

Financial Literacy Annual Report



Message from Kathleen L. Kraninger

Director



Congress, through the Dodd-Frank Act, created the CFPB to be singularly focused on consumer protection in the market for financial products and services. Indeed, Congress clearly articulated the purpose and objectives of the CFPB. For example, the Act states, “The Bureau shall seek to implement and, where applicable, enforce Federal consumer financial law consistently for the purpose of ensuring that all consumers have access to markets for consumer financial products and services and that [those] markets... are fair, transparent, and competitive.”

Congress gave significant powers and tools to the Director to carry out that mission. Those tools include education, regulation, supervision, and enforcement, each of which serves an important component in the Bureau’s execution of its mission. As Director, I believe that the best application of these tools is to focus on prevention of harm to consumers.

Congress specifically charged the Bureau with conducting financial education programs and ensuring consumers receive timely and understandable information to make responsible decisions about financial transactions. The Bureau cannot be everywhere, with everyone, at every transaction – nor should it try to be. Therefore, empowering consumers to help themselves, protect their own interests, build skills, strengthen their financial decisionmaking, and choose the financial products and services that best fit their needs is vital to preventing consumer harm and building financial well-being.

With the multitude of public and private sector entities engaged in consumer financial education, I also want to ensure the public that the Bureau uses its education tool where it is uniquely positioned to partner with those entities already engaged in that work and to add value and provide leadership. Specifically, the Bureau recognized a gap and conducted extensive research to develop a consumer-centric definition of financial well-being that goes beyond income and credit score. The definition of financial well-being and the way we view and think about that concept captures a person’s sense of financial security and financial freedom of choice in the present and the future. Core to that security and well-being is control over day-to-

day and month-to-month personal finances as well as the capacity to absorb financial shocks. We have also found that consumers can experience financial well-being – or lack of it – across a wide range of incomes. It is tied to financial skills and confidence in those skills.

Today's consumers need financial skills more than ever. For example, fewer than half of Americans set aside money for their children's college education. More and more people reach retirement with incomes and savings that simply won't meet their needs. Perhaps most distressing to me was a Federal Reserve report that found that almost 40 percent of Americans would turn to credit to cover a \$400 emergency.

As we collectively support Americans building financial well-being, tackling emergency savings is a logical place to focus. It is a key element as people address the broader issues in their financial lives around attaining and retaining good credit, managing their debt, and maintaining a healthy habit of savings. To promote effective approaches to savings and particularly emergency savings, the Bureau launched our *Start Small, Save Up* initiative in fiscal year 2019. It offers tips, tools and information to help consumers build a basic savings cushion and develop a savings habit. I encourage you to find out more about *Start Small, Save Up* as described in this report, or on the CFPB website.

The ultimate goal for the Bureau is to improve the financial literacy of American consumers. I am committed to bringing together partners from across sectors to develop and execute a strategy to achieve this outcome. I am proud of the work that is highlighted in this report and thank the Bureau staff who have been instrumental in leading and implementing these efforts. We will continue to build on our efforts going forward to prevent consumer harm and ensure that consumers are protected.

Sincerely,



Kathleen L. Kraninger

Table of contents

| | |
|---|-----------|
| Message from Kathleen L. Kraninger..... | 1 |
| Table of contents..... | 3 |
| 1. Introduction..... | 4 |
| 2. Financial Education Strategy and Implementing Activities | 9 |
| 2.1 Strategy Part 1: Provide financial education to the public..... | 10 |
| 2.2 Strategy Part 2: Share research on effective financial education and financial well-being with financial educators | 21 |
| 2.3 Strategy Part 3: Address needs for inclusion and financial security of servicemembers, older Americans, traditionally underserved consumers and communities, and students | 28 |
| 3. Conclusion | 34 |
| Appendix A: | 35 |
| FY19 PERFORMANCE MEASURES..... | 35 |

1. Introduction

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) mandates that the Director of the Consumer Financial Protection Bureau (Bureau) submit to Congress an annual report on the Bureau’s financial literacy activities and strategy to improve the financial literacy of consumers.¹ The Bureau is pleased to submit this seventh Financial Literacy Annual Report. The report covers fiscal year 2019 (FY19), the period from October 2018 through September 2019.

Financial education is a core component of the Bureau’s mission under the Dodd-Frank Act. One of the Bureau’s five statutory objectives² is to ensure that “consumers are provided with timely and understandable information to make responsible decisions about financial transactions,” and one of the Bureau’s statutory functions is “conducting financial education programs.”³ The statute also delineates more specific responsibilities in this area. Congress directed the Bureau to develop and implement initiatives to “educate and empower consumers to make better informed financial decisions,”⁴ to “develop and implement a strategy to improve the financial literacy of consumers,”⁵ and to provide “opportunities for consumers to access” activities and information on a broad range of financial capability topics.⁶

Within its broad statutory mandate, the Bureau identifies areas of focus to help people in America strengthen financial skills. The Bureau does this through conducting user testing of tools and materials, talking to consumers and the organizations that serve them in focus groups and listening sessions, conducting research and analyzing consumer complaint data. For example, the Bureau has undertaken foundational research to understand the pathways to financial well-being, and how we, and other financial educators, can help people progress along those pathways. Our research confirms that while opportunity and socio-economic factors play a significant role in determining an individual’s financial well-being, there is a set of behaviors

¹ 12 U.S.C. § 5493(d)(4).

² 12 U.S.C. § 5511(b)(1).

³ 12 U.S.C. § 5511(c)(1).

⁴ 12 U.S.C. § 5493(d)(1).

⁵ 12 U.S.C. § 5493(d)(2).

⁶ 12 U.S.C. § 5493(d)(2).

that are more common among people with higher financial well-being. These findings suggest that financial educators can support day-to-day money management, planning, and a habit of savings to help people achieve better financial outcomes within the context of their circumstances. In 2019 and beyond, the Bureau is encouraging others to join us in spreading knowledge of how financial education approaches can build skills to support decisions that improve people's financial well-being in a range of circumstances.

While many factors contribute to financial well-being, one that stands out is savings. An analysis of the 2016 CFPB National Financial Well-being Survey found that even small amounts of liquid savings correlate positively with a person's financial well-being.⁷ Similarly, a Federal Reserve study indicated that almost 40 percent of American adults would not cover a \$400 emergency expense from savings.⁸ 12 percent said they could not cover the \$400 expense at all, and the other 27 percent said they would cover it by selling something or borrowing money.

When I saw that statistic and heard...about the gravity of the situation, it led me to believe that we at the CFPB needed to take a leadership role in helping to improve this situation and to empower consumers to build more liquid savings.

CFPB Director Kathy Kraninger

In response, the Bureau launched its *Start Small, Save Up* campaign in February 2019, to increase people's financial well-being through enhanced savings. In the campaign, the Bureau will be using education, partnerships, research, and policy improvements to increase opportunities to save and empower people to realize their personal savings goals. Through this campaign, the Bureau is working towards that vision by advancing the national dialogue on the importance of savings, working with a broad spectrum of others to seek ways to reduce individual and institutional barriers to savings, and promoting solutions that make savings easier and more accessible. Additionally, the *Start Small, Save Up* website has tools and resources to help people get started with saving.⁹ For example, in August 2019, the Bureau

⁷ <https://www.consumerfinance.gov/data-research/financial-well-being-survey-data/>

⁸ <https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm>

⁹ <https://www.consumerfinance.gov/start-small-save-up/>

launched the CFPB Savings Boot Camp,¹⁰ a multi-week email course to guide people through the fundamentals of saving. The Bureau also released the fourth in a series of booklets for social services providers to talk with people about money topics that are important to them: *Building your Savings? Start with Small Goals*.¹¹ The booklet contains colorful, engaging tools to support people in setting savings goals, preparing for the unexpected, finding a place to save, and making the most of tax services providers, financial coaches, and financial educators.

