



Financial Literacy and Education Commission Public Meeting Minutes
February 14, 2017
U.S. Department of the Treasury – Cash Room
9:00 a.m. to 11:30 a.m.

Louisa Quittman, Director, Financial Security for the U.S. Department of the Treasury called the meeting to order at approximately 9:15 a.m.

Dave Lebryck, Treasury’s Fiscal Assistant Secretary, serving as Treasury’s Senior Career Official for Domestic Finance, made brief remarks acknowledging the FLEC’s support of Treasury’s myRA program. He also noted the importance of financial education and giving people opportunities to save for retirement early in life. He indicated the importance of providing messages about retirement saving for all income ranges, including for federal workers. He concluded noting the importance of collaboration across government agencies. Mr. Lebryck then asked the Vice Chair for remarks.

Director Cordray acknowledged the peaceful transfer of power, not only in the White House, but also across agencies. He mentioned the new Secretary of the Treasury’s arrival and that we will continue to move forward with our work.

He welcomed the attendees and stated that the Commission continues to be a valuable forum for promoting financial literacy and acting as a catalyst for improving the financial well-being of consumers.

He mentioned the efforts made by the CFPB to support the financial readiness of the military and support the financial capability and education of diverse communities. He mentioned CFPB’s work in these areas, citing Holly Petraeus’ work in building the Office of Service Member Affairs over the past five years and introducing the new Director, Paul Kantwell. Director Cordray cited the more than 71,000 complaints received by the CFPB from military members and the enforcement actions that the CFPB has taken against companies who have harmed service members. He drew attention to the seminars, financial coaching and other methods of assisting the military, including the partnership with the Department of Defense to offer financial literacy training to service members and their families. He stated his enthusiasm for the newly created Office of Financial Readiness at the Department of Defense and learning more about how CFPB can contribute to this effort.

Director Cordray then discussed the work the CFPB is doing in economically vulnerable communities. The CFPB launched a new program in 2016 at 60 sites around the country to

provide financial coaching to military personnel and economically vulnerable consumers. The coaching is offered primarily at job center sites funded by the Department of Labor and includes complimentary services from non-profits, such as job training, housing and social services. About 8,000 clients have received approximately 16,000 coaching sessions and helped people meet their financial goals. He also highlighted the “Your Money, Your Goals” toolkit that helps consumers manage their money. The toolkit is available in English and Spanish and is complemented by a “Train the Trainer” guide. Over 250 organizations in 49 states plus the District of Columbia and Puerto Rico have used the toolkit and trained over 13,000 volunteers on how to use the kit. About 30 other organizations are set to adopt the toolkit. Director Cordray encouraged interested parties to visit the CFPB website, www.cfpb.gov for these resources and mentioned the upcoming America Saves and Military Saves initiatives and the role that the Federal government plays in helping Americans achieve financial well-being.

Louisa Quittman welcomed the panel on Military Financial Readiness.

Military Financial Readiness and the New Blended Retirement System

Wayne Boswell, Director of Military Financial Readiness, Department of Defense, introduced the panel.

Mr. Boswell began by providing background on military financial readiness. Financial well-being in the military is an issue: financial shocks and problems can negatively affect personnel and mission readiness. Financial education can change behaviors so that service members have sound financial behaviors as they move forward in managing finances. He stated that one of their Department’s motto is, “If they’re ready to fight, they’re ready for life.” Of the 1.3 million active duty personnel, approximately 44% are 24 years or younger. This leaves them more vulnerable than senior service members. Deployment can put additional strain on family finances and frequent direct marketing of financial products can affect their mission effectiveness and ability to stay in the military. The Department of Defense’s work in financial readiness has four pillars: managing money, saving and investing, consumer protection and future planning. These were developed in partnership with other Federal agencies: CFPB, SEC, FTC, and Treasury. The Office of Financial Readiness was established in 2016 to better connect financial readiness to overall mission readiness. The mission is to promote financial literacy and develop financial policy for service members; support delivery of financial literacy programs and resources, and ramp up collaboration with Federal partners. Most military personnel live off base; it is important to collaborate with other agency partners to be a force multiplier that can support these service members and families. Mr. Boswell also discussed the role of the 286 Personal Financial Managers and 240 certified counselors at U.S. installations and in bases across the world and how younger people use technology to interact with their financial lives.

Mr. Boswell introduced Ms. Jeri Busch, SES Office of the Under Secretary of Defense for Personnel and Readiness, Director of Military Compensation.

