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National Association of Federally-Insured Credit Unions

February 5, 2019

The Honorable Susan Collins
Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510

The Honorable Bob Casey
Ranking Member
Special Committee on Aging
United States Senate
Washington, D.C. 20510

Re: Tomorrow's Hearing, "Financial Security in Retirement: Innovations and Best Practices to Promote Savings"

Dear Chairman Collins and Ranking Member Casey:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's hearing, "Financial Security in Retirement: Innovations and Best Practices to Promote Savings." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 115 million consumers with personal and small business financial service products. NAFCU appreciates the Committee's attention to this vitally important issue. As member-owned institutions, credit unions are uniquely dedicated to improving the financial lives of their members and communities, and stand ready to work with both Congress and federal regulators to develop innovative and effective retirement savings initiatives.

The first step to promoting retirement savings is establishing financial literacy. Financially literate individuals are more likely to spend prudently and put money in savings, retirement funds, and other wealth building accounts. Likewise, the same individuals are less likely to rack up large, burdensome—and sometimes unaffordable—debt, and are less likely to be victims of predatory practices. With current employment trends, including the fall of defined benefit pension plans and the rise of "gig economy" jobs without traditional benefits, financial education is now more important than ever. The modern-day workforce needs to be financially literate in order to navigate the widening array of financial services and adequately prepare for retirement.

Providing financial literacy and education is paramount to improving credit union members' financial lives, and NAFCU is proud that so many in the industry provide this valuable service. In fact, according to NAFCU's *Economic and CU Monitor* survey from March 2018, almost all respondents indicated that they offer some form of financial literacy programming to their members. Credit union training programs cover a wide array of traditional financial management topics, including buying a home (93 percent of respondents), online financial tips (73 percent of respondents), and saving for retirement (67 percent of respondents). Moreover, credit unions pursue innovative methods for promoting greater fiscal responsibility, such as new services or technology for aiding members' financial management (50 percent of respondents). Credit unions also offer creative incentives to help members save, including tiered savings accounts (75 percent

of respondents), high yield accounts (25 percent of respondents), and "second chance" accounts (25 percent of respondents). The National Credit Union Administration (NCUA) also makes financial literacy resources available to credit unions and their members via MyCreditUnion.gov.

Financial institutions, financial regulatory agencies, non-profits, schools, the military and other stakeholders must work together to improve financial literacy. To that end, NAFCU currently partners with the Consumer Federation of America in both their America Saves and Military Saves programs. These programs focus on encouraging increased savings for the general population and, specifically, military personnel and their families in the case of Military Saves. NAFCU also actively engages with our federal regulators, including the NCUA and the Consumer Financial Protection Bureau to provide feedback on their financial education resources.

We thank you for holding this important hearing and we would welcome the opportunity to work with the Committee to promote savings and innovative methods to encourage retirement security. Should you have any questions, please do not hesitate to contact me or NAFCU's Associate Director of Legislative Affairs, Max Virkus, at (703) 842-2261.

Sincerely,



Brad Thaler
Vice President of Legislative Affairs

cc: Members of the United States Senate Special Committee on Aging