The Dodd-Frank Act also directs the Bureau to conduct programs and activities focused on financial security and inclusion for special populations: servicemembers, older Americans, traditionally underserved consumers and communities, and students.¹² Some of the 2019 Highlights of this population-focused work include:

- CFPB's Office of Servicemembers Affairs' innovative online training program, *Misadventures in Money Management*, is now available for use by future servicemembers by all of the military services: the Army, Navy, Air Force, Marines, Coast Guard, and the National Guard. It is also in use by future leaders in the Army ROTC and Navy ROTC. It helped signed recruits prior to boot camp for several years, and in 2019, it was rolled out for first duty station servicemembers.
- CFPB's Office of Older Americans' *Managing Someone Else's Money*¹³ guides provide practical guidance to the millions of Americans who manage money and property for someone unable to do so independently. Now available for co-branding, the guides allow banks, credit unions, legal services programs, area agencies on aging, and other service providers to add a logo to the covers of the booklets by following a few steps listed on our website.¹⁴ Also, in FY19, the Office for Older Americans worked with national and state banking associations and credit unions to inform their staff and members about findings

¹⁰ <https://www.consumerfinance.gov/start-small-save-up/cfpb-savings-boot-camp/>

¹¹ https://files.consumerfinance.gov/f/documents/cfpb_ymyg-savings-booklet.pdf

¹² 12 U.S.C. § 5493.

¹³ <https://www.consumerfinance.gov/consumer-tools/managing-someone-elses-money/>

¹⁴ <https://www.consumerfinance.gov/cobrandMSEM>

from CFPB’s report *Suspicious Activity Reports on Elder Financial Exploitation: Issues and Trends*.¹⁵

- In FY19, the Bureau released a fully interactive digital version of the *Your Money, Your Goals* (YMYG), a train-the-trainer toolkit, to improve its utility, reach broader audiences, and facilitate remote/digital trainings. The YMYG materials include action booklets to use with individuals, and companion guides specifically developed to address unique needs of People with Disabilities, People with Criminal Records and Native Communities. Over the life of the program, it has facilitated the training of 29,019 frontline staff and volunteers nationwide in social service organizations, faith-based organizations, and other types of local service organizations.

Pursuant to the Dodd-Frank Act, the Bureau’s work to improve the financial literacy of consumers includes its participation in the Financial Literacy and Education Commission (FLEC).¹⁶ Congress established the FLEC in 2003 with the mandate to improve the financial literacy of Americans and to coordinate financial education efforts in the federal government through, among other things, the development of a national strategy to promote financial literacy and education.¹⁷ The FLEC is comprised of representatives from 23 federal agencies and entities, and is chaired by the Secretary of the Treasury. The Dodd-Frank Act amended the 2003 FLEC law by designating the Bureau’s Director as the Vice-Chair.¹⁸

FLEC’s *National Strategy for Financial Literacy* (National Strategy) establishes a guiding vision of “sustained financial well-being for all individuals and families in the United States” and identifies ways to help move the nation toward that guiding vision.¹⁹ The Bureau coordinates actively with FLEC to identify areas for collaboration, will be leading a new FLEC interagency working group on basic financial capability, and works directly with FLEC member agencies to amplify the ability of both the Bureau and the other agencies to provide

¹⁵ <https://www.consumerfinance.gov/data-research/research-reports/suspicious-activity-reports-elder-financial-exploitation-issues-and-trends/>

¹⁶ 12 U.S.C. § 5493(d)(2).

¹⁷ 20 U.S.C. § 9702(b).

¹⁸ 12 U.S.C. § 5493(d)(6).

¹⁹ <https://www.treasury.gov/resource-center/financial-education/Documents/National%20Strategy%20for%20Financial%20Literacy%202016%20Update.pdf>

the public with access to effective financial education. Many of these collaborations are also highlighted in this report.

Overall, this report describes the Bureau's efforts in a broad range of financial literacy and capability areas within its statutory mandate and relevant to consumers' financial lives. These topic areas include debt collection, credit and credit reporting, home ownership and mortgages, and student loan borrowing and repayment. Other topics relate to helping people to prepare in their financial lives and to avoid financial difficulties, including general money management skills, savings, building children's financial capability, and preparing for a secure retirement. Some areas of work serve particular segments of the population, from helping parents and teachers to help young people acquire the building blocks of financial capability, to preventing and responding to elder financial exploitation. The topics are informed by what we hear from financial educators and others working directly with consumers, from the Bureau's research on what contributes to financial well-being, as well as from complaint data and information about educational resources that consumers access through the educational sections of the Bureau's website.²⁰ This report outlines our approaches in three sections: Providing financial education to the public directly, sharing research on effective financial education with financial educators, and addressing needs for inclusion and financial security of specific populations.

²⁰ <https://www.consumerfinance.gov>

2. Financial Education Strategy and Implementing Activities

To carry out its financial education mandate, the Bureau seeks to enhance the financial knowledge and skills of all Americans, from childhood to later life, so that individuals can use these new skills to build their financial well-being. The Bureau is using a three-part strategy that includes measurable goals and objectives to accomplish this task. The three elements of the strategy are:

- Providing financial education to the public, directly and by expanding and augmenting the local delivery of financial education.
- Sharing research on effective financial education and financial well-being with financial educators and others.
- Addressing needs for inclusion and financial security of servicemembers and veterans, older Americans, traditionally underserved consumers and communities, and students.

Each of the elements of this strategy, and the Bureau's activities aligned with each element of the strategy, are discussed in the sections below, along with the Bureau's progress in meeting performance goals and measures in each area in FY19. Taken together, this work can create opportunities for people to make decisions about money that better meet their own life goals.

The Bureau's major performance measures reflect the broad reach of the Bureau's work. For example, over 12 million people used the Bureau's web or print educational resources in FY19. Of the people who used the Bureau's *Ask CFPB* tool for answers to money questions, 80% rated the questions and related answers as "helpful." The Bureau also had 2,702 libraries signed up to be local centers of financial education, and 85% said that the program helped them to serve the financial education needs of their patrons. Adult financial educators downloaded 52,703 Bureau tools, papers, or other materials to use as they provide financial education services, and in a recent survey, 74% said that the materials changed the way that they serve their clients.

The Bureau measures results in a number of ways. The Bureau measures outputs such as numbers of individuals served, staff trained, or people who use resources developed by the Bureau. As programs continue over time or expand to reach more people, the Bureau is able to implement intermediate outcome measures such as user satisfaction, gains in participant knowledge, or changes in conduct after using a particular financial education tool, as

appropriate and feasible. While these measures provide some indication of effectiveness, the Bureau has sought, and continues to seek, to develop and apply ways to measure change in consumers' financial well-being or financial circumstances as a result of financial education. The Bureau does so in order to identify effective practices to guide its own work and to help others who provide financial education in their program to help consumers. For example, the Bureau undertook foundational research to define financial well-being and develop a scale to measure it, as well as a scale to measure financial skill released in FY18. These are two measurement tools that can help identify and quantify effective financial education approaches.

