

**President's Advisory Council on Financial Capability
Public Meeting
Department of the Treasury – Cash Room
April 9, 2012 10:00 am – 12:30 pm**

Meeting Minutes

Council Members Present:

John Rogers, Jr., Chair
Roland A. Arteaga, Member
Janie Barrera, Member
Ted Beck, Member
Sherry Salway Black, Member
John Hope Bryant, Member
Samuel T. Jackson, Member
Richard Ketchum, Member
Beth Kobliner, Member
Addison Barry Rand, Member
Amy Rosen, Member
Eldar Shafir, Member
Kenneth Wade, Member
Melissa Koide, Executive Director of PACFC, U.S. Department of the Treasury

Panel Members:

- Sharon Eppseron, Panel Moderator, Personal Finance Correspondent, CNBC
- Brian Deese, Deputy Director, National Economic Council
- Peter Franchot, Comptroller of the State of Maryland
- Otis Johnson, Former Mayor of the City of Savannah, Georgia
- Racquel Russell, White House Domestic Policy Council, Special Assistant for Mobility and Opportunity

Also Present:

- Cyrus Amir-Mokri, Assistant Secretary for Financial Institutions, U.S. Department of the Treasury
- Karen Gross, U.S. Department of Education
- Neal S. Wolin, Deputy Secretary, U.S. Department of the Treasury

Introduction, Announcements, and Items of Interest

The Meeting of the President's Advisory Council on Financial Capability (the "Council") convened at 10:00 AM on April 9, 2012. John Rogers, Chairman, CEO, and Chief Investment Officer of Ariel Investments and Chair of the Council, called to order the meeting and welcomed the Council members. Chairman Rogers welcomed two new members to the Council, Dr. Eldar Shafir, the William Steward Tod Professor of Psychology and Public Affairs in the Department of Psychology in the Woodrow Wilson School for Public International Affairs at Princeton University and Marc Morial, the former mayor of New Orleans and the current President and CEO of the National Urban League. Chairman Rogers then introduced Melissa Koide, the

Treasury Department's Deputy Assistant Secretary of Financial Education, Financial Access, and Consumer Protection.

Chairman Rogers introduced Amy Rosen, Vice Chair of the Council and Chair of the Youth Subcommittee. Ms. Rosen reported that Treasury's National Financial Capability Challenge is taking place; the subcommittee is working on student loan issues and students' finances. The Subcommittee recommended that the President encourage federal agencies through an Executive Order to promote and utilize 'Money As You Grow.'

Chairman Rogers introduced Ted Beck, President and CEO of the NEFE and Chair of the Research and Evaluation Subcommittee. The Research and Evaluation Subcommittee proposed the Roth at Birth initiative to the Council. The Council voted to approve this motion.

Chairman Rogers introduced Deputy Secretary Wolin to deliver opening remarks. Deputy Secretary Wolin highlighted the importance of National Financial Capability Month and the need to increase the strength of the economic system. He stated that teenagers, before graduating high school, should have learned about the financial system from teachings both in school and in the home. He also spoke of the innovative technologies, which have been created to assist Americans with their finances, including programs in mobile phones.

Panel Discussion

Member John Hope Bryant, Founder, Chairman, and CEO of Operation HOPE, introduced Sharon Epperson of CNBC, to introduce the panel. Racquel Russell of the White House Domestic Policy Council began. Ms. Russell stated that since the issues facing many low-income families are multi-dimensional, this administration has taken a holistic approach. In addition to self-sufficiency for low income families through federal programs, all forms of government must provide the tools necessary for financial capability, in order to obtain true economic opportunity.

Ms. Epperson introduced Brian Deese, Deputy Director of the National Economic Council, as the next speaker. The National Economic Council seeks to improve the pace of job growth and create more income security for middle class families. There is the obligation to be aggressive and creative in exploring new solutions to achieve sustainable economic growth. The Consumer Financial Protection Bureau is just one example of what the administration has done in helping protect consumers and assisting them with making informed financial decisions. Finally, Mr. Deese highlighted the importance of taking into consideration behavioral economics in any work that is completed in assisting consumers.

