

Summary of Financial Literacy and Education Commission Public Meeting
Wednesday, November 5th, 2014
U.S. Department of the Treasury, Washington D.C. – Cash Room
9:00am – 11:30am

MEETING MINUTES

Present Commission Members:

- Matthew Rutherford, Acting Under Secretary for Domestic Finance, U.S. Department of the Treasury
- Richard Cordray, Consumer Financial Protection Bureau
- Anna Alvarez Boyd, Federal Reserve Board of Governors
- Brittany Borg, Small Business Administration
- Maria Arista-Cuchna, Social Security Administration
- Elizabeth Coogan, Department of Education
- William Glavin, Department of Housing and Urban Development
- Marietta Jelks, General Services Administration
- Karen Marsh, Federal Emergency Management Agency
- Cristina Miranda, Federal Trade Commission
- Becky Monroe, White House Domestic Policy Council
- Judy Mares, U.S. Department of Labor
- Janneke Ratcliffe, Consumer Financial Protection Bureau
- Luke Reynolds, Federal Deposit Insurance Corporation
- Susan S. Shockey, U.S. Department of Agriculture
- Alan Sorcher, Securities and Exchange Commission
- Barry Wides, Office of the Comptroller of the Currency
- Kenneth Worthey, National Credit Union Administration

Also Present:

- Melissa Koide, Deputy Assistant Secretary, U.S. Department of the Treasury
- Amias Gerety, Acting Assistant Secretary for Financial Institutions, U.S. Department of the Treasury
- Caroline E. Crocoll, U.S. Department of Agriculture
- Greg Long, Executive Director, Federal Retirement Thrift Investment Board
- Kathy Grantland, Agency Benefits Officer, Social Security Administration
- Teresa Marler, Benefits and Worklife Lead, Consumer Financial Protection Bureau
- Jeff Larrimore, Economist, Division of Consumer and Community Affairs, Federal Reserve Board of Governors
- Marvin M. Smith, Senior Community Development Research Advisor, Federal Reserve Bank of Philadelphia
- Portia Wu, U.S. Department of Labor

Opening Remarks:

Amias Gerety, Acting Assistant Secretary for Financial Institutions, US Department of the Treasury, opened up the meeting by introducing Matthew Rutherford, the Acting Under Secretary for Domestic Finance, U.S. Department of the Treasury.

Under Secretary Rutherford emphasized the importance of workplace financial capability, describing the critical importance of creative and innovative workplace retirement savings plans, especially as employers shift from defined benefit plans to defined contribution plans. He also highlighted the need for the myRA program, a new retirement savings plan designed for low-wage, part-time, or seasonal workers who may not qualify for an employer-sponsored retirement plan. Later, he described the importance of financial education for federal workers. He noted the efforts of FLEC's Early Career Committee to help federal workers prepare for their financial futures using existing Federal resources.

Next, Richard Cordray, Vice Chair of the Commission, spoke to the importance of financial education in the workplace. He described how financial wellness programs in the workplace serve to enhance engagement and productivity in the workforce. He mentioned the Consumer Financial Protection Bureau's (CFPB) Financial Wellness at Work report, and explained a few of the best practices that emerged from their study of innovative employers providing financial wellness tools to employees, such as educational financial gaming. He also talked about FLEC's collaborations with the Department of Labor and the Office of Personnel Management (OPM) to expand employee financial planning and utilization for all federal agencies.

Portia Wu, Assistant Secretary for Employment and Training for the U.S. Department of Labor, began by discussing the recently signed Workforce Innovation and Opportunity Act (WIOA), and the benefit it will provide to workers. She spoke about the statute's focus on disconnected youth-- aged 16-24-- that have dropped out of the educational and working worlds. WIOA will require states to allocate 75% of their youth funding to supporting disconnected youth, providing this cohort with much needed job training and career resources. She concluded by expressing her interest in working with the FLEC agencies to help states develop the new workforce plans prescribed by the new law.

Melissa Koide, Deputy Assistant Secretary for the U.S. Department of the Treasury, then introduced Greg Long, Executive Director of the Federal Retirement Thrift Investment Board (FRTIB).