2.1 Strategy Part 1: Provide financial education to the public

The Bureau's consumer financial education programs and resources are designed to empower people to make better informed financial decisions to serve their own life goals and build their financial well-being. The Bureau provides these programs and resources through trusted and established community channels where people may go for other services. The Bureau undertakes initiatives to support development of both knowledge and skills to address the types of financial decisions, opportunities, and challenges that arise throughout the financial life cycle. The Bureau provides financial capability materials, tools, and programs to serve both the general adult population and the needs of specific populations. These specific populations include servicemembers and veterans, students and young adults, older adults and financial caregivers for seniors, and economically vulnerable people who are traditionally underserved.

Performance Goal: Help people build the knowledge and skills to make money decisions through direct financial education from the Bureau and through community channels providing other services.²¹

Because financial literacy needs to start well before adulthood, the Bureau also helps those who are working to build the financial skills of the next generation. The Bureau provides information

²¹ CFPB, Annual performance plan and report, Performance goal 1.1.1

for educators of youth, information for parents who want to have money conversations with their children, and financial capability program resources to people who work with youth in local communities.

The Bureau's principal direct-to-consumer and community channel programs are highlighted below.

2.1.1 Direct to Consumer

The Bureau offers consumers self-help resources, online and in print, to help people make more informed decisions. These resources focus on common financial situations such as debt collection, using a bank or credit union account, improving or fixing credit reports and scores, and getting or refinancing a mortgage. Some of the Bureau's principal direct-to-consumer financial education offerings are:

- **Start Small, Save Up.** The Bureau launched this campaign in February 2019 to increase people's financial well-being through education, partnerships, research, and policy improvements that increase people's opportunities to save and empower them to realize their personal savings goals. This campaign is working towards that vision by advancing the national dialogue on the importance of savings, seeking ways to reduce individual and institutional barriers to savings, and promoting solutions that make savings easier and more accessible through high-quality financial products that facilitate savings, automation of savings options, and reliable information available to consumers on savings. The *Start Small, Save Up* portion of the Bureau's website has tools and resources to help people get started with saving.²²
- **Ask CFPB and money topic web pages.** *Ask CFPB*²³ is a financial education tool offered as a digital resource that provides consumers with answers to common money questions. Other Bureau web pages provide information and "how-to" guides on specific money topics such as home mortgages, auto loans, credit reports and scores, debt collection, and student loans. In FY19, over 5.4 million people visited *Ask CFPB*. Of the FY19 visitors who rated answers, 80% chose the "helpful" rating.

²² <https://www.consumerfinance.gov/save>

²³ <https://www.consumerfinance.gov/ask-cfpb/>

- **Financial Well-Being Scale.** The Bureau’s Financial Well-Being Scale is a research-based set of 10 questions people can use to measure their own financial well-being, with links to Bureau resources that can help to improve it. Resources include information for taking control of day-to-day money management, and resources for getting on track for one’s financial future. In FY19, more than 73,000 people visited the scale and more than 28,000 received their financial well-being score, after which 47% of them engaged with other resources on the Bureau’s website.²⁴
- **Email “Boot Camps.”** On relevant web pages, the Bureau offers people an opportunity to sign up for an email “boot camp.” These boot camps are a series of emails focused on one topic, such as getting out of debt, building savings or preparing for a mortgage, that deliver step by step information to help people get closer to achieving their financial goal.
- **Specialized Tools.** The Bureau’s website offers financial education tools and information that help consumers prepare and plan for specific money decisions such as borrowing to become a homeowner, paying for college, getting an auto loan, and planning for retirement.
 - **Buying a House.** *Buying a House* provides tools and resources to help people know what to expect and what questions to ask in the process of buying a house and choosing a home loan. In particular, *Buying a House* seeks to show prospective homebuyers the benefits of shopping for a mortgage. The Bureau’s Office of Research found that consumers who received Bureau messaging encouraging shopping for a mortgage were 10% more likely to talk with more than one lender than those who received no messaging. The Bureau’s research found that close to half of consumers do not shop before taking out a mortgage, “seriously considering” only one lender. Researchers estimated that such consumers ended up paying hundreds of dollars more for their mortgage for each year they made mortgage payments. Of the FY19 visitors who rated the *Buying a House* tool in FY19, 86% chose the “helpful” rating.²⁵
 - **Paying for College.** *Paying for College* provides digital tools and resources to help students and former students make informed decisions about financing their college

²⁴ <https://www.consumerfinance.gov/consumer-tools/financial-well-being/>

²⁵ <https://www.consumerfinance.gov/owning-a-home/>

education and repaying their loans. This includes a tool to help students evaluate the cost of post-secondary education; student financial guides for comparing student loan options and for managing college money; and a tool that provides information and advice for optimizing how students or former students repay their student loans based on some basic information about their situation. *Paying for College* had 154,516 users in FY19.²⁶

- **Getting an Auto Loan.** Automobile lending is the third largest category of household debt for consumers in America, after mortgages and student loans.²⁷ Yet, almost half of adults surveyed by the Federal Reserve in 2015 said they did not compare loan prices or terms before taking an auto loan.²⁸ *Getting an Auto Loan* is an online guide that consumers can use in making informed auto financing decisions. The guide seeks to help consumers shop for and compare financing options when purchasing a vehicle. Consumers can use the guide to look beyond the monthly payment to consider the total cost of financing when choosing an auto loan, and to be aware of financing features and other factors that will affect their total cost.²⁹
- **Planning for Retirement.** Each year, more than 2 million people make the financial decision about when to claim Social Security retirement benefits. Nearly 40% of the eligible people start collecting benefits at the earliest possible age without understanding that claiming early may reduce total lifetime payments.³⁰ Claiming early may decrease financial security in retirement. *Planning for Retirement* is an

²⁶ <https://www.consumerfinance.gov/paying-for-college/repay-student-debt/>

²⁷ Report on the Economic Well-Being of U.S. Households in 2015, Board of Governors of the Federal Reserve, (May 2016). <https://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf>

²⁸ *Report on the Economic Well-Being of U.S. Households in 2015*, Board of Governors of the Federal Reserve, (May 2016). <https://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf>

²⁹ <https://www.consumerfinance.gov/consumer-tools/getting-an-auto-loan/>

³⁰ For the percent of people claiming at the earliest age: see e.g., Alicia Munnell & Anqi Chen, *Trends in Social Security Claiming*, CRR Issue Brief 15 (May 2015), at 3, available at http://crr.bc.edu/wp-content/uploads/2015/05/IB_15-8.pdf; For research on the relationship of claiming and lifetime benefits, see, e.g., Wei Sun & Anthony Webb, *How Much Do Households Really Lose by Claiming Social Security at Age 62?*, SSRN (2009), at <http://dx.doi.org/10.2139/ssrn.1408729>; see also Courtney Coile, et al., *Delays in Claiming Social Security Benefits*, J. of Pub. Econ. Issue 84 (2002), at <http://economics.mit.edu/files/635>; Matt Fellowes, et al., *The Retirement Solution Hiding in Plain Sight How Much Retirees Would Gain by Improving Social Security Decisions*, (June 2019) available at <https://unitedincome.com/library/the-retirement-solution-hiding-in-plain-sight/>

interactive online tool to help people make an informed decision about when to claim Social Security. The tool helps people understand how claiming at a particular age affects their benefits, provides tips relevant to their situation, and prompts consideration of retirement needs and goals. Over 80% of people who selected an intended claiming age after using the tool, say they will consider claiming later than the earliest possible benefit claiming age (age 62). Similarly, over 87% of users in FY19 who rated the tool found the tool information to be helpful.³¹

