

**Financial Literacy and Education Commission Public Meeting**  
**Department of the Treasury**  
**May 26, 2010**

**I. Introduction**

Assistant Secretary for Financial Institutions Michael Barr opened the meeting, welcoming members of the Financial Literacy and Education Commission (FLEC), members of the public, and special guests to the Department of the Treasury. The Assistant Secretary emphasized the Senate's recent passage of the Restoring American Financial Stability Act of 2010 and that the House and Senate versions of the financial reform bill comprise the creation of an Office of Financial Literacy in the new Consumer Financial Protection Bureau. Both versions also propose that the new consumer agency would be a member of the FLEC.

Assistant Secretary Barr also mentioned the President's proclamation on National Financial Literacy Month (April) and commended the Commission and attendees on the many successful financial education events that occurred this past April around the country, including the National Financial Capability Challenge, an online exam for high school students initiated by the Departments of Treasury and Education that will resume again in Spring 2011. He also discussed Treasury's Bank On USA initiative that will collaborate with state and local governments and with the private sector to promote the use of low-cost bank and credit union accounts for the millions of American households that do not have them.

**II. Updates**

Michelle Greene, Deputy Assistant Secretary for Financial Education and Financial Access, Department of the Treasury, summarized events and activities that the FLEC had taken part in for the past few months and provided updates on future events to come. Deputy Assistant Secretary Greene also thanked the Social Security Administration, the Federal Deposit Insurance Corporation and the U.S. Department of Agriculture for their leadership in guiding the work of the FLEC's subcommittees (Research and Evaluation, Communications and Outreach, National Strategy Working Group and Core Competencies).

*MyMoney.gov*

Various Commission members, particularly the Department of the Treasury, the General Services Administration and the Social Security Administration, played a major role in the launch of FLEC's newly redesigned and revamped MyMoney.gov website this past April. The website is now more user-friendly and accessible and boasts an improved layout with enhanced features and resources. FLEC and the Department of the Treasury plan to initiate a second phase of changes to build on this new foundation through outreach development, website maintenance and updates, and continual changes in content. Ideas for additions to MyMoney.gov include a state and local government portal network, a research clearinghouse, and a user satisfaction survey, as well as ways to make the website more interactive by providing financial knowledge and behavior assessments.

*National Strategy for Financial Literacy 2010*

The National Strategy Working Group, co-led by representatives from the Social Security Administration and the Department of Agriculture, completed its first phase of the development after a comprehensive and inclusive process that included a vision of sustained financial well-being for American individuals and households; a mission of setting a strategic direction for policy, education, practice, research and coordination; and goals of increasing awareness and access, integrating core financial competencies, strengthening the provision of financial education, and sharing effective financial education practices. The National Strategy Working Group is currently working on creating the background document to go with this strategy, as well as a concrete implementation plan, which will be released for public comment soon. It will also be working with the non-profit sector on implementation efforts as well.

### *Core Competencies for Financial Education*

Core competencies were developed to establish a clear understanding of what individuals should know, and the basic concepts that program providers should cover about financial education. The Department of the Treasury, in conjunction with the Federal Deposit Insurance Corporation, worked closely with a group of experts in the financial education field, including researchers and practitioners, to identify the following five core concept areas: Earning, Spending, Saving, Borrowing, and Protecting against Risk. Treasury will be issuing a Federal Register Notice in the next few weeks to request public comments. Ultimately, the goal is to put the Core Competencies into a format and language that are both easily accessible and easily remembered – analogous to the food pyramid. This step will be undertaken after receiving public comment.

### **III. Best Practices**

#### *Mark Iwry, Senior Advisor to the Secretary and Deputy Assistant Secretary for Retirement and Health Policy*

Mark Iwry discussed the Administration's retirement initiatives. As many as 78 million working Americans—about half the workforce—don't have a retirement savings plan at work. Fewer than 10 percent of those without plans at work contribute to a plan of their own. In September 2009, the Administration announced new steps to make it easier for American families to save for retirement. These new initiatives will complement the President's major legislative proposals to boost participation in IRAs and match retirement savings. The Department of the Treasury will expand opportunities for automatic enrollment in 401(k) and other retirement savings plans; make it easier for more than 100 million families to save a portion or all of their tax refunds; enable workers to convert their unused vacation or other similar leave into additional retirement savings, and help workers and their employers better understand the available options for tax-favored retirement saving through clear, easy-to-understand language.

#### *Annamaria Lusardi, Professor of Economics at Dartmouth and Director of the Financial Literacy Center*

Individuals are increasingly in charge of their own financial security before and after retirement, a task which is made more difficult by the greater complexity of financial markets with respect to the past. Yet, Lusardi shows that, according to the findings from the FINRA Investor Foundation's 2009 Financial Capability Study, most Americans do not plan ahead for retirement,

and have not set money aside for their children's college education, or for emergencies. She also discussed her work with the Dartmouth Project. She designed a planning aid to help non faculty employees enroll in Supplementary Retirement Accounts (SRAs), which resulted in a sharp increase in participation in SRAs among new hires, showing that providing information and help when employees have to make decisions about their pensions can foster retirement savings. Annamaria Lusardi is the director of the Financial Literacy Center, a joint consortium among Dartmouth, the University of Pennsylvania's Wharton School, and RAND that is supported by the Social Security Administration's Financial Literacy Research Consortium. The Center is currently working on ten projects, including employer-provided financial education programs, financial health check-ups, and video games to improve the financial literacy of low-income and minority groups.

#### **IV. Announcement**

The next meeting of the Commission will be held on September 30, 2010.