



Spring 2012 ASEC Partners' Meeting April 11, 2012 Summary Report

The next ASEC Partners' meetings are scheduled for Wednesday, October 17, 2012, and Wednesday, April 10, 2013. Please save the dates on your calendars.

- Section I.** Opening Remarks
- Section II.** Presentations
- Section III.** Partner Roundtable
- Section IV.** Documents from the Display Table

I. Opening Remarks

Chairman Gary Gensler gave the opening remarks. He noted that the Commodity Futures Trading Commission (CFTC) had engaged in 99 enforcement actions in the past year closing down small Ponzi schemes that were defrauding the public. CFTC sees financial literacy as an important tool to help prevent fraud. CFTC wants to promote transparency to the general public over the markets the agency regulates. As part of the Dodd-Frank Law, CFTC has created a new Office of Consumer Affairs, headed by Michael Herndon.

II. Presentations

[Helping People Save for the Future –Today—Joyce Harris, U.S. Department of the Treasury, Bureau of Public Debt.](#)

- [A new educational initiative launched on March 27, 2012:](#) Encouraging savings through U.S. Savings Bonds. This initiative aligns with ASEC's mission.
- There are many reasons to save but research has shown that many individuals find it difficult to save. With Series I Bonds you can save as little as \$25 at a time.
- The campaign launch included 30 TV and radio interviews, a social media campaign, and five nonprofit partners: AARP, ASEC, America Saves, Center for Financial Services Innovation, and Consumer Federation of America.
- Survey research has shown that the public is not aware of how to use the Treasury Direct site, so the department has created a micro-site with an emphasis on reader-friendly content and eliminated the grid card. Staff are continuing to look for ways to improve the program.
- Allison Kreutzjans from NAB asked if there are any plans to use broadcast media to promote the program. Joyce stated they have been researching non- online ways to promote the program.
- Joanna Smith-Ramani from Doorways 2 Dreams asked how the agency will promote the bonds at tax time and any plans to improve the site. Joyce stated that in December 2011

the Department stopped issuing paper bonds. But paper I Bonds will still be available at time tax.

[Money as You Grow—Beth Kobliner, member, President’s Advisory Council on Financial Capability](#)

- The goal of the [Money as You Grow](#) initiative is to introduce financial concepts to children as they grow, building their knowledge with each successive step. It consists of 20 age-appropriate milestones.
- Money as You Grow is in the same spirit as President Kennedy’s physical fitness program and the Obama administration’s MyPlate nutrition campaign.
- It was developed over the course of 16 months and culls from nearly every major financial literacy curriculum, standard, and guideline aimed at kids from age three to 23, as well as dozens of academic studies and the input of numerous experts.
- At [the Present’s Advisory Council on Financial Capability Meeting on Monday April 9th](#), the Council formally recommended to President Obama that he encourage federal agencies to promote and utilize [Money as You Grow](#) as a tool to improve the financial capability of America’s youth.
- Early research shows that teaching kids financial concepts when they are young is effective.
- Last year Beth was an advisor to the Sesame Workshop for the creation of *For Me, For You, For Later*, a financial education program funded in part by PNC Bank. Recently, a study found that in families that used the program, the attitudes of both children and parents changed. Parents started saving more and putting money away in emergency funds at a higher rate compared to families that weren’t exposed to the program.
- Research by Karen Holden at the University of Wisconsin-Madison has found that even small children can understand basic financial concepts such as value and exchange.
- Parents are the primary influencer of children’s financial behavior, but many of them don’t understand these concepts well themselves. Neither do teachers. A survey by the National Endowment for Financial Education revealed that 9 out of 10 teachers believe that financial education is important but only 1 in 5 feel competent enough to teach it.
- The slides on pages 7–15 show the financial concepts children should master and at what age. Each lesson includes corresponding activities to help instill the concept.
- The program is designed to cut across all demographics—age, race, income, etc. The goal is to teach kids throughout the nation how to become financially savvy adults.
- Michael Herndon asked if delayed gratification is a concept that can be taught. Beth replied that early indications are that it can, but this is still being studied. Stanford professor Walter Mischel’s experiment in the late 1960s showed how important the ability to delay gratification is to later success in life, and that certain kids knew strategies that helped them, while others did not. Karen Holden of the University of Wisconsin is currently examining this question.
- Tony Hausner asked Beth what she plans to do with Money as You Grow. Beth said that the PACFC has recommended it to President Obama. EBRI and ASEC are partners in promoting the program, as well as several other nonprofits and government groups including the USDA, the American Library Association, and the Financial Industry Regulatory Authority (FINRA). Many other partnerships are in the works.