- **Money as You Grow (MAYG).** MAYG provides information, activities, and conversation starters for parents and caregivers who want to help their children develop financial capability skills. The Bureau developed these resources to help parents and caregivers who wish to foster the building blocks for growth of financial capability identified in the Bureau's research, discussed below. The MAYG resources include *Money as You Grow Bookshelf*, a family financial education program that uses children's books to help families talk about money-related skills. An independent study performed before the Bureau developed its program showed that this approach led parents to talk more with their children about money, with the most significant gains shown among parents with lower household incomes and levels of education.³² More than 152,625 *Money as You Grow Bookshelf* parent guides were ordered or downloaded in FY19.³³

Print Publications. The Bureau offers print publications on money topics for download or order at no charge. These include publications that consumers can use to help manage their financial lives, and publications that social service and other types of organizations can use with those they serve. For example, the Bureau offers a series of *Managing Someone Else's Money* guides for the millions of Americans who are financial caregivers for an adult who is unable to manage money, pay bills, or make his or her own financial decisions. In FY19, the Bureau distributed over 6 million copies of its publications addressing financial topics; the vast majority was distributed through intermediaries who serve consumers seeking help with financial issues

³¹ <https://www.consumerfinance.gov/consumer-tools/retirement/>

³² Behal, P.A., Bennett, K.K., Crites, A.M., Weigel, D. (2003), *Money on the Bookshelf: Using Children's Books to Reach Limited Resource Families with Money Management Education*. Journal of Extension, 41: 3. Ideas at Work.

³³ <https://www.consumerfinance.gov/consumer-tools/money-as-you-grow>

in communities throughout the country. For example, libraries, ordered roughly one million of these publications to provide to their patrons.³⁴

Related FY19 Performance Measures:

TABLE 1: NUMBER OF PEOPLE WHO USE THE BUREAU'S EDUCATIONAL RESOURCES ON WEB AND IN PRINT.

| FY 2019 | |
|---------|-------|
| Target | 8.0M |
| Actual | 12.3M |

TABLE 2: PERCENTAGE OF ASK CFPB USERS WHO RATE QUESTIONS AND RELATED ANSWERS AS HELPFUL.

| FY 2019 | |
|---------|-----|
| Target | 85% |
| Actual | 80% |

2.1.2 Community channels

In addition to providing financial education resources that people can access directly, the Bureau works to make it easier for people to access financial education in their local communities. In this way, the Bureau works to foster a lasting local financial education infrastructure. An important way to do this is by integrating financial education into trusted and established community channels where people already go for other services. These community channels include libraries, workplaces, social service organizations, military recruiters, Army Reserve Officer Training Corps (ROTC) host colleges and universities, government agencies, financial institutions, and financial educators. The Bureau also coordinates actively with the Financial Literacy Education Commission (FLEC) to identify areas for synergy and collaborates with other federal agencies to amplify each other's mutual ability to

³⁴ <https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php>

reach the public with financial education. Major community channel initiatives in FY19 include the following:

- **Libraries Community Education.** The Bureau's libraries program provides librarians with free publications, monthly trainings, and opportunities to connect with local financial education providers to help their libraries become a go-to resource on financial topics for their patrons. By the end of FY19, 2,702 library locations were signed up to participate in this project.
- **Your Money, Your Goals (YMYG) train-the-trainer program and tools.** YMYG offers training and materials to enable local service providers help the people they serve develop financial capability knowledge and skills. The program is centered on a toolkit that covers a full range of financial topics, and that service providers can use to help people address specific financial goals and challenges. In FY19, the Bureau released a fully interactive digital version of the *Your Money, Your Goals* toolkit to improve its utility, to reach a broader audience (via free download), and to facilitate remote/digital trainings. (6,142 downloaded). The YMYG materials include action booklets to use with individuals, (482,213 ordered), and companion guides specifically developed to address unique needs of people with disabilities (9,118 ordered), people with criminal records (4,657 ordered) and Native communities (2,453 ordered). Over the life of the program it has facilitated the training of 29,557 frontline staff and volunteers nationwide in social service organizations, faith-based organizations, and other types of local service organizations. The 2019 training cohort participants reported that staff increased their confidence to discuss financial topics in the course of delivering social services by 29 percentage points (from 63% pre-training to 92% post-training), and increased their confidence to provide the right information at the right time to the people they serve by 40 percentage points (from 47% pre-training to 87% post-training).
- **Misadventures in Money Management (MiMM).** MiMM³⁵ is a cutting-edge virtual learning experience that delivers financial education content to young servicemembers through the power of storytelling and gamification techniques. The Bureau offers this online training program for future servicemembers in the Delayed Entry Program (DEP), future leaders in the Junior Reserve Officers' Training Corps (JROTC) and Reserve Officer Training Corps (ROTC) and active duty servicemembers reporting to their first duty station. The program focuses on early-career financial choices faced by the newest members of the military and on avoiding costly mistakes in one's personal finances. The program is currently in use for future servicemembers by

³⁵ <https://www.consumerfinance.gov/practitioner-resources/servicemembers/mimm/>

all of the military services: the Army, Navy, Air Force, Marines, Coast Guard, and National Guard. It is also in use by future servicemembers through the Army ROTC and Navy ROTC. In Q3 of FY19, it was rolled out for first duty station servicemembers. Over 25,400 new and future servicemembers have used the program over its lifetime, with an overall completion rate of over 60%. Tests of participant knowledge before and after the training showed the following positive changes: 17 point increase in knowledge of availability of free credit reports; 18 point increase in knowledge of the Servicemembers Civil Relief Act (SCRA) and 10 point reduction in mistaken belief that SCRA puts a hold on debt; 39 point reduction in focus on just the monthly payment in buying a car and 43 point increase in understanding that total price matters when buying and financing a car. Overall, 74.93 percent of future and current servicemembers who completed MiMM scored higher on the post-assessment than on the pre-assessment.

- **Youth Employment Success Initiative (YES).** YES aims to increase the financial capability of economically vulnerable young workers between the ages of 16-24 as they enter the workforce. Through the YES program, the Bureau has worked with municipal leaders and Department of Labor funded youth employment programs in 23 communities to integrate financial capability skill building into their programs. In FY19, the Bureau launched a webpage to serve as a one-stop shop for youth employment programs seeking relevant materials to develop their financial capability offerings. From November 2018 through July 2019, the site received almost 4,000 users. In addition, the Bureau identified a need for financial capability materials that addressed specific financial decisions that young workers face. As a result, the Bureau is developing, with input from five youth workforce programs, a turn-key, youth-specific, interactive digital tool focused on transportation, a critical financial decision point for those entering the workforce.
- **Money Smart for Older Adults (MSOA).** MSOA is an award winning³⁶ instructor-led curriculum program on preventing elder financial exploitation. The Bureau developed and offers the program jointly with the Federal Deposit Insurance Corporation (FDIC). It is designed to educate older consumers and caregivers, and may be offered by law enforcement, financial institutions, faith-based organizations, organizations serving seniors, and other local community providers. The curriculum focuses on common issues facing seniors, including how to identify a potential scam or fraud and other forms of elder financial exploitation. The *Resource Guide* can be ordered in bulk and is widely distributed as a stand-alone resource at senior centers,

³⁶ 2019 Gloria Cavanaugh Award for Excellence in Training and Education Winner, American Society of Aging.

senior fairs and fraud prevention and awareness events. Cumulative distribution of MSOA exceeded 1 million in 2019 and over 4,000 intermediaries have received training as presenters.