Ms. Busch provided an overview of her 35 years of experience in supporting military personnel. She provided context for their work as the military needs to recruit and grow their own workforce; noted their diversity and global location and the need for a compensation system that can account for these factors.

She described the new Blended Retirement System (BRS), which goes into full effect on January 1, 2018. This retirement plan combines a defined benefit contribution with a Thrift Savings Plan and matching contributions. Currently, only 19% of active members and 14% of reserve members qualify for a defined annuity benefit. The new plan offers earlier vesting and portability that allows for long-term retirement savings. Busch then described the details of the new BRS, including contributions, matches, timing of matches and the lump sum payment option and enactment timeline. She stated that under the new BRS, 85% of service members would be eligible for government retirements. The program also encourages long-term savings. She provided contact information for her department <http://militarypay.defense.gov/blendedretirement>

Ms. Busch then turned the meeting over to Bud Schneeweis, Director, Military Financial Readiness Project, FINRA Investor Foundation.

Mr. Schneeweis described FINRA's work with the military, which began in 2006 and supports military financial educators and counselors. FINRA provides continuing education in partnership with the Association of Financial Counseling, Planning and Education. Over 150 counselors have completed the education modules. They also have formed a partnership with FICO to deliver 260,000 credit scores to military members and spouses. He mentioned that knowing their credit score is the entry point for service members to request financial counseling. FINRA provides a suite of digital resources at <http://www.saveandinvest.org>. FINRA also travels to 260 locations over four continents to deliver financial education. FINRA Foundation has awarded 1,428 fellowships since 2006 to military spouses towards earning the Accredited Financial Counselor certification and highlighted the 431,000 hours of service provided by the counselors. Mr. Schneeweis referenced the partnership with NEFE (National Endowment for Financial Education) that produced resources on money management, disability benefits and TSP rollovers. Mr. Schneeweis mentioned that some service members still experience debt and credit issues and difficulties transitioning to reduced income when they return home from overseas. In addition, service members still lack an understanding of TSP and are anxious about the BRS; many are concerned about the future of Social Security.

Director Cordray praised the spousal counseling program and asked if the panel could elaborate on the program. Mr. Schneeweis responded that many spouses want to "pay it back" by engaging in the program and help others avoid financial mistakes. FINRA looks for passion in individual counselors that they can bring to the field; FINRA has testimonials that speak to the life-changing nature of the program. Mr. Boswell commented that this program also allows

for portable skills that they can take to a new job or location and some turn into Federal employees.

Liz Ortiz, FDIC asked about how the organizations' connect military families to financial institutions. Mr. Boswell replied that they provide points of contact to the local community or websites and are currently working on a "playbook" of programs or capabilities. He also talked about "branding" Federal resources so that people know they are a trusted source.

Caroline Crocoll from the USDA asked about incorporating education on investing choices in the TSP. Mr. Boswell and Ms. Busch responded that they are working to provide information in their materials on investment choices. Mr. Boswell also reiterated that they share information across different financial educators so that all parties have the same content and build consistency into their resources and training.

Lori Schock asked a question regarding the strategy for those who have not made a retirement choice by the BRS timeline. Ms. Busch responded that 2018 is the year of "action", which includes communications and notifications as the window for decisions close. They encourage earlier participation in BSR to gain time and the matched savings advantage.

Louisa Quittman asked about expectations regarding measures of success or outcomes and sharing data points. Mr. Boswell stated that the measure of success would be a "well-informed service and family member." The Office of Financial Readiness will be measuring whether the educational construct provides modest information so that he or she can make an informed decision. It will be measuring the impact level of learning and will share this information with their Federal partners. Ms. Busch responded that they have not established a benchmark for opt-in behavior but that opt-in training is mandatory. They will encourage service members to take advantage of every resource. Mr. Boswell stated that they are pushing this out early so that service members can become prepared to provide resources for the opt-in opportunity. DOD will also obtain feedback from the counselors about issues service members request information about to give indication on the impact of the education.

Mike Evans, Office of Personnel Management, asked about the financial education needs of military personnel who are retiring and transitioning into Federal employment. Mr. Boswell responded that in 2012 Congress put in place requirements for retiring military, including that of financial readiness, budgeting and TSP. DOD will be strengthening that component moving forward. Ms. Busch added that training on BRS is a continuum of education over the long-term.