- Annamaria Lusardi asked Beth whether she is planning to partner with schools. Beth replied that Money as You Grow is designed to help parents talk with their children about money, but she did not want to rule out the possibility of schools using the program or asking them to promote it to parents.

[Results from the 2012 Retirement Confidence Survey—Mathew Greenwald, Mathew Greenwald & Associates](#)

- The percentage of workers who are very confident they will have enough for retirement has hardly recovered from record low set in 2011. RCS data show the impact of the Great Recession on confidence levels, with a significant drop from 2007 (27 percent very confident) to 2008 (18 percent very confident). As the economy has started to recover, confidence levels have not returned to pre-recession levels.
- Confidence is higher among retirees when compared with workers, yet, like workers, a similar pattern emerges showing the impact of the Great Recession on retiree confidence.
- When examining confidence levels by various aspects of retirement, workers and retirees are confident about being able to afford basic expense. But two main concerns remain: medical care and long-term care.
- The main anchor weighing down confidence is job uncertainty: 42 percent of workers and 41 percent of retirees identified job uncertainty as the most pressing financial issue facing Americans today.
- Economic anxiety is heightened among the American public. Only 45 percent of workers are very or somewhat confident that the U.S. economy will grow an average of 3 percent a year for the next 10 years.
- In 2012 only 42 percent of workers tried to calculate how much they will need to save for retirement. This is little changed from 2003.
- Among those who have tried to determine how much they will need to save, most guess (11 percent of those who stated they tried to calculate how much they will need to save for retirement) or did their own estimate (43 percent).
- Two in 3 workers feel they are behind schedule in planning and saving for retirement, yet no action is being taken to change this.
- Automatic features are popular with Americans. Forty percent of workers who are contributing to a defined contribution plan would let their rate of contribution auto-escalate to 10 percent or more.
- The main response among workers to not saving enough is to work longer. Twenty-six percent of workers say they expect to retire at age 70 or older in 2012 compared with 9 percent in 1991. However, many retirees report that they left the workforce earlier than planned (50 percent in 2012).
- While education is important, auto features seem to be what works to get savings action. Greenwald said education of pre-retirees on asset allocation and spending strategies should be enhanced; strategies are needed to protect older workers who have not saved enough for retirement.
- Denise Murray noted the impact of the markets on whether a person will do the retirement savings need calculation. If the market is up, people are more likely to do the calculation. She said positive reinforcement is needed, as is showing the basics of incremental savings.

[Your Lifetime Financial Planner—Jonathan Pond, Public Television Host](#)

- Jonathan is taking his successful program, *Your Lifetime Financial Planner*, to the general public. The goal is “to help individuals and families of all ages and financial situations take steps to achieve a better financial future and a secure retirement.” The planner will be available at no cost to individuals.
- The tool has the following features: 1) It’s easy to complete and confidential questionnaire; 2) it provides a useful report; 3) it’s relevant and timely, as the tool is updated twice a week; 4) it’s well organized with prioritized goals; 5) the report is comprehensive; 6) it spells out easy-to-follow action points; 7) it provides a “to-do” list or priorities; and 8) it provides encouragement to help you reach your financial goals.
- Currently developing new age-specific reports.
- Currently developing a Spanish version.
- Investing in an upgrade of the tool to enhance its ability to meet higher demand.