- **Tax-Time Savings.** The Bureau provides technical assistance and materials to Volunteer Income Tax Assistance (VITA) sites to help encourage consumer savings at tax time. This annual effort supports the mandate in the Dodd-Frank Act “to provide opportunities for consumers to access wealth building and financial services during the preparation process to claim earned income tax credits and Federal benefits.”³⁷ Of the returns receiving a refund at participating VITA sites, 4.49% split their tax refund or purchased savings bonds. The Bureau’s report on the results from the 2019 tax season includes promising practices used by the VITA programs to engage consumers in saving opportunities.³⁸
- **Financial coaching.** Designed as a four-year pilot program, the Financial Coaching Initiative concluded in March 2019. During its years of service delivery, the program integrated financial coaches into partner organizations across the country that serve transitioning veterans and people who are economically vulnerable. For veterans, financial coaching was provided primarily at Department of Labor American Job Centers in addition to some nonprofit organizations. For the economically vulnerable consumers served, financial coaching was provided through community-based organizations that offer job training, education, housing, or other social services. In partnership with 60 host sites and several hundred other local organizations, the coaches served a total of 23,000 consumers and provided 49,000 one-on-one coaching sessions during the program’s four years.

In addition to the performance measures listed below, the Bureau has monitored a number of other measures of effectiveness. These include: percentage of coaching clients who established, made progress, or accomplished their goal (93%), and percentage of coaching clients who made progress on particular goals as a result of financial coaching. The particular goals included: having a personal budget, spending plan, or financial plan in place (92%), ability to keep living expenses below income (84%), not incurring a late fee on a loan or bill in the past two months (82.7%), and

³⁷ 12 U.S.C. § 5493(d)(2)(F)

³⁸ https://files.consumerfinance.gov/f/documents/cfpb_tax-time-opportunity-to-start-small-save-up_report.pdf

confidence in their ability to achieve a financial goal they have set for themselves (77.4%).

Related FY19 Performance Measures:

TABLE 3: NUMBER OF LIBRARY LOCATIONS ENGAGED TO BE LOCAL CENTERS OF FINANCIAL EDUCATION.

| FY 2019 | |
|---------|-------|
| Target | 2,000 |
| Actual | 2,702 |

TABLE 4: PARTICIPATING LIBRARIANS WHO SAY THE BUREAU'S LIBRARY PROGRAM INCREASED THEIR LIBRARY'S ABILITY TO PROVIDE FINANCIAL EDUCATION RESOURCES TO PATRONS.

| FY 2019 | |
|---------|----------|
| Target | BASELINE |
| Actual | 85% |

TABLE 5: PERCENTAGE OF CONFIDENCE LEVEL OF SOCIAL SERVICES STAFF TRAINED IN DISCUSSING CORE FINANCIAL MANAGEMENT TOPICS WITH CLIENTS AFTER YMYG TRAINING.

| FY 2019 | |
|---------|-----|
| Target | 35% |
| Actual | 24% |

TABLE 6: PERCENTAGE OF SERVICEMEMBERS (FUTURE AND CURRENT WHO ACCESSED MISADVENTURES IN MONEY MANAGEMENT WHO SHOWED KNOWLEDGE GAIN (IN ONE OR MORE TOPICS).

| FY 2019 | |
|---------|-----|
| Target | 15% |
| Actual | 19% |

TABLE 7: NUMBER OF STAFF TRAINED WITH LOCAL AND REGIONAL ORGANIZATIONS TO ASSIST THE PEOPLE THAT THEY SERVE WITH FINANCIAL INFORMATION.

| FY 2019 | |
|---------|-------|
| Target | 4,000 |
| Actual | 4,026 |

TABLE 8: SAVINGS RATE AMONG PROGRAM PARTICIPANTS AT PARTNER TAX SITES (VITA) IS AT LEAST DOUBLE THE NATIONAL SAVINGS RATE.

| FY 2019 | |
|---------|------|
| Target | 3% |
| Actual | 4.5% |

TABLE 9: NUMBER OF INDIVIDUALS SERVED BY FINANCIAL COACHING FOR TRANSITIONING VETERANS AND ECONOMICALLY VULNERABLE CONSUMERS (PROGRAM ENDED MARCH 2019).

| FY 2019 | |
|---------|-------|
| Target | 3,000 |
| Actual | 2,380 |

2.2 Strategy Part 2: Share research on effective financial education and financial well-being with financial educators

Financial education's overall goal is to improve financial well-being by helping people make better-informed financial decisions and take financial steps to achieve their own life goals. The Bureau develops and shares information and tools to amplify the reach and effectiveness of financial education for adults and children to achieve this goal. This includes conducting research to understand what financial well-being is, how to measure it, and how financial education can effectively support it. It also includes providing financial educators with research, analysis, and tools for understanding and measuring financial well-being, implementing effective practices in adult financial education, and providing teachers, parents and guardians with practical materials to help children and youth develop the building blocks of adult financial well-being.

Performance goal: Amplify the effectiveness of financial education for adults and children.³⁹

2.2.1 Financial Education Research

In FY19, the Bureau completed a key phase of its foundational research to understand what contributes to people's financial well-being. The goals of this project, and the Bureau's continuing efforts in this area, are to determine how financial education can help people in making the most of their circumstances to achieve their own life goals and financial well-being, and to share the results widely in order to improve the effectiveness of financial education generally. The Bureau continues to analyze and share the results of this research, and to encourage further financial well-being research by others to help identify effective education practices.

The Bureau's previous research efforts aimed at achieving this goal include:

- The Bureau formally defined financial well-being and identified the likely personal drivers of financial well-being that may be influenced by financial education and other

³⁹ CFPB, Annual performance plan and report, Performance goal 1.1.2

decision-making supports. The Bureau used input from consumers and experts in financial education. The definition of financial well-being that emerged from the Bureau's research was: a state of being reflecting a person's ability to meet current and ongoing financial obligations, feel secure in their financial future, and make choices that allow enjoyment of life.⁴⁰

- The Bureau developed a validated “scale” that could be used to measure financial well-being and that would allow meaningful comparisons among approaches to achieving financial well-being. The Financial Well-Being Scale is a self-reported set of questions that reflects a person's financial well-being, as so defined.⁴¹
- The Bureau deployed the scale in a national survey to test its hypotheses and identify the specific types of attributes, abilities, and opportunities that help people achieve greater financial well-being. The results of the financial well-being survey suggest that financial education can support consumers in improving their financial situations, especially through development of financial skill. This action-oriented concept has three critical components: knowing when and how to find reliable information to make financial decisions, knowing how to process financial information to make financial decisions, and knowing how to execute financial decisions and adapt as necessary to stay on track. These skills are powerful because they can be applied to all kinds of financial decisions, even those that are new and unfamiliar, by adults of any age. To enhance the development and study of strategies that enhance financial skill, the Bureau released the Financial Skill Scale that was used in the financial well-being national survey.^{42 43}
- The CFPB Financial Well-Being Scale continues to experience adoption and integration into the broader field. For example, the Board of Governors of the Federal Reserve System included the questions that measure financial well-being in its 2017 Survey of Household Economics and Decisionmaking,⁴⁴ the Department of Defense included the

⁴⁰ <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being/>

⁴¹ <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>

⁴² https://files.consumerfinance.gov/f/documents/bcfp_financial-well-being_pathways-role-financial-capability_research-brief.pdf

⁴³ <https://www.consumerfinance.gov/data-research/research-reports/measuring-financial-skill/>

⁴⁴ <https://www.federalreserve.gov/consumerscommunities/shed.htm>

questions in its survey of Servicemembers (Status of Forces Survey),⁴⁵ and the University of Southern California included the questions in the Understanding America Study,⁴⁶ an online survey panel supported by the Social Security Administration. In FY19, the FINRA Investor Education Foundation released the results of its tri-annual National Financial Capability Study⁴⁷ conducted in 2018 which included the Financial Well-Being Scale.

