



**Financial Literacy and Education Commission Public Meeting
November 18, 2015
U.S. Department of the Treasury – Cash Room
Preparing for Financial Security through Saving and Investing
Meeting Minutes**

Opening Remarks

Melissa Koide, Deputy Assistant Secretary for Consumer Policy, U.S. Department of the Treasury opened the meeting describing its focus. Ms. Koide explained the purpose of the meeting was to discuss the importance of savings and the need inform and educate families and individuals about how to transitioning from saving to ultimately building wealth and investing.

Ms. Koide gave an overview of the agenda and thanked Acting Commissioner Carolyn Colvin and the U.S. Social Security Administration for their partnership in rolling out *myRA*.

Next, Amias Gerety, Acting Assistant Secretary for Financial Institutions, U.S. Department of the Treasury, welcomed Carolyn Colvin, Acting Commissioner of the Social Security Administration. Mr. Gerety congratulated Ms. Colvin on the Social Security Administration celebrating its 80th anniversary this year. Mr. Gerety welcomed Richard Cordray, Director of the Consumer Financial Protection Bureau and stated that the Commission can look forward to hearing more about the collaboration between the Consumer Financial Protection Bureau and the Social Security Administration to support retirement savings. Mr. Gerety introduced Secretary Jacob Lew, 76th Secretary of the U.S. Department of the Treasury and Chair of the Financial Literacy and Education Commission. Mr. Gerety thanked Secretary Lew for his work in driving *myRA*.

Secretary Jacob Lew, U.S. Department of the Treasury, stressed the importance of the meeting of the Commission and interagency collaboration. Secretary Lew acknowledged that the economy is doing better, but there are challenges ahead to make sure that everyone shares in the benefits of the growth so individuals have the ability to plan for a secure financial future.

Secretary Lew went on to say that Social Security is a wonderful foundation, but it is not enough and we need something to supplement Social Security to have the kind of retirement most people hope for. Secretary Lew shared it doesn't start with retirement; it starts with learning how to manage your expenses, your budget and how to save for your own retirement. Secretary Lew acknowledged the many other hurdles people face while attempting to save and expressed that *myRA* is a product that addresses some of these hurdles. Secretary Lew expressed Treasury's excitement over the launch of *myRA* and its ability to help people save with the starter product. Secretary Lew expressed that he is happy the Social Security Administration is working to make sure more Americans know about this important part of their financial future.

Secretary Lew concluded his remarks by acknowledging that having a secure financial future starts with knowledge and understanding what the options are. He expressed his delight that the meeting focused on the importance of a financially secure retirement.

Next, Richard Cordray, Director of the Consumer Financial Protection Bureau and Vice Chair of the Commission, shared that saving and investing are key building blocks for planning and securing our futures.

Director Cordray highlighted how the CFPB is working with the Commission to promote financial security through smart saving practices among employees and the public. Director Cordray went into detail about some of the work being done on behalf of the federal workforce and CFPB employees.

Director Cordray shared that for the millions of Americans who do not have access to employer-sponsored retirement plans, *myRA* is an option for these individuals to start saving. Director Cordray explained that in today's workplace, millions of Americans are employed as temporary, contract, intermittent, seasonal, or part-time workers. Because they are not full-time, full-salary employees, they may not have access to any employer retirement program (even if others in the same workforce do). These workers will now be able to use *myRA* as a vehicle to get ahead on their finances by saving for emergencies or for retirement.

Director Cordray shared that the Consumer Bureau recently released their 2015 Financial Literacy Annual Report, which discusses all of the aforementioned initiatives as well as the Bureau's other programs to support financial well-being.

Carolyn Colvin, Acting Commissioner of the U.S. Social Security Administration, shared an update on the number of collaborations and partnerships the Social Security Administration is currently undertaking. Commissioner Colvin stressed the importance of collaboration among agencies. Commissioner Colvin shared that the CFPB rolled out a new online tool, developed jointly with the Social Security Administration, to help Americans plan when to begin receiving Social Security.

Commissioner Colvin shared that she was pleased to share that funding for Social Security's disability insurance is secured until 2022 thanks to recent bipartisan legislation. Commissioner Colvin also shared the Administration is happy to be celebrating 80 years of helping Americans prepare for a secure retirement. Commissioner Colvin went on to share a snapshot of those receiving Social Security Benefits and how it impacts their lives. Commissioner Colvin explained that the Administration is working hard to educate the public about the importance of Social Security through ongoing initiatives like the Administration's "[Someday Campaign](#)" and how it directly impacts their lives.

Commissioner Colvin stated that Social Security was never meant to be an individual's only source of income in retirement. The Commissioner noted that *myRA* is a great product to help people supplement their Social Security. The Commissioner voiced her continued support of the *myRA* product and the impact it stands to have on the future of the American people and their ability to save and expressed that she and the Administration looks forward to a continued partnership with the Department of the Treasury on this project. Commissioner Colvin shared information about the multitude of online services the Administration offers, including *my* Social Security. The Commissioner explained that by signing up for a *my* Social Security account, users are able to better plan for a secure retirement or manage their benefits online if they are already benefit recipients. The Commissioner thanked everyone for their dedication to this critical cause.

Click [here](#) to learn more about the Administration's "Someday Campaign".