Mr. Boswell called out the CFPB for the development of the delayed entry program, which provides training for recruits who have not yet joined service, as a "game changer" to become informed and engaged when they enter service. DOD will continue to work with CFPB to educate civilians before they enter service.

Ms. Quittman introduced Annie Donovan of the CDFI Fund to lead the next panel.

Financial Capability and Education in Diverse Communities

Director Donovan provided background on the Community Development Financial Institution (CDFI) field, including their mission of providing access to capital, credit and financial services in low-income communities. The CDFI Fund does this by supporting and strengthening organizations that are rooted in community solutions and providing funding that allows them to innovate and leverage funding from the private sector. She noted that the panel provides perspectives from three different communities: rural, urban and Native American. She pointed out that the needs in these communities are the same but the strategies may be different.

She introduced the three speakers: Miriam Jorgensen, Research Director, Native Nations Institute, University of Arizona and Harvard Project on American Indian Economic Development; Caroline Crocoll, Director, Division of Family and Consumer Sciences, U.S. Department of Agriculture, and Jonathan Mintz, Founding President and CEO, Cities for Financial Empowerment Fund.

Dr. Jorgensen highlighted the gap between the U.S. per capita income and per capita income of people living on reservations. At current rates of growth, it will take until 2054 for incomes for people living on the reservation to catch up with the U.S. overall. She then discussed the work of Native American CDFIs in providing financial capability services and the positive trends in services provided. She discussed the importance of financial education in three areas: business start-up and expansion, credit counseling and homeownership, and helping people manage large payouts from settlements or distributions. She emphasized the need to grow more Native American entrepreneurs. As an example, she highlighted the work of Four Bands Community Fund in growing businesses and jobs and a Maine CDFI in improving credit scores and homeownership outcomes. She cautioned that managing large payouts still has challenges, mainly in understanding what interventions work. However, learning from these efforts helps with financial education in other settings. She ended by praising the work of Federal agencies in these efforts and encouraged continued collaboration.

Caroline Crocoll provided an overview of the USDA's Cooperative Extension Services. She discussed the creation of the land-grant university system and talked about the Extension Educators and their outreach work in helping people make informed financial decisions. She discussed the support of other Federal agencies, included the CFPB and Department of Defense. She specifically mentioned the library education and outreach program, and emphasized that the home economics program still exists but functions under another name. She closed by providing a list of USDA programs that have a financial education component that would benefit from further collaboration with FLEC partners.

Jonathan Mintz discussed the mission of CFE, which is to help mayors and partners "bake in" financial empowerment programs, policies and services into their administration's and public services. He talked about the unique pressures of mayors to solve financial instability. They can regulate alternative financial services and deliver financial counseling to a population that requests help. Some of these services are contracted and providers can be encouraged to make sure that they are delivering results in an innovative way. Banks, schools and jobs programs are all ways to provide financial education. Mintz emphasized that linking people with a banking

account is critical to helping them become financially stable. CFE helped create national standards for banking accounts and mentioned that the five largest financial institutions have accounts that meet these standards. Another program mentioned was the Summer Jobs Connect, which encourages young people to engage in job preparation and banking. These are not only learning and professional launch moments, but also the beginning of banking relationships. Financial empowerment centers have measurable impact. He stated that these programs deserve to become a free public service and offer people a measure of security from high-cost accounts. He examined the “super vitamin” approach: explaining how financial counseling can have a positive effect when inserted into other social programs. He pointed out that prisoners who received financial counseling transitioned into permanent housing 32 days faster than those who did not. He also discussed the link between being unbanked and the inability to establish a credit score or increase savings.

William Glavin, HUD, asked Mr. Mintz where counselors in financial empowerment centers received their certification. Mr. Mintz replied that partnerships with local universities and colleges provided the training and certification.

Donald Smith from the Small Business Administration asked about the best way to link financial education to the needs of entrepreneurs. The SBA’s recent work found that linking financial education to access to capital is the best way to educate entrepreneurs. Dr. Jorgensen responded that, while they have anecdotal stories about this approach, more research is needed on this topic. She referred to the work they are doing in promoting and tracking business start-ups in Indian country, in particular the Business Bundle Investment Package. The Package tiers financial assistance with coaching and completing levels of competence.

Barry Wides from the OCC asked panel members to elaborate on findings regarding opening a savings account, improving credit scores, and providing evidence of the impact of this program. Mr. Mintz responded that they have been studying this for over two-years. In the study, they reviewed over 70,000 counseling sessions. In these sessions the counselor asked the client their financial goal, This goal was recorded and the study evaluated success against the client’s goal. The preliminary findings suggest that clients who sat down without a bank account were 37% less likely to have established a credit score than those who did.