Throughout FY19, following the September 2018 release of the report “*Pathways to Financial Well-Being*” and the companion guide to measuring financial skill, the Bureau continued to disseminate and delve into the implications of that research. The Bureau released the following research reports and resources related to financial well-being in FY19:

- **Financial Well-Being of Older Americans.** This report describes the distribution of financial well-being scores for adults ages 62 and older in the United States, and the relationship between financial well-being and age. The report shows that financial well-being generally increases with age but declines again at later ages. In addition, the report examines and quantifies for the first time the association of financial well-being and a range of topics including employment and retirement; housing situation; debt; family and living arrangements; health-related experience; and financial knowledge, skill, and behavior.⁴⁸
- **Financial Well-Being of Veterans.** The Bureau’s review of the data about veterans in the financial well-being survey found that veterans reported higher levels of financial well-being than the average U.S. adult. However, the analysis also found that veterans, like other U.S. adults, have financial experiences that are negatively associated with financial well-being, including student loan debt, using non-bank, short-term credit products and being contacted by a debt collector. The analysis suggests that, for

⁴⁵ https://download.militaryonesource.mil/12038/MOS/Reports/SOFS-A_Briefing_20160311.pdf

⁴⁶ <https://uasdata.usc.edu/index.php>

⁴⁷ <https://www.usfinancialcapability.org/>

⁴⁸ <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-older-americans/>

veterans, as for the general population, there is a pathway from financial skill to financial well-being.⁴⁹

- **Getting started with measuring financial well-being: A toolkit for financial educators.** The toolkit provides an introduction to the financial well-being scale, with instructions, case studies, and other resources, for use by practitioners.⁵⁰
- **Building financial skill.** Based on our research, the Bureau seeks to support educators in helping people build financial skill, i.e., the ability to find reliable information, process that information, act on it, and adapt as needed to stay on track to achieving goals. In FY19, the Bureau released a new research-based resource for educators: the *Money Circle Toolkit*.⁵¹ The *Money Circle Toolkit* was developed based on empirical research on families and money, human-centered design, and extensive user testing with educators. The *Money Circle Toolkit* contributes a new tool to the evidence-based practice of financial education.

2.2.2 Channels for sharing financial education research and resources

The Bureau shares its research, knowledge, insights, and tools with adult financial educators and K-12 teachers and others who want to help children and youth develop financial capability.

- **Financial Education Exchange (CFPB FinEx).** A key channel through which the Bureau distributes its research and resources is the Financial Education Exchange, or CFPB FinEx. The CFPB FinEx is an online and in-person information exchange through which the Bureau shares its research on consumer financial behavior and effective financial education practices, and shares tools and other resources for financial educators. The Bureau also uses the network to gather feedback from and facilitate discussion among financial educators. 74% of CFPB FinEx participants reported that Bureau tools changed how they interacted with their clients. Financial educators can

⁴⁹ https://files.consumerfinance.gov/f/documents/cfpb_osa_financial-well-being-americans_report.pdf

⁵⁰ https://files.consumerfinance.gov/f/documents/cfpb_financial-well-being_toolkit.pdf

⁵¹ https://files.consumerfinance.gov/f/documents/cfpb_money-circle-toolkit_o82019.pdf

access the Bureau's financial education resources through the *Resources for financial educators* web page.⁵²

- **K-12 teachers:** Teacher financial education platform and tools. The Bureau seeks to empower families and schools to build financial skills for the next generation. Research shows that there is demand for financial education in U.S. schools, and that most educators say they are not well equipped to meet this need.

The Bureau's K-12 work in FY19 builds upon its earlier work in this area. Building on its adult financial well-being research described above, the Bureau researched the childhood origins of financial capability and well-being to identify where and when during childhood and adolescence people acquire the foundations of financial capability. The research identified attributes and abilities that provide the building blocks of adult financial capability, which can develop through the stages of a person's growth. Through *Money as You Grow* resources for parents (discussed above), the teacher pedagogy and other resources for teachers based on the building blocks research, the Bureau has sought to share evidence-based tools with families, K-12 educators, and others interested in supporting youth financial capability.⁵³

The Bureau released the following reports and resources for K-12 financial education in FY19:

- **A review of youth financial education: Effects and evidence.** This literature review was launched on April 3, 2019. The goal is to help education policymakers, program leaders, financial educators, and academic researchers make evidence-informed policy, programming, and resourcing decisions about school-based financial education.⁵⁴
- **Youth financial education research priorities.** This report lays out key unanswered research questions in youth financial education identified by a range of stakeholders. The goal is to encourage investigation into these questions to point the

⁵² <https://www.consumerfinance.gov/adult-financial-education/>

⁵³ <https://www.consumerfinance.gov/data-research/research-reports/personal-finance-teaching-pedagogy/>

⁵⁴ https://files.consumerfinance.gov/f/documents/cfpb_youth-financial-education_lit-review.pdf

way towards evidence-based solutions that are effective, scalable, and invite implementation.⁵⁵

- **Teacher financial education platform.** Building upon the platform launched in 2018, the Bureau continues to add resources to encourage and train educators at scale to teach financial education across various subjects and grade levels. The platform uses the Bureau’s research-based framework, *Building Blocks for Youth Financial Capability*. The strategy is to make it easy for teachers of all subjects and all grades to integrate financial education into their classrooms by offering easy-to-apply techniques and age-appropriate materials via a website. The key elements of the platform include a website interface that is robust, appealing, easy to use, and has strong search capabilities, over 150 downloadable activities for educators (starting with high school and followed by middle school grades), a curriculum review tool, and teacher guides for all subjects.