Next, Ms. Epperson introduced Mr. Peter Franchot, the comptroller of the State of Maryland. Mr. Franchot emphasized the work that the State of Maryland has done in order to improve financial literacy. He noted all students should have knowledge of finance, and not just those interested in economics. This is something that all parties agree on. Currently in Maryland, six of the twenty-four counties have adopted finance as a graduation requirement—eventually this policy will be instated in all counties in Maryland.

Ms. Epperson introduced Otis Johnson, former Mayor of Savannah, Georgia. Mayor Johnson discussed Savannah's plan called Step-Up Savannah, which is based on the idea that families and

individuals must step up and take responsibility for themselves to lift themselves up. Outreach for the Bank On initiatives was achieved through churches and agencies that work with the homeless.

Mr. Deese stated that historically financial capability has been the issue with the most bipartisan support. We have to look for opportunities all-yearlong to teach people about financial management. Ms. Russell added that there should also be programs that build assets, such as the Health and Human Services Department's Assets for Independence program.

Ms. Epperson asked the panel a question received by email asking the following: given that television is such a powerful media that influences people, how can we harness the power of TV to disseminate the messages of responsible financial behavior? Ms. Russell stated that it would be beneficial to have programs that teach responsible behavior, but initiatives to create such programs would have to stem from a fundamental change in culture.

Vice Chair of the Council, Amy Rosen, asked the Mr. Deese on how the youth subcommittee and research subcommittee could utilize the studies of behavioral economics in their work. Mr. Deese noted that there needs to be a spark in interest for the academic research community to begin researching the effects of behavioral economics in improving financial capability.

In response to Ms. Kobliner's question on the effects of teaching children about financial management, Mr. Deese replied that it is vital to use the educational pipeline on financial capability and to be creative and rigorous about studying and testing those programs. Comptroller Franchot believes that it is important to have high school finance classes, but not necessarily embed such programs into all curriculums.

Chairman Rogers thanked the panel, and the Council proceeded with Subcommittee updates.

Subcommittee Reports

Youth Subcommittee

The Council voted and passed unanimously the Youth Subcommittee's new wording on the concept of Roth at Birth. Amy Rosen, chair of the Youth Subcommittee, updated the Council that the Youth Subcommittee has been invited to ring the bell of the opening for the New York Stock Exchange.

Partnerships Subcommittee

Richard Ketchum, Chairman and CEO of Financial Industry Regulatory Authority, delivered the Partnerships Subcommittee report on behalf of Carrie Schwab-Pomerantz, Chair of the Partnerships Subcommittee. Mr. Ketchum provided three updates to the Council. Since January, when the full Council passed the Subcommittee's recommendation on improving financial capability for federal employees, the Subcommittee has worked with the Office of Personnel Management to foster better interagency sharing of information and expertise regarding financial education of federal employees. Secondly, the Subcommittee would like to see the creation of local councils to promote financial capability. Finally, the Subcommittee is working on developing a financial capability initiative for workplaces of all sizes in all different sectors.

Underserved and Community Empowerment Subcommittee

Chairman Rogers introduced Mr. John Hope Bryant, Founder, Chairman and CEO of Operation Hope, and chair of the Underserved and Community Empowerment Subcommittee to deliver the update. The Subcommittee recommended jointly with the partnerships subcommittee the creation of councils at the state, local, and tribal levels to be accompanied with a resource guide for communities that provides suggestions for how to create a successful council.

Research and Evaluation Subcommittee

Ted Beck, President and CEO of the National Endowment for Financial Education, delivered the update as the Chair of the Research and Evaluation Subcommittee. The Subcommittee is working closely with the Financial Literacy and Education Commission on identifying research priorities. Secondly, the FINRA National Financial Capability Study is on schedule. Finally, the Subcommittee had a meeting with the Department of Education's Institute of Educational Sciences and gained insight the What Works program. The Subcommittee did not provide any recommendations to the full council.

Adjournment

The meeting adjourned at 12:15 P.M.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete



John Rogers, Jr., Chair, President's Advisory Council on Financial Capability