Mr. Long described some of the recent successes of the FRTIB, particularly the effectiveness of automatic enrollment on increasing the participation rates of young federal workers in the Federal Employee Retirement Savings program (FERS). He also discussed some of the challenges facing FRTIB, specifically with the lower investment rates in groups over 30 years of age and high rates in the G-Fund. The FRTIB plans to address this by defaulting participants to the "lifecycle" option and by providing more effective education on its usefulness. Then he described a few of the emerging opportunities on the horizon for FRTIB like Take FIVE, a

communications campaign designed to educate young federal workers on the recommended investment levels for a financially strong retirement.

After concluding his presentation, Mr. Long opened the floor for questions from the Commission members. Commission members asked about how FRTIB balances the flow of information among various sources for new federal employees, FRTIB's best practices in employee financial wellness/capability and its applicability to the private sector, and the benchmarks for different life cycle funds. The members also inquired about the availability of agency-specific data relative to FERS/TSP participation and the peer training for Take 5 campaign.

Mr. Long stated that FRTIB sends trainers out to provide guidance to agency Human Resources personnel and also uses simple, concise communications methods to deliver an effective holistic message. He also stated that while the private sector's approach to employee financial wellness is gravitating toward federal trends, there is still much work to be done before public and private sectors' financial plans for employees resemble each other. He stated that FRTIB is challenged by the low number of available training staff relative to the high need, but he is focused on acquiring resources in the future to address these needs.

Next, Deputy Assistant Koide introduced Judy Mares, Deputy Assistant Secretary for the Employee Benefits Security Administration, U.S. Department of Labor. Deputy Assistant Secretary Mares served as the moderator for the FLEC panel on Promising Practices in Federal Agency Financial Education.

Meeting Panel: Federal Agency Financial Education Promising Practices

Ms. Mares formally introduced each member of the panel and asked them why their respective agencies sought to expand employee financial education beyond the typical federal offerings, what methods they used to ensure employees' access to financial education and training resources, and how they approached the disparate needs of older workers and younger workers in their training/educational programs.

Kathy Grantland, Agency Benefits Officer, Social Security Administration

Ms. Grantland stated that upon receiving the mandate to develop financial education plans for employees, her agency decided to expand an existing program ("All Stages, All Ages"). She also stated that her agency ensures access to financial education tools through the agency's website, offering written materials, videos, guest lecturers, and frequent communications for their employees. For new employees, her agency offers a full-day training specifically pertaining to benefits with regular follow-ups and online resources to ensure they are well-informed on how to capitalize on their available financial resources. For near-retirement employees, her agency offers personal counseling meetings with benefits officers for older employees who may be unaccustomed to using online interfaces.

Caroline Crocoll, Director, Division of Family and Consumer Sciences, National Institute of Food and Agriculture, U.S. Department of Agriculture

Ms. Crocoll described her agency's efforts to direct much of their research-based expertise toward their own financial education processes to inform and empower staff who may be

struggling in different areas. Her agency regularly conducts lunch-time seminars, outreach events, webinar series, and educational programs with guest lecturers on financial capability.

Teresa Marler, Benefits and Worklife Lead, Consumer Financial Protection Bureau

At CFPB, Ms. Marler ensures access to their financial education tools by providing resources through as many venues as possible. Through their intranet, they disseminate blogs, articles, informative briefs, and communications for upcoming educational events. CFPB also conducts regularly-scheduled financial planning seminars and spreads financial advice from their senior executive leaders through articles/memos. Regarding early-career federal workers, CFPB provides lunch-and-learn sessions on and also provides a “paying for college” workshop for workers dealing with student loan debt.

Next, Ms. Mares opened the floor up for questions from the Commission members.

The Commission members asked about the panel’s experiences using national events/activities to enhance their efforts in employee education, how they have approached a discussion around large-scale events in an employee’s financial life (buying a house, car, etc.), what they have observed from employees’ conducting hardship withdrawals from their accounts, and how training/guidance has been delivered to those that have done so.