Related FY19 Performance Measures:

TABLE 10: FINEX PARTICIPANTS REPORTING THAT BUREAU TOOLS CHANGED HOW THEY INTERACT WITH CONSUMERS.

| FY 2019 | |
|---------|-----|
| Target | 50% |
| Actual | 74% |

TABLE 11: NUMBER OF PAPERS DEVELOPED TO INCREASE UNDERSTANDING OF WHAT CONTRIBUTES TO FINANCIAL WELL-BEING THAT CAN BE SUPPORTED THROUGH FINANCIAL EDUCATION.

| FY 2019 | |
|---------|---|
| Target | 2 |
| Actual | 2 |

⁵⁵ https://files.consumerfinance.gov/f/documents/cfpb_yrp_report.pdf

TABLE 12: DOWNLOADS OF TOOLS/PAPERS/MATERIALS FOR EDUCATORS SERVING ADULTS.

| FY 2019 | |
|---------|--------|
| Target | 50,000 |
| Actual | 52,703 |

TABLE 13: LAUNCH TEACHER FINANCIAL EDUCATION PLATFORM.

| FY 2019 | |
|---------|---------------------------------------|
| Target | Launch Middle School Teacher Platform |
| Actual | Completed |

TABLE 14: NUMBER OF TEACHERS REACHED.

| FY 2019 | |
|---------|--------|
| Target | 5,000 |
| Actual | 13,076 |

2.3 Strategy Part 3: Address needs for inclusion and financial security of servicemembers, older Americans, traditionally underserved consumers and communities, and students

The Bureau works to support financial security and access to financial products and services for special populations identified in the Dodd-Frank Act. This includes servicemembers and veterans, older Americans, students, and traditionally underserved consumers and communities. The Bureau also seeks to ensure that its financial education programs serve the needs of people in all geographies, including rural communities across the country.

Performance goal: Provide information, guidance and technical assistance for the underserved to participate in financial services and encourage innovation for inclusion.⁵⁶

The Bureau does this by providing information, guidance, and technical assistance, often through a broad variety of community channels. Some of these community channels are highlighted below. For example, the Bureau provides technical assistance to civic leaders who are trying to bring more people into the credit reporting system. The Bureau also conducts research about ways to support money management and savings.

2.3.1 Servicemembers and veterans: Enhance financial security throughout the military lifecycle

The Bureau works to support the financial well-being of servicemembers, veterans, and military families as they make decisions at significant stages throughout the military lifecycle. The Bureau also advises the Department of Defense as it fulfills its statutory financial education obligations.

- **Navigating the Military Financial Lifecycle.** The *Military Financial Lifecycle* model is a representation of a military career beginning at the signing of an enlistment

⁵⁶ CFPB, Annual performance plan and report, Performance goal 1.1.3

contract or ROTC commitment, through the subsequent steps in both an individual's and family's military career and life. The Bureau offers a web page and related materials that provide targeted information and links to Bureau tools that help military consumers address the financial challenges that arise at the various stages of their military lives. Some of these challenges are unique to servicemembers, such as frequent and often unanticipated moves, deployments, long periods of separation from family, difficulty for spouses to maintain career tracks, and mobilization for members of the Reserve and National Guard.

- **Technical assistance.** The Bureau continues to provide the Department of Defense's Office of Financial Readiness with technical assistance as it implements its mandate under the National Defense Authorization Act to deliver financial education across the stages of the military lifecycle.⁵⁷

2.3.2 Older Americans: Strengthen prevention of elder financial exploitation

To improve financial security and protections for older Americans, the Bureau works with service providers, financial institutions, law enforcement, and federal, state, and local government agencies that interact with older adults and their families. Major initiatives include age-friendly banking recommendations to banks and credit unions, assistance to local stakeholders creating elder fraud prevention and response networks, and educational initiatives.

- **Age-friendly banking practices.** In FY16, the Bureau released an Advisory for Financial Institutions, which includes a comprehensive set of voluntary recommendations for preventing and responding to elder financial exploitation. In FY19, the Bureau updated the advisory,⁵⁸ building on earlier recommendations and its recent research on Suspicious Activity Reports (SARs) on Elder Financial Exploitation (EFE).⁵⁹ The update provides new information about reporting EFE based on federal and state law changes. The new analysis of current laws aims to help financial institutions in their efforts to combat elder fraud. In FY19, the Bureau distributed over 1,500 copies of the Advisory and recommendations.

⁵⁷ 10 U.S.C. § 992.

⁵⁸ <https://www.consumerfinance.gov/about-us/blog/financial-institutions-report-widespread-elder-financial-abuse/>

⁵⁹ <https://www.consumerfinance.gov/data-research/research-reports/suspicious-activity-reports-elder-financial-exploitation-issues-and-trends/>

- **Elder fraud prevention and response networks.** Elder financial exploitation destroys the financial security of millions of older Americans annually. In response to this crisis, hundreds of communities across the United States have created collaborative networks that bring together key partners like law enforcement, financial institutions, and adult protective services, to protect seniors from financial exploitation. The Bureau conducted research to increase understanding of how elder financial protection networks can grow and endure, and issued a report on its findings and recommendations, along with an accompanying *Resource Guide* for establishing a protection network.⁶⁰

In FY19, the Bureau convened stakeholders to help them plan and build elder financial protection and response networks in Manchester, New Hampshire; Burlington, Vermont; Sault St. Marie, Michigan; and Madison, Wisconsin. The Bureau also held listening sessions in Arizona, Kentucky, and engaged the state of Maryland and a group of 12 counties in south eastern Texas to begin planning convenings to support family financial protection by strengthening elder reporting networks in FY20.

Financial education placemats. The Bureau offers a series of placemats to reach older adults who receive meal services at home or at congregate sites, with targeted financial education information. The placemats vary in topic and all have a focus on helping elders avoid fraud and scams. There are 14 placemats available in English and eight in Spanish. The Bureau releases new placemats as needed up to several times each year. Some provide activities and others have corresponding guides for meal site coordinators. More than 2 million placemats have been distributed since the program began in 2015; 1,767,551 in FY19. The placemats are available for download and for free bulk orders.⁶¹

Related FY19 Performance Measures:

TABLE 15: DISTRIBUTION OF RECOMMENDATIONS ABOUT AGE-FRIENDLY ACCOUNT FEATURES FOR FINANCIAL INSTITUTIONS TO CONSIDER.

| | FY 2019 |
|--------|---------|
| Target | 500 |
| Actual | 1,542 |

⁶⁰ www.consumerfinance.gov/data-research/research-reports/report-and-recommendations-fighting-elder-financial-exploitation-through-community-networks/

⁶¹ <https://www.consumerfinance.gov/placemats>

TABLE 16: NUMBER OF COMMUNITIES SUPPORTED TO CREATE OR ENHANCE NETWORKS TO PROTECT FROM AND ADDRESS CASES OF ELDER FINANCIAL EXPLOITATION.

| | FY 2019 |
|--------|---------|
| Target | 4 |
| Actual | 7 |

2.3.3 Traditionally underserved consumers and communities: Support inclusion

The Bureau helps economically vulnerable consumers who are traditionally underserved build financial capability to access financial products and services and achieve their financial goals. The Bureau provides information and tools to organizations across the country to integrate financial capability into programs where people already are receiving other services.

- **Enhance credit access for credit invisibles.** “Credit invisibles” refers to the 26 million consumers who do not have a credit history with one of the nationwide credit reporting companies.⁶² An additional 19 million consumers have “unscorable” credit files, meaning that their file is thin and has an insufficient credit history, or have stale files and lack any recent credit history. Consumers who are credit invisible or unscorable make up almost 20% of the U.S. adult population. These consumers may have difficulty accessing credit and may face a range of other issues such as not being able to lease an apartment. The Bureau has been working to provide technical assistance to municipalities as they seek to address credit invisibility in their communities. In FY19, the Bureau worked with Atlanta, GA; St. Louis, MO; Shawnee, OK; and Klamath Falls, OR as they planned municipal credit-building initiatives. Typically, cities engaging in these initiatives work with a broad set of community partners to provide credit education, services and products to consumers, with the goals of helping more consumers improve their credit profile and manage credit responsibly.
- **Research to support savings and money management.** The Bureau conducts research about ways to support consumer savings and money management. Current research projects include working with private companies to learn more about how to help their customers engage in effective savings and management, including building a

⁶² https://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf

credit record and addressing cash flow. These reports are intended to support community channels in implementing effective practices.

