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Good afternoon, Senator Grassley and members of the committee, my name is Elizabeth Kiss and I am a family resource management Extension Specialist at Iowa State University. It is a pleasure to be here today to describe the Money 2000™ program and to share information about the success of the program in Iowa with you.

What is Money 2000™?

Money 2000™ is a Cooperative Extension System program designed to increase the financial wellness of participants - either by increasing saving and investment or reducing debt or by doing some of both. Dr Barbara O'Neill, co-director of the original Money 2000™ program at Rutgers Cooperative Extension in New Jersey, describes the effort as a "weight management program for your money." In O'Neill's words, "Participants set personal financial goals and periodically "weigh-in" with local project directors who help them stay on track."

Since it was launched in 1996, Money 2000™ has helped over 7,000 people in more than 30 states increase their net worth by more than \$3 million. The initiative is coordinated by the USDA's Cooperative State Research, Education, and Extension Service (CSREES) and its affiliated Cooperative Extension offices in every state.

Program costs and offerings vary by state and county. Most programs offer quarterly newsletters, a variety of workshops, newspaper articles, public service announcements, web-based resources, and regular follow-ups to track progress. To learn more about Money 2000™ programs around the country, visit <http://www.Money2000.org>.

The program in Iowa - Money 2000™ and Beyond

For Iowa State University Extension, Money 2000™ and Beyond is an educational program designed to help Iowans reach their financial goals. It is intended for anyone who wants to establish clear and attainable financial goals - for example, saving for retirement, reducing debt, saving for a child's education, or buying a home. The program began in January 1998 and runs through December 2000.

When enrolling in Money 2000™ participants read through a goal setting booklet, set their personal financial goals, summarize their current debts and savings, and then track their financial progress. In Iowa, there is no cost to enroll in Money 2000™.

Participants may set any goal they wish. The example we often give is saving \$2,000 by the end of the year 2000. For someone enrolling this month that means savings about \$112 a month through December 2000.

After enrolling participants receive a quarterly newsletter with tips on saving, investing, credit, and budgeting. Participants also receive information about other ISU Extension educational materials and programs available through local extension offices. Many of those programs are described in the first

handout. ⁽¹⁾

As the handout illustrates, ISU Extension provides a range of family financial management activities across the life span and uses a variety of teaching methods. Through these programs and others, ISU Extension provides information and education support to Money 2000™ participants as they work to achieve their goals.

For example:

- The *ABCs of Managing Your Money* teaches basic financial management to individuals in their 20s and 30s. Participants develop planning and recording skills, set financial goals, and develop investment strategies to fund long-term goals. Typically the five-week series is offered in cooperation with employers or labor unions in the workplace. It has also been co-sponsored by local financial institutions. Pre-assessments indicated that just 35% of participants were either somewhat or extremely satisfied with their understanding of financial management and that just 35% of participants had a system for planning and tracking spending. Post-assessments indicated that after completing the program, 84% of participants were either somewhat or extremely satisfied with their understanding of financial management and that 73% either had a system for planning and tracking spending or planned to implement one.
- The *Women's Financial Information Program*, co-sponsored with the American Association of Retired Persons (AARP), teaches midlife and older women skills for managing their finances and planning for a successful retirement. Evaluations have shown that after completing the 7-session program, 88% of participants in Iowa feel more confident about managing their money.
- The *Money Mechanics* and *Investment Basics* learn-at-home newsletters and the *Take Control of Your Finances* video and budgeting worksheet are available for Iowans interested in self-directed study of financial management issues.

Every six months - in January and July - we ask participants to let us know how they're doing in reach their Money 2000™ goals. We do this because regularly tracking progress toward their goal helps participants stay motivated. So does telling others about that progress.

The second handout describes Money 2000™ participants and what they have accomplished thus far. ⁽²⁾

Total enrollment on June 1, 1999 was 1049 Iowans. We're reaching younger, moderate-income families - those who can benefit from settings goals and working over time to achieve them. Two-thirds of participants live in married couple households; 57% live in households with children. Over 75% of participants live in households headed by someone between the ages of 25 and 54 years old. Slightly fewer than half of participants (41%) live in households with annual incomes of \$30,000 or less.

And, these Money 2000™ families are taking action. Over 80% of participants set a savings goal. Savings goals averaged \$4,660. Two out of three participants set a debt reduction goal. Debt reduction goals averaged \$6,000.

We have requested progress reports from participants on two occasions - July 1998 and January 1999. Participants who responded to the first, the second, or both requests reported saving a total of \$729,659. The median amount saved per month was \$92. Participants reported reducing debt by \$452,809 during

the same period. The median income of debt reduction per month was \$25.

Money 2000TM has made Iowans aware of the need to save and of the long-term benefits of developing the "habit" of saving. Staff report that many new community partnerships have developed. For example, in addition to displays and statement stuffers, banks have offered special Money 2000TM savings accounts with higher interest rates. Agencies and organizations in Iowa such as Workforce Development and Consumer Credit Counseling Service have supported Money 2000TM through their newsletters. The news media have also been extremely receptive. Money 2000TM features have appeared in the major newspapers across the state and our public service announcements are aired regularly by several radio stations. Most importantly, each of these partnerships has resulted in expanded opportunities for program delivery.

We ask each participant, when they enroll, to tell us what personal finance topics they are interested in learning more about. Participants have consistently told us they are interested in learning more about basic saving information, investment options, and retirement planning. They also want to learn more about setting financial goals, making spending plans, and tracking spending. We are using this information to guide us as we develop new programs.

By enrolling in Money 2000TM, Iowans have shown us that gaining the knowledge and skills to improve the way they manage their finances is important to them. By encouraging participants to set goals, track their progress, and share their experiences with others, ISU Extension educates Iowans and helps them stay motivated as they work to improve their financial security.

1. Handout 1: *Money 2000 and Beyond: A program to help Iowans manage their finances*. Available online at <http://www.exnet.iastate.edu/publications/SP55.pdf>.
2. Handout 2: *Money 2000 and Beyond: Program summary*.