The panelists responded that while they do coordinate their efforts with special programs and events, not much has been done to utilize national observances or initiatives for financial education. They also stated that they have worked to expand the discussion beyond retirement benefits, and that much more could be done to incorporate significant financial events into their educational framework. Teresa Marler stated that CFPB cannot officially provide employees with advice on hardship withdrawals, but they do try to provide them with the most clear and relevant information and resources where financial advice can be accessed. Greg Long suggested that the recent economic crisis may have caused a spike in the number of hardship withdrawals, but that the number has normalized with improving economic conditions.

FLEC – Research Update

Next, Deputy Assistant Koide introduced Anna Alvarez Boyd, Senior Associate Director of the Division of Consumer and Community Affairs, Federal Reserve Board of Governors. Ms. Boyd then introduced the speakers of the panel and gave the floor to Susan Shockey, National Program Leader for the Division of Family and Consumer Sciences at the U.S. Department of Agriculture and Co-Chair of FLEC’s Research and Evaluation Committee.

Dr. Shockey provided an update of the findings presented at the FLEC Research Symposium held in September 2014. The researchers focused on a range of research topics centered on the theme of “Starting Early for Financial Success: Turning Capability into Action.” The research explored the connections between financial education and capability interventions and the measurable changes in financial behavior and outcomes. It is hoped that the findings of this research will generate new learnings and insights to fuel innovations in policy and practice that will increase financial capability for American households.

After her description of the FLEC Research Symposium, Dr. Shockey gave the floor to the panel of researchers so they could present their findings.

Jeff Larrimore, Economist, Division of Consumer and Community Affairs, Federal Reserve Board of Governors (FRB)

Mr. Larrimore presented selected findings from the FRB's Survey of Household Economics and Decision-making, focusing on the data pertaining to respondents' overall economic well-being and their savings/retirement planning. His findings revealed that a significant minority of households are experiencing difficulty managing their finances and indicated that persons with lower incomes were less prepared to withstand a financial emergency. Larrimore's findings also revealed that persons of younger age groups and lower income levels gave little thought to retirement planning, they indicated that persons making over \$50,000 were chiefly concerned with addressing long-term financial issues (income, retirement, home, etc.), and suggested that those making under \$50,000 were primarily worried about short term financial matters (job, pay, bills, etc.).

Marvin M. Smith, Senior Community Development Research Advisor, Federal Reserve Bank of Philadelphia

Dr. Smith presented his findings from the Federal Reserve Bank of Philadelphia's research into the effectiveness of homeownership counseling. The study randomly assigned participants into two groups, with one receiving a two-hour financial education workshop and the other receiving a two-hour workshop plus one-on-one counseling. By tracking specific financial behavior outcomes (total debt, credit scores, etc.) as evaluative outcome criteria, the study found that counseling matters in challenging times, that increased counseling has an exponentially beneficial effect on homeowners, and that counseling benefits future homeowners as well as those who opt against homeownership.

The Commission members asked the panelists about the dissemination and usage of their research findings, the inclusion of credit ratings in their research, and the possible indication of consumers' reliance on personal savings vs. borrowing during a financial emergency.

The panelists stated that they plan to work with FLEC, the President's Advisory Council on Financial Capability for Young Americans, and other federal entities to spread their findings and expand support for related research. Mr. Larrimore stated that while he has not integrated credit scores with his analysis of various income levels, he plans to do so in the future. Dr. Smith stated that he did not track the impact of the participants' increased credit scores on their housing circumstances, but he did anticipate that as a result of improved credit scores their housing situations would have improved. Mr. Larrimore also indicated that his study's participants were much more likely to rely on borrowing from friends/family or an alternative financial provider than their personal savings to cover three months of lost income.

Next, Dr. Shockey spoke to the current and future efforts of FLEC's Research and Evaluation committee. She provided a brief overview of the 2013 FLEC Strategic Research Priorities and described the committee's plan to work with the Journal of Consumer Affairs to publish a special issue in March 2015.

Deputy Assistant Koide thanked everyone for their efforts and attendance, and concluded the meeting at 11:25am.