- **Child saving for postsecondary education.** The Bureau in a multi-phase project to identify promising practices to involve lower-income and economically vulnerable consumers in saving for their children's post-secondary education. Research has shown that starting savings for future education early in a child's life increases the likelihood that the child will later attend and complete post-secondary education.⁶³ In FY19, the Bureau published four reports based on existing child savings programs and designed for use by persons starting or administering child savings programs. The report topics are (1) Engagement strategies to increase inclusion, (2) Using incentives to increase participation, (3) Integrating financial education into children's savings account programs, and (4) Using technology to engage participants and administer programs.⁶⁴
- **Tax-Time Savings.** As discussed above, the Bureau provides technical assistance and materials to Volunteer Income Tax Assistance (VITA) sites and private tax preparers that want to encourage consumer savings at tax time. The Bureau released a report of results from the 2019 tax season cohort of 75 VITA programs. The results include the savings rate achieved by people served and most promising practices that the VITA programs utilized to engage consumers in saving opportunities.⁶⁵

Related FY19 Performance Measures:

TABLE 17: NUMBER OF REGIONAL OR LOCAL ENTITIES SUPPORTED WITH TECHNICAL ASSISTANCE TO ADDRESS CREDIT INVISIBILITY.

| FY 2019 | |
|---------|---|
| Target | 4 |
| Actual | 4 |

⁶³ See Elliott, William, *Small-Dollar Children's Savings Accounts and College Outcomes*, Center for Social Development, Washington University in St. Louis (2013) at 7-9, <https://csd.wustl.edu/publications/documents/wp13-05.pdf>.

⁶⁴ <https://www.consumerfinance.gov/data-research/research-reports/child-savings-accounts-advancing-field-better-serve-traditionally-underserved-consumers/>

⁶⁵ <https://www.consumerfinance.gov/data-research/research-reports/child-savings-accounts-advancing-field-better-serve-traditionally-underserved-consumers/>

TABLE 18: DISTRIBUTION OF REPORTS AND TOOLS ON EFFECTIVE APPROACHES TO SAVINGS OR MONEY MANAGEMENT AND NUMBER OF INDIVIDUALS THAT ATTEND WEBINARS ABOUT THE REPORT.

| FY 2019 | |
|---------|--------|
| Target | 8,000 |
| Actual | 10,700 |

2.3.4 Students and young consumers: Support informed financial choices

The Bureau works to empower students and young consumers to make informed financial choices when saving or paying for college, manage money, building credit, and repaying student debt.

These efforts include providing assistance to young consumers directly through the Bureau's *Paying for College* suite of web tools (discussed above), providing webinars and technical assistance to organizations that serve young consumers, and drawing insights from students and former students about their experiences with student loans.

- **Exploring financial aid options.** The Bureau's *Paying for College* web tool seeks to help prospective students make informed decisions about financing their college education. The tool helps prospective borrowers navigate financial aid offers by exploring some important concepts and questions about the short and long-term financial consequences of their aid choices.⁶⁶
- **Understanding student loan repayment options.** The Bureau's *Repay Student Debt* web guide seeks to improve financial security for students with student loan debt. *Repay Student Debt* provides information and advice to help students optimize how they pay off their student loans. The tool walks people through their repayment options based on some basic information about their specific situations.⁶⁷

⁶⁶ <https://www.consumerfinance.gov/paying-for-college/>

⁶⁷ <https://www.consumerfinance.gov/paying-for-college/repay-student-debt/>

3. Conclusion

Congress tasked the Bureau with substantial responsibility for improving the financial literacy of Americans. This includes educating and empowering people to make better informed financial decisions across a wide range of topics and decisions that arise in people’s financial lives. The Bureau provides information and guidance regarding consumer financial products or services available to all Americans, including traditionally underserved consumers and communities.⁶⁸ This report described how the Bureau is approaching this responsibility and ways it is holding itself accountable.

In FY19, the Bureau reached 12 million consumers through digital and print resources. This includes consumers in the general population and specified populations, including parents and young children, college students and student loan borrowers, older Americans and their family caregivers, servicemembers, veterans and their families, and traditionally underserved consumers. The Bureau also strengthened the delivery of financial education in the U.S. by providing thousands of diverse professionals with training, tools, approaches, or materials and research to use as they provide financial capability training to the people they serve in their communities. These professionals include financial educators for adults, military leaders, K-12 educators, librarians, tax preparation professionals and volunteers, local leaders, social service providers, persons serving seniors, and persons addressing the prevention of elder abuse.

Through the work described in this report, the Bureau seeks to enhance the financial capability of all Americans to make decisions about money that support their own life goals, in order to help people in their efforts to build financial security and independence.

⁶⁸ 12 U.S.C. § 5493.

APPENDIX A:

FY19 PERFORMANCE MEASURES

| Table # | Performance Measure | Target | Actual |
|---------|--|----------|--------|
| 1 | Number of People who use the Bureau's educational resources on web and in print. | 8.0M | 12.3M |
| 2 | Percentage of Ask CFPB users who rate questions and related answers as helpful. | 85% | 80% |
| 3 | Number of library locations engaged to be local centers of financial education. | 2,000 | 2,702 |
| 4 | Participating librarians who say the Bureau's library program increased their library's ability to provide financial education resources to patrons. | Baseline | 85% |
| 5 | Percentage of confidence level of social services staff trained in discussing core financial management topics with clients after YMYG training. | 35% | 24% |
| 6 | Percentage of servicemembers (future and current who accessed Misadventures in Money Management who showed knowledge gain (in one or more topics). | 15% | 19% |
| 7 | Number of staff trained with local and regional organizations to assist the people they serve with financial information. | 4,000 | 4,026 |
| 8 | Savings rate among program participants at partner tax sites (VITA) is at least double the national savings rate. | 3% | 4.5% |
| 9 | Number of individuals served by financial coaching for transitioning veterans and | 3,000 | 2,380 |

| Table # | Performance Measure | Target | Actual |
|----------------|--|-----------------------------|---------------|
| | economically vulnerable consumers (program ended March 2019). | | |
| 10 | FinEx participants reporting that Bureau tools changed how they interact with consumers. | 50% | 74% |
| 11 | Number of papers developed to increase understanding of what contributes to financial well-being that can be supported through financial education. | 2 | 2 |
| 12 | Downloads of tools/papers/materials for educators serving adults. | 50,000 | 52,703 |
| 13 | Launch teacher financial education platform. | Launch Mid. School Platform | Complete |
| 14 | Number of teachers reached | 5,000 | 13,076 |
| 15 | Distribution of recommendations about age-friendly account features for financial institutions to consider. | 500 | 1,542 |
| 16 | Number of communities supported to create or enhance networks to protect from and address cases of elder financial exploitation. | 4 | 7 |
| 17 | Number of regional or local entities supported with technical assistance to address credit invisibility. | 4 | 4 |
| 18 | Distribution of reports and tools on effective approaches to savings or money management and number of individuals that attend webinars about the report | 8,000 | 10,700 |