

**Speech by Barry Melancon, President and CEO, AICPA  
360 Degrees of Financial Literacy  
National Press Club, Washington, DC, May 17, 2004**

Thank you, Scott, for making such a compelling case for improving Americans' financial literacy. The AICPA is working to improve the financial knowledge of Americans with an important new program called 360 Degrees of Financial Literacy.

Financial literacy is imperative for many reasons. It provides the foundation for the major decisions of our lives. It gives us a shield against identity fraud. It enables Americans - 50 percent of whom own stocks directly or through 401(k)s and retirement plans - to understand the capital markets so they can be smart investors.

We know Americans need this guidance now more than ever. According to a national survey conducted for the AICPA by Roper, Americans are not adequately prepared to meet current and future financial needs. One out of every three Americans in two-income households have no plan in place beyond 12 months should they lose one income.

To handle an unmanageable financial emergency, almost half of the Americans who we surveyed would sell their house, car or other valuables and over a half would borrow money from family. Nearly three-quarters of Americans do not have cash on hand to cover a medical emergency in excess of \$15,000. These are shocking statistics. They tell us that Americans need guidance in taking control of their financial destiny.

Educating Americans to be financially literate is a life-long process. As an individual's personal circumstances evolve, so must their financial knowledge. It starts when we teach four-year-olds to put pennies in their piggy banks, and continues to the other end of the age spectrum when we assist adult Americans in reaching a secure retirement.

Every milestone in between - graduating high school, leaving home for college, entering the job market, marriage, parenthood, caring for elderly parents - requires a new set of decisions, a new understanding of financial terms and a new response to unexpected challenges.

The goal of 360 Degrees of Financial Literacy is to mobilize CPAs across the country to contribute to and find new ways of helping Americans learn how to make informed decisions about their personal finances. Without a doubt, it is an ambitious goal. But empowering Americans to plan for the key milestones of their lives is the foundation we are hoping to build.

How will the AICPA work to improve financial literacy?

Through the nationwide network of CPAs, CPAs who are the heart of businesses across the country as CFOs and controllers, who act as CPA tax and financial planners, as well as CPA Personal Financial Specialists who often form lifelong relationships with their clients. These professionals are our greatest assets, and we are marshalling their skill, enthusiasm and commitment to help Americans understand money management, savings, investments and retirement.

CPAs provide expert advice to tens of millions of Americans each year.

They help people maximize their financial potential with the full range of services they need, from tax planning and retirement planning, to cash management and eldercare guidance, to business valuation, software assessment and succession planning.

CPAs' ongoing relationships with individuals, small business owners and communities are built on trust and results. Their core values include integrity and objectivity. In short, they are ideally qualified to spearhead this campaign.

Our program will help CPAs deliver the greatest benefit of financial literacy to people across this country by forging a network of partnerships with the state CPA societies, schools, small businesses and local organizations.

Financial literacy isn't just for Americans. It's for America, too, and that's what David Walker will discuss in a few minutes. Right now, I'm going to talk about how 360 Degrees of Financial Literacy can enhance the lives of millions of people.

The majority of Americans - from people planning a budget to those with substantial wealth - need greater financial knowledge in order to enjoy the full promise of their lives.

Our needs-based program is designed for people who need to learn the basics, individuals with some understanding of financial matters, and sophisticated investors who know a lot about managing their resources.

The AICPA and our members have long been dedicated to reducing financial illiteracy. Now we are stepping up the pressure with a series of new initiatives that are laying the foundation for a nationwide financial literacy program. Let me highlight them for you.

To ensure that our efforts are meaningful and contribute to furthering financial literacy for all segments of the population, and people at all economic levels, we have created a National CPA Financial Literacy Commission. The Commission will offer thought leadership and seek to build new liaisons within the financial literacy community. Carl George, a CPA from Illinois and CEO of Clifton Gunderson, has agreed to chair this commission. We are excited that he is lending his considerable talents to this effort.

