

**PRESIDENT’S ADVISORY COUNCIL ON FINANCIAL CAPABILITY
PARTNERSHIPS COMMITTEE
November 28, 2012**

Recommendation: The President’s Advisory Council on Financial Capability (PACFC) recommends that the President encourage private sector, nonprofit and state/tribal/local government employers to make it a priority to improve the financial capability of their employees, and that the President support that effort by:

- 1) Designating the Department of Labor and the Small Business Administration as the federal government’s lead agencies in the effort to expand workplace financial education;
- 2) Directing the Department of Labor and the Small Business Administration to dedicate staff and resources to the dissemination and promotion of “Financial Capability at Work: A Strategic Framework to Guide Employers,” a PACFC-produced guide and resource document to help employers provide quality financial capability information and programs to their employees; and
- 3) Directing the Department of Labor to revisit Interpretive Bulletin 96-1 (“Participant Investment Education”) to provide more clarity to employers on the range of financial education topics and activities that are permissible under the Employee Retirement Income Security Act (ERISA) of 1974.

Background and Rationale: The central focus of the PACFC Partnerships Committee has been improving the financial capability of the American workforce by using the employer as a delivery mechanism for financial capability resources to employees. Earlier this year, the PACFC approved a recommendation calling upon the President to direct federal agencies to improve the financial capability of federal employees. A number of the specific steps outlined in the recommendation are now in the process of being developed and implemented by the Office of Personnel Management. This recommendation complements the earlier one by providing information and resources to assist private sector, nonprofit and state/tribal/local government employers in improving the financial capability of their employees.

The PACFC believes strongly that the workplace offers a critically important and trusted delivery point for financial education, with the potential to impact more than 130 million American workers. Employers of all sizes are concluding that a financially capable workforce is critical to enhancing productivity, retaining talent, and maintaining competitiveness in the global marketplace. But the PACFC is also aware that the vast majority of employers are struggling with how best to do this. Employers are uncertain what types of skills employees need to become more financially capable and are uncertain about what resources to use to help their employees.

To address employer concerns and to ensure that the nation’s employers are working toward a common goal, the PACFC has developed a guide, “Financial Capability at Work: A Strategic Framework to Guide Employers.” This document encourages employers to become leaders and role models by voluntarily providing information and programs in five fundamental areas, and working toward offering advanced features, to increase financial capability among their

employees. The guide includes details on the five fundamentals, examples of the types of advanced features that companies should aspire to, and numerous vetted resources, programs and information that employers can use to educate employees. The Framework builds upon the White House's May 2012 white paper, "Every American Financially Empowered: A Guide to Increasing Financial Capability Among Students, Workers and Residents in Communities," which included a one-page "Employer Checklist" of steps businesses could take to improve the financial capability of their employees. The Framework outlines basic and advanced steps that businesses and other organizations of all sizes should take to enhance the financial capability of their employees, and provides numerous resources to help employers be successful in that effort.

The information contained in the guide is the result of collaboration with and input from more than 75 companies, trade and professional associations, and nonprofit organizations that provided important perspective about how best to set achievable goals and produce landscape-changing results. A critically important aspect of the effort over the last few months was collaborating with and getting feedback from dozens of companies, nonprofit organizations, business associations, trade groups and other organizations on the Framework. The Subcommittee initiated a formal comment process, with approximately three dozen respondents submitting comments to an e-mail address at the Department of the Treasury. Subcommittee members also sent drafts of the Framework to business and nonprofit contacts of their own, eliciting additional responses. And more than 30 meetings were held, either in person or via conference call, to have in-depth discussions with business leaders about the Framework. The Subcommittee asked respondents to focus on three questions:

- Are the elements of the framework realistic and achievable for employers to implement?
- What would motivate or inspire your organization to adopt these elements?
- Are there best practices you can share? Are there challenges?

The Subcommittee received enormously valuable feedback that led directly to changes in the Framework. The result, the Subcommittee feels, is a Framework that is detailed yet achievable, challenging yet realistic. The Subcommittee members feel confident that the Framework, if properly supported by the federal government, can be an important resource in the effort of improving financial capability for tens of millions of American workers.

This collaboration with a wide range of organizations is central to the Partnerships Committee's belief that employers need not reinvent the wheel. Rather, they need trusted advice on where to find the most reliable information, on which programs are the most effective, and on how to achieve the best results in the most cost-efficient manner. The PACFC believes this document, which has already been embraced by companies and organizations representing millions of American workers, has the potential to make a significant positive impact on the financial capability of the nation's employees.

Updates

- **Implementation of recommendation regarding financial capability for federal employees continues.** Work continues at the Office of Personnel Management (OPM) to implement aspects of the recommendation approved at the January 2012 meeting. OPM has shared with the Subcommittee that it has created a speakers' bureau/resource database of experts from various agencies that can be tapped to speak at employee education events at another agency. A contractor is currently readying the database for publication on a new financial capability resources page on OPM's HR University website. The new page is expected to be ready by January 2013. In addition, OPM is developing an awards program to recognize agencies with outstanding financial capability programs.