



Testimony Presented by

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To

Pennsylvania House Education Committee

October 6, 2014

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Good morning Chairman Clymer, Democratic Chairman Roebuck, and the members of the House Education Committee. I would like to say a special hello to my state representative, Mark Longietti. Thank you for the opportunity to present testimony today concerning financial literacy education in grades kindergarten through 12th grade. My name is Bob Jazwinski and I am here on behalf of the Pennsylvania Institute of Certified Public Accountants and its more than 22,000 members in public accounting, industry, government, and education committed to protecting the public interest.

I am president of JFS Wealth Advisors. I am a CPA and personal financial planning specialist as well as a certified financial planner. My firm, with offices in Hermitage and Pittsburgh, Pennsylvania, provides integrated financial planning and investment strategies to more than 1,000 clients in 30 states. I am also a past president of the PICPA and former chair of the Personal Financial Specialist Committee of the American Institute of Certified Public Accountants.

The CPA profession has been championing the cause of financial literacy for more than a decade. Nationally, the profession reaches about 100 million Americans a year through media impressions, Web traffic, and other communications. In Pennsylvania, we partner with elementary schools and senior centers, and everyone in between, to help the residents of the Commonwealth understand the basic principles of personal finance so they can attain their financial goals. Many PICPA members have also partnered with your colleagues in the House and Senate to support programs in your local districts and provide interviews for your public access stations. We do all this as a public service and join many other groups such as the Pennsylvania JumpStart Coalition to improve financial literacy across the state.

The reach of these initiatives is impressive, but they do not solve a core problem – many people just don't understand the basic principles of personal financial management. These volunteer efforts demonstrate the need for the integrated education plan that was put forth by the Pennsylvania Task Force on Economic Education and Personal Financial Literacy Education. All the recommendations are excellent, but I'd like to comment on two specific recommendations that resonate with me - a certified public accountant who regularly meets with individuals to help them meet their short- and long-term financial goals.

- Recommendation #1 requires every Pennsylvania high school student to complete a standalone capstone course on personal finance. A look at college debt is one of many issues that demonstrates the immediate need for our students to better understand basic personal finance principles. The Institute for College Access and Success reports that 71% of all students graduating from four-year colleges in 2012 had student loan debt. The average debt levels for all graduating seniors with student loans rose to \$29,400 in 2012, a 25% increase from 2008.

In a survey conducted for the American Institute of CPAs by Harris Interactive, 75

percent of respondents said they or their children have made personal or financial sacrifices because of monthly student loan payments. Most survey participants did not anticipate the financial strain, and only 39 percent said they fully understood the burden student loan debt would place on the future. A whopping 60 percent now have at least some regret over the choice of education financing. Education is the key to changing the direction of these rising debt numbers.

Other significant data supporting the need for better financial education include the most recent Survey of Consumer Finances by the Federal Reserve Board that show the lowest quartile of net worth at less than \$50. The mean net worth of the lowest quartile is negative \$13,400.

The Employee Benefit Research Institute 2014 Retirement Confidence Survey reports that 24% of workers are not at all confident of having enough money for a comfortable retirement, 58% of workers and 44% of retirees report having a problem with their level of debt, and 36% of workers report they have virtually no savings and investments (less than \$1,000).

From the state's perspective, there are two things to consider. When taxpayers postpone making large purchases, there is a direct impact on the amount of state sales tax revenue generated from taxable items such as cars and large appliances. This trend also affects the local communities who count on home sales and real estate taxes. In addition to these hard revenue numbers, numerous research studies correlate rising health issues with the stress of rising debt and weak personal financial strength. Better education will not only raise revenue, but provide for a healthier and debt-reduced population.

- The second recommendation I'd like to highlight is recommendation #3, which provides dedicated funding to support high quality K-12 personal finance instruction and teacher training. This is critical to the success of an integrated financial literacy education program. Teachers are intelligent and dedicated individuals, but it cannot be assumed that the training they have received in their various disciplines, along with child psychology, and classroom management, will provide them with the adequate tools to provide the financial management framework for children K-12. If we want this initiative to succeed, we need to provide teachers with the adequate training and tools to support the success of their students.

Thank you for the opportunity to speak with you today, and I look forward to answering your questions.