Panel Discussion: Diverse Perspectives: Encouraging New Retirement Attitudes and Behaviors

Moderator: Kathy Jacoby

- Kathy started the panel discussion with a framework of the economic difficulties the American population faces, such as high gasoline prices; flat home equity, and high unemployment.
- From *MetLife’s 10th Annual Study of Employee Benefits Trends*, Kathy noted: health care costs increasingly are being shifted to employees; salary increases are very low; financial education in the workplace is increasing, as is employee appreciation for their employee benefit plans.

Panelist:

[Diverse Perspectives: Encouraging New Retirement Attitudes and Behaviors —Jean Setzfand, AARP](#)

- An AARP member survey showed that members want AARP to do more on financial literacy.
- AARP conducted a study in which they followed 30 individuals to determine how they interact with money. The study identified four types of individuals with regard to retirement planning: Believers, Balancers, Old School, and Drifters, see slide 3 for further details.
- AARP created a retirement planning calculator because research shows that self-assessment tools are good self-motivators. The [AARP Retirement Calculator](#) initially had 600,000 to 700,000 accesses per year but only 2 percent of visitors completed the calculator. AARP conducted a re-evaluation of the tool simplifying it with defaults yet with the option for further detail. The results of the re-evaluation showed an increase in the utilization of the tool, 1 million accesses per year with a 40 percent completion rate.
- AARP created the [AARP Social Security Benefits Calculator](#) because of the importance of Social Security benefits to the elderly population’s income. Knowledge about Social Security benefits is limited. To increase that knowledge, the AARP tool covers such topics as dual spousal benefits, interaction of Social Security benefits with basic needs, and working after you start collecting benefits.
- AARP’s main goal is to persuade individuals of the value of postponing their claim of Social Security benefits, as benefits increase the later they are claimed.

- AARP has created widgets for the Social Security Benefit Calculator. These widgets can be customized for other organizations' web sites.
- In winter 2012, AARP launched a public outreach campaign, [You've Earned a Say](#). The goal of the campaign is to provide a platform for individuals to have their voices heard on Social Security and Medicare.

[The “How Do I Choose My Investments” Challenge—Richard Gagne, Prudential Financial](#)

- Prudential identified a gap in how participants were allocating assets across the investments available within their retirement plan's core investment line up. Although plan sponsors were providing quality investments for the participants to choose from, participants didn't have the time or investment expertise to effectively allocate their assets. Individuals would often invest in only one or two asset classes, invest in all available asset classes equally, or make investment decisions based on previous years' returns.
- In response to this need, GoalMaker was developed in 1999. While target-date funds are allocated based on one's expected retirement date, GoalMaker was designed to help participants make investment decisions and diversify their holdings based on risk tolerance as well as years to retirement. Prudential wanted participants to have an easy-to-use educational tool that provided them with professional asset allocation services at no additional cost.
- Recognizing that people learn in different ways, [Prudential's asset allocation curriculum](#) includes tutorials, calculators, articles, videos and podcasts. GoalMaker also includes an investor quiz to help people determine their investor style.
- During the period July 2008–September 2010, 91 percent of participants in GoalMaker maintained their asset allocation.

[Building Financial Wellness at American Express With Smart Saving—Barbara Kontje, American Express](#)

- American Express created their financial education program to help its employees make good financial decisions that affect more than retirement. Yet the various existing financial education programs had a low utilization rate. To increase utilization, American Express created a single “Smart Saving” brand for its financial education programs, which is a complement to its “Healthy Living” brand for physical wellness.
- The goals of Smart Saving are to increase employee awareness and usage of existing financial benefits. See slide 5 for details on American Express' comprehensive approach to Smart Saving.
- The program focuses on individuals who are not saving as well as those who are, but might want to do more. In 2011 and again in 2012, using America Saves Week, Smart Saving launched a campaign to have employees take the “1% Challenge” by saving 1 percent of salary in any saving vehicle for any reason (buy a car, emergency fund, retirement, etc.). If the employees choose to save 1 percent in the retirement plan, American Express is able to measure that, but if the employee chooses to save in another vehicle outside of the retirement plan, the company is not.
- The program utilizes the open enrollment season for insurance benefits as an opportunity to educate employees about the value of benefit.