Presentation of *myRA*

Richard Ludlow, Executive Director of *myRA*, gave an overview of *myRA* product and the opportunity it offers for millions of American workers to save. He described the recent launch of *myRA* and some outreach to date. Mr. Ludlow explained that *myRA* is designed as a starter product that provides many Americans with a savings option outside of the workplace. Mr. Ludlow shared some of the potential tax benefits of using *myRA*, as some of the features that users expressed are most useful to them. Mr. Ludlow shared ways the Commission can help spread the word about *myRA*, thanked the Commission for the work they have already done and stated that he looks forward to a continued partnership with the Commission. Mr. Ludlow answered several questions from the Commission. To learn more about *myRA* visit myRA.gov.

There were questions from the Commission following Mr. Ludlow's presentation. The Commission noted that it would be useful to study outcomes from *myRA* if possible and suggested ways to integrate with payroll providers and into workplace orientations. Members of the Commission also inquired about the possibility to conduct research on *myRA* users. Director Cordray noted that *myRA* provides a unique opportunity and challenged the Commission to figure out ways we can reach more people in all segments of the American public.

Panel

Ms. Koide welcomed Lori Schock, Director of the Office of Investor Education and Advocacy of the U.S. Securities & Exchange Commission, to begin moderating the panel.

Panel: From Savings to Investing – What We Know and Where We Can Go

Moderated by: Lori J. Schock, Director, Office of Investor Education and Advocacy, United States Securities & Exchange Commission

Panelist:

Lori Schock introduced the panel.

Leandro Carvalho, Professor of Economics, Pardee RAND Graduate School, University of Southern California, shared a summary of research conducted by him and some of his colleagues on behalf of the Social Security Administration and other funders. Dr. Carvalho gave a summary of research based on the Financial Management Survey conducted online by the Federal Reserve Board and the University of Southern California's Understanding America Study to explore how the financial lives of Americans have changed with the recent economic recovery. A fifth of respondents in their 50s had planned for retirement in the past 3 years. In preparing for retirement, a quarter did not seek advice. 4 in 10 asked advice from a financial advisor. Among those with investments, half managed the investments themselves and 4 in 10 sought advice from a professional. The evidence suggests that respondents may be overconfident about their decision-making capabilities as they age. As a consequence, only half of the 70+ group had assigned a Power of Attorney.

Gary Mottola, Research Director, FINRA Investor Education Foundation, presented findings from a paper titled [*A Snapshot of Investor Households in America*](#). The paper, published by the FINRA Investor Education Foundation, shares that approximately 6 in 10 households in the United States own securities investments—typically through taxable accounts, IRAs or employer-sponsored retirement plans. However, this figure drops to a little over 3 in 10 if only taxable investments are considered. Households that own taxable accounts are more likely to be older, affluent, college educated and white relative to households with only retirement accounts or households without investment accounts. They also have much higher levels of financial literacy and moderately higher risk-tolerance levels. Certain demographic groups are significantly under-represented among investor households, including blacks and Hispanics—although these differences narrow after controlling for factors such as income, education and age.

Will Tucker, Behavioral and Social Sciences Team, White House Office of Science and Technology Policy, shared a summary of the [Servicemember TSP Enrollment](#) pilot study. The Federal Government operates a workplace savings program called the Thrift Savings Plan (TSP) for all of its employees. While the Federal Government automatically enrolls its civilian employees in TSP, it does not automatically enroll Servicemembers, and military enrollment rates average roughly 42 percent. The study found that informational email campaigns are effective at prompting Servicemember enrollment in TSP, especially when designed based on behavioral insights. Lessons about which messages were most effective at motivating Servicemember action are being used to inform future outreach efforts that continue to support Servicemembers.

Ms. Schock opened the floor for discussion by engaging the panel with a number of questions. Ms. Schock also invited the FLEC to ask questions of the panelist. The Commission and the panel discussed the role of debt in retirement as well as the ability of individuals being able to handle financial shock. There was also a discussion of how individuals deal with various levels of risk tolerance. The Commission discussed *myRA* as a tool to address risk intolerance. The Commission discussed what interventions, if any, can be used to increase participation rates in saving for retirement.

Discussion

Ms. Koide informed members of the Commission that there were updates on each of the committees in their folders. Ms. Koide reminded everyone that the President's Advisory Council ended last summer that she looks forward to the Commission's work on the recommendations put forth by the Council. Ms. Koide invited the Commission to make announcements to meeting participants. Janneke Ratcliffe of the Consumer Financial Protection Bureau shared the members of the Commission could find a copy of the Bureau's Financial Literacy Annual Report in their folders along with a report on the Bureau's Youth Financial Education Curriculum Review Tool. Ms. Ratcliffe also shared that members of the Commission had been provided a brief on the new Social Security claiming age and retirement security tool.

Director Cordray shared that the Federal Deposit Insurance Corporation's Money Smart Curriculum is now available in braille and large print.

Luke Reynolds of the FDIC shared that the Money Smart Curriculum for adults is now available in braille and large print. Mr. Reynolds also shared the FDIC and the Small Business Administration recently released a Spanish translation of the Expanding Money Smart for Small Business curriculum.

Concluding Remarks

Ms. Koide thanked the participants for attending the meeting and shared that the next public meeting of the Commission will be held in early February, 2016.