces affecting personal finances, such as new legislation like the Check 21 Act that went into effect on October 28, 2004.

- Measuring success. It is important to measure progress in order to identify those aspects of personal finance education that require improvement. This enables organizations involved to refine their approaches.

(2) What existing resources may be used to address those issues, and how could they be employed?

- There are many existing financial education resources, including those available through the Jump\$tart Coalition for Personal Financial Literacy, the American Savings Education Council, the Consumer Federation of America, the Federal Deposit Insurance Corporation, the U.S. Department of Labor, the U.S. Department of Treasury, and numerous other government agencies, nonprofit organizations and commercial corporations.
- The CPA Commission of the American Institute of Certified Public Accountants is leading a national effort to encourage CPAs to participate in personal finance education. There are currently hundreds of CPAs who have volunteered their services through the AICPA and state CPA societies. We believe that CPAs can help in many ways, including:
 - Teaching in volunteer programs
 - Helping to train teachers
 - Serving on boards of personal finance education organizations
 - Helping to match personal finance education supply and demand on a local level

(3) What are the best ways to improve financial literacy and financial education in the United States?

- Integrate more personal finance education into K-12 schools. Parents can be important, but schools are the best and fastest way to reach the most students. Many parents are poorly informed about personal finance issues and can lack the knowledge and the desire

to have their children financially educated. Schools have a formalized, learning environment and are the right place for personal finance education. We believe that personal finance should be required:

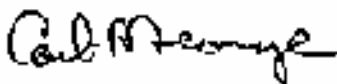
- To be incorporated into mandated subjects (such as Math, English and Social Studies) for K-8 students, and
- As a funded, separate course for high school students.

In addition, parents are a primary role model for children, good or bad. A child will often imitate the actions and behaviors of the parent, including poor finance habits. Parents should be included in the education process to reinforce the lessons learned by the child. Otherwise, the child will become confused by poor parent role models.

- Get more personal finance education to adults. From entering freshmen at colleges and universities to seniors entering retirement, American adults need financial education. Existing adult education and community outreach programs should be expanded to cover personal finance for all ages. And welfare-to-work programs need to be expanded to cover broader personal finance issues.
- Use television and the Internet to create and satisfy demand. For both K-12 students and adults, television and the Internet are powerful learning tools. Much personal finance material already exists in these media. The issue, as addressed above, is to create demand -- to stimulate students and adults to seek learning material that will improve their own financial skills. Of course, television and the Internet can also be used to create the demand.

The AICPA is firmly committed to improving financial literacy. We appreciate this opportunity to comment on such a critical societal issue.

Sincerely,



Carl R. George, CPA
Chair, National CPA Financial Literacy Commission