



National Association
of Federal Credit Unions
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NAFCU | Your Direct Connection to Education, Advocacy & Advancement

May 10, 2016

Financial Literacy and Education Commission
Office of Financial Education
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: *National Strategy Update*

Dear Members of the Commission:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing to you regarding the Financial Literacy and Education Commission's ("FLEC" or "Commission") discussion of its *National Strategy* update. In general, NAFCU and our member credit unions applaud the Commission's vision of creating sustained financial well-being for US individuals and families, and its mission of setting policy, education, practice, and research.

As the *National Strategy* makes clear, FLEC believes it is essential for Americans to develop the financial capability to navigate complex financial systems and to start the process early in their financial lives. FLEC sets out four goals to accomplish this: (1) increase awareness of and access to financial education; (2) determine and integrate core financial competencies; (3) strengthen the provision of financial education; (4) identify and share effective practices. These goals, as well as FLEC's mission "to improve the financial literacy and education of persons in the United States," align naturally with credit unions' mission.

As the Board may be aware, credit unions are not-for-profit, member-focused financial institutions, uniquely dedicated to improving the financial lives of their members and communities. NAFCU believes that providing financial literacy and education is paramount to improving credit union members' financial lives, and we are proud of the fact that so many in our industry provide this valuable service.

In fact, according to a recent NAFCU survey, approximately 86 percent of respondents indicated that they offer some form of financial literacy training to their members. As shown in figure 1, most credit unions offer home-buying training, followed by education regarding overuse of financial services (70 percent of respondents), emergency fund

planning (50 percent of respondents), and avoiding overdraft (45 percent of respondents).

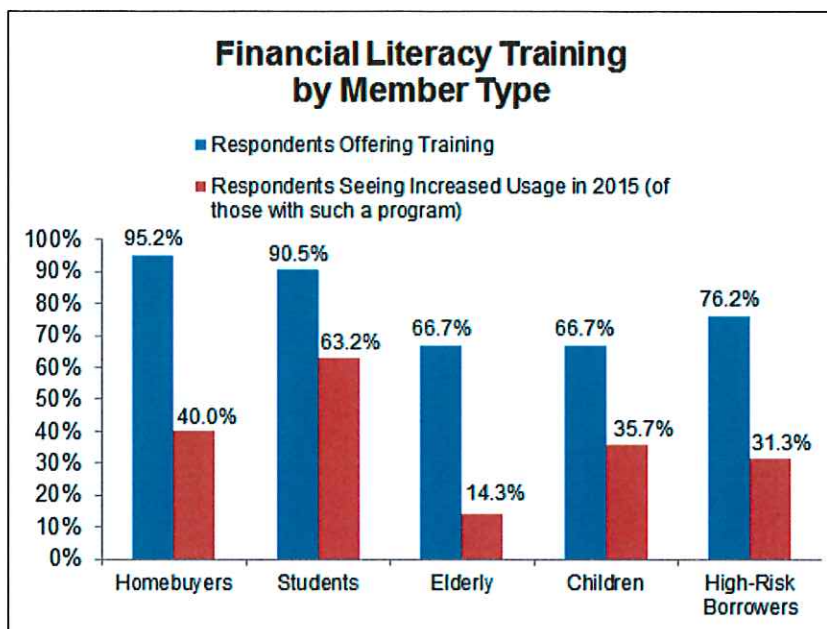


Figure 1

Many respondents indicated they use and rely on educational resources provided by the National Credit Union Administration (NCUA), the prudential regulatory for federal credit unions and the insurer of all federally insured credit unions. NAFCU believes that NCUA has done a commendable job of developing and publishing these resources. As such, NAFCU encourages the Commission to examine the NCUA's educational materials and resources as FLEC continues to facilitate federal regulator collaboration.

Unfortunately, despite the availability of financial education and literacy training, the state of Americans' financial health is still in poor shape. For example, recent studies have shown that 76 percent of Americans are living paycheck-to-paycheck, 33 percent of whom earn at least \$75,000 per year. Further, almost 50 percent of Americans cannot cover a \$400 emergency without borrowing money, and household credit card debt averages around \$15,000. Finally, approximately 1/3 of non-retired Americans have no retirement savings, portending an even bleaker future for these households.

In response to the dire financial state of so many Americans, credit unions have now also identified savings and overall financial health as a priority in addition to basic financial literacy. Our member credit unions are now designing and implementing programs that are uniquely tailored to address the unhealthy situation addressed above. For example, our survey respondents identified a number of areas where they help the unbanked and underbanked, such as working with immigrant outreach and welfare programs, and offering credit-building loans and share accounts.

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While NAFCU believes that the financial literacy and education goals of the *National Strategy* are fundamental to the better of Americans' financial health, we and our member credit unions suggest the Commission also spur the development of innovative savings programs.

NAFCU applauds the Commission's work, and we eagerly look forward to collaborating further with FLEC as it updates its *National Strategy*. Should you have any questions or would like to discuss these issues further, please contact me at (703) 842-2249 or memancipator@nafcuh.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Emancipator", written in a cursive style.

Michael Emancipator
Senior Regulatory Affairs Counsel