

# NATIONAL ENDOWMENT FOR FINANCIAL EDUCATION

AND

## DEPARTMENT OF DEFENSE

### MEMORANDUM OF UNDERSTANDING

#### **I. Purpose and Basis for Memorandum of Understanding**

This Memorandum of Understanding (MOU) establishes a partnership between the National Endowment for Financial Education (NEFE), and the Office of the Deputy Under Secretary of Defense (Military Community and Family Policy). The partnership allows, under conditions outlined in this MOU, major military installations throughout the Department of Defense (DoD) to use the programs and services of the NEFE, as well as partner with local NEFE members to use their programs, services and materials as part of the DoD campaign to improve the financial literacy of Service members and their families.

The purpose of the DoD financial education initiative is to assist Service men and women and their immediate families in their efforts to build personal wealth through reducing debt and establishing savings goals. Building wealth affords Service members and their families an opportunity to achieve goals such as maintaining an emergency cash reserve, buying a house, or paying for college.

#### **II. National Endowment for Financial Education (NEFE)**

NEFE is a non-profit 501 (c) (3) foundation dedicated to helping all Americans acquire the information and gain the skills necessary to take control of their personal finances. NEFE accomplishes its mission primarily by partnering with other concerned organizations to provide financial education to members of the public—in particular, to underserved individuals whose financial education needs are not being addressed by others. These partnerships are an effective means of responding to the needs of many different groups within the general population.

#### **III. Description of NEFE Programs, Services and Materials**

In all of its partnerships, NEFE functions as an active participant by providing funding, as well as the logistical support and financial planning expertise needed to create personal finance programs and materials for the public. NEFE also underwrites grants, fellowships, and research projects; and facilitates the exploration of new ideas in the field of personal financial planning by sponsoring events for professionals throughout the financial services industry.

The National Endowment is composed of four distinct areas that define the foundation's scope and guide its activities. These areas include: Education Programs, Collaborative Programs, Multimedia Access, and Innovative Thinking.

#### **IV. Department of Defense**

The DoD represents over 2 million active duty and reserve Service members in three military departments - Army, Navy and Air Force. As part of its Social Compact with Service members and their families to care for their quality of life, DoD provides personal financial management education and training to prepare them for their changing financial needs. Enlisted Service members receive the bulk of their basic financial education during the first 18 months of service. Follow-on programs that include family members are provided at military installations to fulfill local educational requirements.

Personal financial management is also seen as an integral part of personal readiness to accomplish the DoD mission. Poor money management skills may cause a Service member more than financial problems, and may also interfere with his or her ability to focus on the mission of defending the nation's interests.

#### **V. Responsibilities**

The Office of the Deputy Under Secretary of Defense (Military Community and Family Policy) and the NEFE agree to the following:

Responsibilities of the NEFE:

- a. Encourage practical money-management skill and an introduction to financial planning, among Service members, by providing materials that cover basic information on insurance, investments, tax planning, retirement planning, and estate planning.
- b. Provide Military Financial Educators with access to its Web-based training programs. These programs are aimed at individuals who work with young people and provide background information on personal finance. These programs feature a wide variety of suggestions and examples that can be applied to exercises and discussions.
- c. Develop and make available, when practical, personal financial literacy materials aimed directly at Service members and their families.
- d. Provide access to the Project for Financial Independence resources. The purpose of this program is to provide personal financial advising to members of the public who cannot afford a financial advisor, or who are facing an immediate or unusual financial need or crisis. The financial advice is offered on a pro bono basis. The Project for Financial Independence connects volunteer financial professionals who are members of one or more sponsoring organizations with members of the public who qualify for free financial planning. Individuals who qualify for pro bono help include: low-income consumers; people facing a temporary hardship, such as the loss of a spouse or job, the diagnosis of a serious illness, the aftermath of a disaster, or federal mobilization as part of the National Guard or Armed Forces Reserve; individuals who have undergone formal credit counseling or declared bankruptcy; and enlisted U.S. military personnel.

Six nonprofit organizations sponsor this project. The six organizations are: the American Institute of Certified Public Accountants (AICPA), Certified Financial Planner Board of Standards (CFP Board), Financial Planning Association (FPA), National Association of Personal Financial Advisors (NAPFA), National Endowment for Financial Education®, (NEFE®), and Society of Financial Service Professionals (SFSP).

Pro bono advisors can guide clients in making wise decisions in different types of financial areas, including:

- Budgeting
- Cash and debt management
- Credit use
- Eldercare issues
- Employee benefits
- General financial planning
- Insurance coverage and insurance settlements
- Medical and health issues (health-care costs, Medicare/Medicaid, long-term or terminal illness, living with disabilities)
- Retirement planning
- Tax planning
- Women's issues (single motherhood, widowhood)

All of the advisors who volunteer their time for the Project for Financial Independence have agreed to operate according to the codes of ethics of the various financial organizations to which they belong. Pro bono advisors in this program have committed to offering objective advice to clients. They shall not sell any financial products, nor shall they prospect for new customers from clients. Advisors shall present a letter of understanding (attachment 1) to prospective clients prior to providing pro bono services, advising clients of the advisors' credentials, responsibilities and ethical obligations and limitations.

Responsibilities of the DoD:

- a. Promote the use of the NEFE web-based training programs through the Military Departments.

- b. Collaborate on the development of any NEFE products aimed at Service members and their families, and facilitate the distribution of these products once developed.
- c. Facilitate the use of the Project for Financial Independence, with priority provided to the following categories of potential clients:
  - Severely injured/disabled Service members and their immediate families. The Department considers these individuals as the highest priority for receiving financial services.
  - Members of the Guard and reserve (who have been notified of mobilization, have been mobilized or have recently returned from mobilization), and their immediate families.
  - Enlisted members of the active force (who have been notified of deployment, have been deployed or have recently returned from deployment), and their immediate families.
  - Enlisted members of the Guard, reserve and active force and their immediate families.

To facilitate the use of the Project for Financial Independence, the Department will disseminate the “NEFE Toolkit for Local Charities” (attachment 2) and the “Financial Planner/Client Letter of Understanding” (attachment 1) through:

- The Military Severely Injured Joint Support Operations Center.
- The Military Departments and the National Guard Bureau for use by family support coordinators on military installations, in the Reserve regions and the National Guard state organizations.
- The Military OneSource Service member assistance toll-free call center.

## **VI. Amendment**

The MOU will be reviewed annually, and may be amended as agreed to in writing by both parties.

## **VII. Effective Date and Termination**

The MOU shall become effective upon the signature of the authorized officials of the respective parties. It shall remain in effect until terminated by mutual agreement or 60 days advance written notice by either party.

## **VIII. Limitation**

This document is a Memorandum of Understanding only. It is entered into only as a declaration of present intent. Nothing herein shall be construed as a legally binding commitment of any party or parties hereto either individually or collectively. This MOU does not create any rights

either on the part of any party hereto or any third party. Any provision of this MOU that conflicts with federal law will be null and void.

**IX. Points of Contact (POC)**

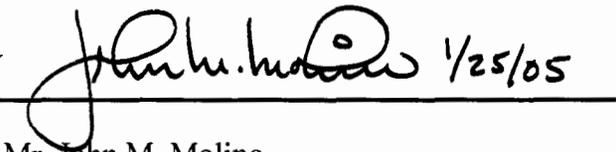
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**X. Signatures:**

 1-5-05

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 1/25/05

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