This Commission will be reaching out to partners in financial literacy- such as the American Savings Education Council- to find ways to maximize resources and outreach. We recognize that financial literacy is a vast problem and that working together is the ideal way to make a difference in communities across America.

Complementing the Commission's work is a new Grassroots Mobilization Team, who will develop models, capture best practices, and otherwise work with 50 state CPA societies to facilitate and promote CPA volunteerism in local communities across the country. This team, led by Jimmy Williamson, a CPA and small firm practitioner from Alabama, will focus on the heart of this campaign, the 340,000 CPAs who work in businesses and act as advisors to Americans each and every day.

The team will start by working with state CPA societies already active in this area- California, Michigan, New Jersey, Ohio and Missouri have outstanding programs in place. We hope to help them broaden their outreach and efforts.

Many state CPA societies already active in this area- California, Michigan, New Jersey, Ohio and Missouri have outstanding programs in place. We grassroots team will work to help these and other states broaden their outreach and efforts.

Another great way to ensure that we reach the broadest audience possible is with a Financial Literacy Hotline. Following the success of our yearly USA Today Tax Hotline, the AICPA is teaming up with USA Today to offer a series of weekly financial literacy chats on the newspaper's Web site. The hotline will be staffed by CPAs who have earned the PFS credential who will answer questions submitted by the paper's online readers.

In another major effort, the AICPA and the National Endowment for Financial Education have agreed to jointly undertake a national financial literacy PSA campaign, with a launch date scheduled for early in 2005. This campaign will focus on women's financial literacy, capitalizing on the

tremendous success of the AICPA's Women's Financial Health Program. A third major collaborator in the ad campaign is expected to be announced later this month. The campaign represents the first such effort of its kind ever to be implemented.

This program gives us the opportunity to enhance our efforts in this area. As you may know, we have co-sponsored Women's Financial Health Week with MONEY magazine for two years in a row. Last year, we reached an estimated 80 million consumers through print, television and radio and provided advice to hundreds of thousands of women through our Web site.

Are there unique financial literacy issues facing women? I will let the statistics speak for themselves. Women get about half the Social Security benefits that men receive. What's more, 53 percent of women don't have pensions, compared with 22 percent of men. While their resources can be more limited, women wield tremendous buying power.

They control or influence 80 percent of all consumer goods and services purchases. They buy or influence the purchase of 80 percent of all cars. They have sole or joint ownership of 87 percent of all homes. And they're an entrepreneurial force responsible for starting 70 percent of all new businesses in this country.

The AICPA is glad to partner with NEFE to bring new light on these pressing issues and expand our current efforts to help advance the financial health of women in this country.

To continue to maximize our outreach, we will develop over the coming year a new Web site that furnishes financial literacy education tools based on the 360 degree approach. When the site is mature, consumers will find information they can use to support sound financial decision making at every stage of their lives. The site will also contain resources for CPAs to use in educating and supporting consumers in making significant financial choices.

The cornerstone of our campaign is the talent and expertise of our members in the area of financial literacy. Mark Altieri, a professor at Kent State University and a CPA with the Personal Financial Specialist credential, has written Financial Guidance for Americans. This book helps Americans understand the financial issues involved with home ownership, investing and risk management. He is generously allowing us to use portions of this book to populate our new Web site and create an educational program for CPAs. He is here with us today and I'd like to take a moment to recognize him for his generosity and talented contributions.

Mark's book, as I said, is being used to develop a new Continuing Professional Education course. This course will prepare CPAs to be successful volunteers in their communities and will be provided to CPAs online free of charge to cover the crucial issues of financial literacy.

Many of our members are already active in their communities, donating their expertise every day to advance the cause of financial literacy. We will honor these generous professionals and recognize exceptional volunteer efforts by awarding the Certificate for Volunteer Financial Literacy Service, which we are developing this summer.

The AICPA has been committed to financial literacy for many years, and we are escalating our efforts through the new initiatives I've just described. To ensure that all our efforts have maximum impact, we've put the financial literacy programs that are already in place under the 360 degree umbrella.