- Smart Saving utilizes financial fairs as a way to raise awareness of the company's financial benefit offerings. See slide 7 for a framework of these fairs. Slide 8 provides details on the results of these fairs. Locations that hosted a Smart Saving Fair saw a larger increase in utilization rates of the programs.
- Smart Saving is expanding into American Express' overseas divisions. A program was in Hong Kong in July 2011 and in Mexico in October 2011. In 2012, the company plans to launch Smart Saving in the United Kingdom, Canada, and Singapore.
- The company has also launched a Smart Saving Kids program to help parents educate their children on financial matters.

Panel discussion:

- Measuring of results. Barbara noted that it is easy to measure results with respect to usage of the company's retirement plan, but that the company needs to rely on self-reporting for non-retirement savings vehicles, and has difficulty measuring overall results. Jean noted it is difficult to measure outcomes but that engagement can be measured.
- Rich was asked about changing the default options within GoalMaker. Rich stated that it is possible to do but the individual needs to initiate the change with rebalancing instructions. In effect, they're creating their own allocation.
- Rich was asked if GoalMaker can overcome the biases of target-date funds. Rich said yes, because GoalMaker takes risk tolerance into consideration as well as time horizon.
- Joanna Smith-Ramani from Doorways 2 Dreams Foundation noted that financial games can be a helpful tool in engaging individuals in their 401(k) plan. Barbara acknowledged that American Express is trying to develop more creative ways to engage employees and is seeing her colleagues at other employers working to get their employees more engaged in their retirement planning. American Express recently developed a tweet-like short message email to send useful information. Barbara liked the game idea and would like to explore the opportunity to develop something for American Express employees.
- Blake Allison from FELA noted that financial wellness and awards programs are another useful tool. Barbara noted that raffles are used to engage employees to come to the fairs or to share a story, but the Smart Saving program lacks the budget to offer prize money as incentives, and there are other considerations to address; the goal of Smart Saving is to encourage saving, not spending. She hopes to figure out other more appropriate prizes. Blake noted a possible prize would be a day off.
- Barbara O'Neill if AARP included life expectancy and the break-even calculation for Social Security benefits. Jean stated that AARP attempted to give some probabilities of death. Concerning the break-even calculation, AARP has chosen to leave that out of the calculator. Research shows that the break-even discussion tends to have people taking the benefits too soon. The goal of AARP is to show individuals the value of delaying the benefit.
- Integrate health and financial wellness: Work with the Employee Assistance Program provider to include financial questions.
- Robin from Wells Fargo asked about reframing the language away from asset accumulation to income stream in retirement. Barbara noted that American Express is working toward including communications and tools that can translate retirement savings into a monthly income. This is difficult to do from an operational perspective (what

assumptions to use, etc.) and account balances may only represent a portion of an employee's savings as many employees change jobs during their careers. Rich noted that many participants know their account balance but few know what that means in terms of income in retirement. To help meet this need, Prudential developed [a retirement income calculator](#) and solutions such as [IncomeFlex](#) which help people transition from accumulation to lifetime income.

