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**National Association of Federally-Insured Credit Unions**

August 20, 2018

The Honorable Michael Enzi  
Chairman  
Subcommittee on Primary Health and  
Retirement Security  
Committee on Health, Education, Labor &  
Pensions  
United States Senate  
Washington, D.C. 20510

The Honorable Bernie Sanders  
Ranking Member  
Subcommittee on Primary Health and  
Retirement Security  
Committee on Health, Education, Labor &  
Pensions  
United States Senate  
Washington, D.C. 20510

**Re: Tomorrow's Hearing, "Financial Literacy: the Starting Point for a Secure Retirement"**

Dear Chairman Enzi and Ranking Member Sanders:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federally-insured credit unions, I write today in conjunction with tomorrow's hearing, "Financial Literacy: the Starting Point for a Secure Retirement."

NAFCU appreciates the Subcommittee's dedication to this vitally important issue, especially as it relates to retirement security. 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.

As not-for-profit, member-focused financial institutions, credit unions are uniquely dedicated to improving the financial lives of their members and communities. 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.

As NCUA Board Chairman J. Mark McWatters said last week to the Defense Credit Union Council, 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 agrees with Chairman McWatters' recent comments that financial literacy "...has implications for the economic well-being of the nation and, in the case of service members, our military's readiness."

Finally, NAFCU actively engages with our federal regulators, including the NCUA and the Bureau of Consumer Financial Protection (Bureau), to provide feedback on their financial education resources. Just last month, NAFCU wrote to the Bureau on credit union efforts in response to their request for information on the Bureau's financial education programs and suggested that the Bureau expand their guide to *Planning for Retirement* to include basic information on retirement savings accounts.

We thank you for holding this important hearing and we would welcome the opportunity to work with the Subcommittee to develop innovative and effective financial literacy initiatives. Should you have any questions, please do not hesitate to contact me or NAFCU's Associate Director of Legislative Affairs, Allyson Browning, at 703-842-2836.

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Health, Education, Labor & Pensions Subcommittee on Primary Health and Retirement Security