Director Cordray asked a question as to why the income in Indian Country is growing faster than other parts of the country. Dr. Jorgensen replied that the recent change to self-determined decision-making and jurisdictional control resulted in an explosion of local law and capacity. She also referred to private sector and Treasury investments as catalysts that increased resources, such as the “Building Native Communities” publication. This publication led to a partnership with the First Nations Development Institute. This partnership expanded financial education in Indian country. Ms. Donovan added that the Riegle Act specified that the CDFI Fund conduct a study on Native American lending. This resulted in a targeted effort to create new Native American CDFIs; the number grew from seven in 2001 to 75 currently. Director Cordray touched upon the challenges with fraud in large payments and cited the work the CFPB is doing to help identify and monitor risks with this population. He mentioned the value of banking standards in helping people ward off risks and gain financial education. Dr. Jorgensen

emphasized the need for financial education for youth in Native communities so that they are less susceptible to scams and can make better decisions.

Liz Ortiz, FDIC, recognized the work that the UDSA does in helping to deliver the FDIC’s “Money Smart” curriculum. She asked the panel if success measures are used and whether a common set of metrics could be used to tell a bigger story. Ms. Donovan cited the CDFI Fund’s five-year plan and emphasis on outcomes. The CDFI field is good at measuring outputs but not on achieved outcomes. The CDFI Fund is pushing the field with logic models that help determine success measures and use technology to complement scarce resources. Dr. Jorgensen referred to the increase in CDFIs serving Native Americans, increases in jobs and improvements in credit scores. Mr. Mintz seconded the measures discussed previously but added that reducing debt has political appeal. A city’s ability to track the performance of the contractors in this area helps define a measure of success.

Director Cordray re-emphasized the work done by Cooperative Extension and mentioned Ohio State specifically.

Youth Financial Capability

Carter Bracht, Vice President of Finance, Family Career and Community Leaders of America, discussed the peer-to-peer financial education and mentoring work they do through the FCCCLA’s financial fitness program. He also discussed the impact of this program on his personal financial well-being. He talked about the impact of the support of Federal financial resources on their organization to help improve financial capability in FCCLA’s communities.

Louisa Quittman thanked Mr. Bracht. She mentioned the FLEC Planning Meeting minutes and SAFE Report included in the committee packets. Lori Schock of the SEC publically recognized Nancy Register from the Consumer Federation of America for her decades of work on behalf of Americans as she retires and mentioned America Saves Week begins February 27, 2017.

Brian Peretti concluded the meeting at approximately 11:28 a.m.

Financial Literacy and Education Commission Representatives FLEC Members

Department of Treasury, Chair	Dave Lebryck Brian Peretti Louisa Quittman
Consumer Financial Protection Bureau, Vice Chair	Richard Cordray Paul Kantwell
Commodity Futures Trading Commission	Dan Rutherford
Department of Agriculture	Caroline Crocoll
Department of Defense	Wayne Boswell
Department of Education	Elizabeth Coogan
Department of Health and Human Services	Gretchen Lehman
Department of Housing and Urban Development	William Glavin
Department of the Interior	Jim James

Department of Labor	Timothy D. Hauser
Department of Veterans Affairs	Julie Schroeder
Federal Deposit Insurance Corporation	Elizabeth Ortiz
Federal Trade Commission	Cristina Miranda
General Services Administration	Marietta Jelks
National Credit Union Administration	Kenneth Worthey
Office of the Comptroller of the Currency	Barry Wides
Office of Personnel Management	Michael Evans
Securities and Exchange Commission	Lori Schock
Small Business Administration	Donald Smith
Social Security Administration	Jim Borland

Additional Speakers

- Jeri Busch, SES Office of the Under Secretary of Defense for Personnel and Readiness, Director of Military Compensation
- Bud Schneeweis, Director, Military Financial Readiness Project
- Annie Donovan, Director, Community Development Financial Institutions Fund, U.S. Department of the Treasury
- Miriam Jorgensen, Research Director, Native Nations Institute, University of Arizona and Harvard Project on American Indian Economic Development
- Jonathan Mintz, Founding President and CEO, Cities for Financial Empowerment Fund
- Carter Bracht, Vice-President of Finance, Family, Career and Community Leaders of America