III. Partner Roundtable

- America Saves and Consumer Federation thanked all ASEC partners that participated in America Saves Week 2012. Results of the week were announced at the National Saver Forum on April 17, 2012.
- American Association of Individual Investors, DC Metro Chapter, has two events coming up: [April 21, 2012, "Investing in a World of Low Interest Rates,"](#) and [May 19, 2012, "Higher for Longer: How to Profit from Sustained High Energy Prices."](#)
- FDIC is conducting an economic inclusion meeting April 26, 2012.
- FDIC's [Winter 2011/12 issue of Consumer News](#) is available.
- FDIC created two new resources: 1) help with debit, credit, and prepaid cards, and 2) 10 things to know about debit, credit, and prepaid cards.
- Financial Literacy Seminar Series conducted a seminar on retirement planning, April 11, 2012, for National Retirement Planning Week. [Learn more about the series and obtain information from past seminars.](#)
- FINRA Education Foundation released a report on gender and credit card behavior, [In Our Best Interest: Women, Financial Literacy, and Credit Card Behavior](#).
- FINRA Education Foundation will be fielding an update to the National Financial Capability Survey later this year.
- Insured Retirement Institute, National Retirement Planning Week is April 9–13, 2012. Check the website www.retireonyourterms.org for more information on the program.
- Karen Murrell working on a paper with the Casey Foundation addressing issues of intergenerational poverty. This paper will be released in June 2012.
- Karen Murrell announced the University of Wisconsin is updating its 2012 financial coaching publication.
- Karen Murrell and Lois Vitt are updating their book, *You and Your Money*.
- National Endowment for Financial Education (NEFE) created a new resource, www.financialworkshopkits.org Financial Workshop Kits can help you reach out to your community by providing the tools and resources needed to deliver financial education information to underserved audiences.
- Office of the Comptroller of the Currency (OCC), May/June issue of the *Financial Literacy Update* will be coming out in May. Keep up to date on activities and resources in financial capability through the OCC's [Financial Literacy Update on-line](#). Contact Denise Murray (denise.murray@occ.treas.gov) to get your events, resources, and information added to this update.
- OCC along with the Federal Reserve Board and the Office of Thrift Supervision announced enforcement actions against 14 large residential mortgage servicers and two third-party vendors for unsafe and unsound practices related to residential mortgage

servicing and foreclosure processing. [Learn more about the Independent Foreclosure Review.](#)

- Rutgers University Cooperative Extension, webinar, [“Financial Implications of Divorce for Military Families”](#) was held April 12, 2012.
- Rutgers University Cooperative Extension, [Small Steps to Health and Wealth™ is conducting a new challenge which began April 15.](#)
- Rutgers University Cooperative Extension, Financial Boot Camps in New Jersey are going national.
- Rutgers University Cooperative Extension, at the America Saves, Saver Forum, Barbara presented results from the social media campaign for ASW 2012.
- U.S. Department of Labor, the Employee Benefit Security Administration hosted a webinar April 18, 2012, on [key financial steps for college seniors and young workers.](#)

IV. Documents from the Display Table

- [AARP: AARP Social Security, Work & Retirement Webinars.](#)
- [AARP: AARP Social Security Benefits Calculator.](#)
- [American Association of Individual Investors \(AAII\): About AAII.](#)
- [AAII DC Metro Chapter: Upcoming Events.](#)
- [AAII: AAII Journal, May 2011.](#)
- [Commodity Futures Trading Commission \(CFTC\): Ponzimonium: How Scam Artists Are Ripping Off America, by Commissioner Bart Chilton.](#)
- [Community Financial Education Foundation \(CFEF\): About CFEF.](#)
- [CFP Board: Consumer Guide to Financial Planning.](#)
- [CFP Board: Consumer Guide to Financial Self-Defense.](#)
- [Federal Citizens Information Center \(FCIC\): Consumer Information Catalog–Spring 2012.](#)
- [FDIC: Consumer News–Winter 2011/12.](#)
- [FDIC: Money Smart: A Financial Education Program.](#)
- [FDIC: Money Smart News–Winter 2012.](#)
- [FDIC: Money Smart Success Stories–Fall 2011](#)
- [ICI Education Foundation: Microgrants for Investor Education Innovation within Metropolitan Washington, DC.](#)
- [ICI Education Foundation: News Release, “ICI Education Foundation Offers Financial Awards to DC Students Participating in National Financial Education Programs.”](#)
- [ICI Education Foundation: News Release, “DC Teachers and ICIEF Award-winning Students Discuss the National Financial Capability Challenge.”](#)
- [National Academy of Social Insurance \(NASI\): When to Take Social Security Benefits: Questions to Consider.](#)
- [National Endowment for Financial Education \(NEFE\): www.financialworkshokits.org.](#)
- [NEFE: www.myretirementpaycheck.org](#)
- [Prudential: www.preparewithpru.com](#)