I'd like to share a few of the most important ones with you now.

The following three programs underscore our historical involvement in educating Americans about finance. We launched the CPA Information Package, the iPACK, to provide effective, easy-to-use tools that teachers across America can use to give students a good grounding in financial literacy. We recently donated this valuable resource to 400 CPAs who are volunteers of the Missouri Society of CPAs. These CPAs will be taking this resource to classrooms across the state.

The AICPA also reaches students by educating their teachers about personal finances. Last year the AICPA Foundation provided funding for "Financial Smarts for Teachers," a program California Jump\$tart created with the California Society of CPAs to help instructors understand their own financial lives. That program has turned out to be an incredibly successful partnership between CPAs and the public schools.

Start Here Go Places is the AICPA's award-winning student recruitment program. We recently built on this program's success by adding a new Money Means Business game, which lets students of all ages learn the basics of money management and practice their new skills in an entertaining, virtual environment.

Later this summer, we will distribute a teacher's guide to accompany the Money Means Business game that will help teachers use this resource in a classroom context.

The AICPA has produced two television shows focused on teaching money concepts that are getting wide distribution. Penny Wise offers basic

money management skills while Business Building Blocks provides information on accounting principles.

As part of our financial literacy outreach, we are working on a state by state basis to distribute these programs to state CPA societies who will in turn get them into the hands of junior and high school students nationwide.

We have also been active in helping Americans prepare for the unexpected. Together with the AICPA Foundation, American Red Cross, and NEFE, we've developed the Disaster Recovery Guide, a free, step-by-step handbook that helps victims regain their financial security following any kind of disaster. It has just received the Award of Excellence from the American Society of Association Executives. Our American Red Cross partner is here today. We thank them for getting the disaster guide into the hands of over 100,000 families across America!

In another venture with NEFE, we along with five other organizations have joined forces to sponsor the Project for Financial Independence, which trains CPAs to give free financial guidance to individuals who can't afford an advisor or are facing unusual financial difficulties. This initiative is the nation's first multi-organizational, pro bono financial planning effort and it is working to connect CPAs with those in need.

Grassroots volunteerism and education is what we think will ultimately make the greatest difference in the level of financial literacy in this country. The CPA Ambassador Program, launched this past November, has financial literacy as one of its key focuses. The program is designed to educate, prepare and help CPAs get out in front of local media, local community groups and other venues to spread the message on the importance of financial literacy.

Our efforts have also reached out to educated men and women who have the awesome responsibility of ensuring the welfare of American companies, both public and private. Last year, the AICPA launched the Audit Committee Effectiveness Center-a Web-based resource that helps members of company boards and audit committees find the guidance they need to oversee their organizations. The Center features the Audit Committee Toolkit, which outlines best practices. Just last month, we worked with the state of Michigan to train CPAs in that state to implement these best practices in companies and organizations across that state.

The AICPA Foundation has provided funding to a number of our programs. They have worked diligently to advance financial literacy among Americans and they will continue to do so. They have endorsed our 360 Degrees of Financial Literacy program and promised to remain active partners on this important public service initiative.

As you can see, 360 Degrees of Financial Literacy is an ambitious effort. But the statistics that Scott spoke about and that David Walker will address in a moment are a clear call for decisive action.

Planning for personal goals is a lifetime journey. At each new stage of life we reach, we require different financial literacy competencies. The milestone decisions we make throughout our lives profoundly affect our ultimate financial security, and ultimately the financial security of the U.S. economy.

Every time we as CPAs increase a person's financial knowledge, we are enhancing their financial well being.

The strength of our country depends on an informed public. The greater our grasp of issues including social security, retirement, investments and debt, the better we will understand America's financial condition and be able to improve it.

David Walker, Comptroller General of the United States, is also a fellow CPA and an outspoken advocate of financial literacy at the government level. Please help me welcome him.