

**FINANCIAL LITERACY:
ADDRESSING THE UNIQUE JUST-IN-TIME
DECISIONS OLDER AMERICANS AND
PEOPLE WITH DISABILITIES FACE**

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THURSDAY, JANUARY 13, 2022

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The Committee met, pursuant to notice, at 9:30 a.m., via Webex, Hon. Robert P. Casey, Chairman of the Committee, presiding.

Present: Senators Casey, Gillibrand, Blumenthal, Warren, Rosen, Kelly, Warnock, Tim Scott, Braun, and Rick Scott.

**OPENING STATEMENT OF SENATOR
ROBERT P. CASEY, JR., CHAIRMAN**

The CHAIRMAN. The Senate Special Committee on Aging will come to order.

Before we turn to today's topic, I want to commend the Committee members and the work of this Committee during the first session of the 117th Congress. This is the tenth hearing that I have held as Chair, along with Ranking Member Scott, and our first hearing of 2022. Ranking Member Scott, I want to thank you for your continued partnership and the work we have done together.

Today's hearing will examine the decisions that millions of older Americans make every year, involving their income, their savings, insurance, homes, and so many issues. These choices that they make can have lasting consequences for their lives.

Today the Committee is also releasing a bipartisan report on the help Americans need to make these critical decisions. I am holding up the report if you cannot see it. It is entitled "Financial Literacy in Retirement." The subheading is "Providing Just-in-Time Information and Assistance to Older Americans and People with Disabilities." That will be available on a lot of platforms and through Senate offices and back in our states. Whoever wants copies of that, we can provide those. It is critically important that we compile reports like this and I want to thank the staff for the good work that they have done to make that possible.

We are also going to disseminate a brochure. The brochure is entitled "Retirement Decisions," all kinds of information about the difficult decisions that people have to make before and even during their retirement.

We know that, for example, this year nearly 11,000 Americans will turn age 65 every single day—11,000 a day. In my home State

of Pennsylvania that number is about 460 Pennsylvanians who will turn 65 each day.

As just one example, many of the Americans reaching this milestone can benefit from real-time information on how to sign up for Medicare, for example. One such person is in my home State of Pennsylvania, from Beaver County, Rochester, Pennsylvania, is Charlotte Zgoda. Charlotte contacted our office way back in 2019. Charlotte's husband always took care of their finances, but when he passed away she was not able to keep his health plan. When she tried to sign up for Medicare she learned she would have to pay a Part B late enrollment fee, and that fee was for life. Had she and her husband received the support they needed when they approached age 65, Charlotte believes they would have been able to make a more informed decision.

Many families face these kinds of challenges. When nearing retirement, Americans face so many important and complex financial decisions. These decisions can be daunting for anyone, no matter who you are.

People, of course, want timely information and help from a trusted source of information. They seek assistance in making the right financial decision for themselves and for their families, but they often do not know where to turn. Last year, my constituent services team received over 1,000 calls and emails from Pennsylvanians on these issues. Thankfully, both Congress and the White House have committed to helping Americans demystify these financial decisions.

In December, President Biden released an Executive order intended to enhance the consumer experience and align services to support people at critical moments, like turning 65. In the last Congress, some provisions of a bill that I worked on with Senator Young, the so-called BENES Act—here is a long name for it, the Medicare Beneficiary Enrollment Notification and Eligibility Simplification Act. We need acronyms when we have that, B-E-N-E-S, BENES—portions of that legislation was signed into law. These provisions make sure that fewer people experience a gap in health coverage after enrolling in Medicare. It is also why I am committed to working with Senator Young and others to reintroduce additional provisions from this bill.

These policies ensure Americans receive timely notice about when and how to sign up for Medicare and fair warning about the penalties that can result from delay. Across kitchen tables all across the country, retirees and seniors are asking some basic questions. "Should I take my Social Security, or should I wait?" Second, they might be asking, "Do I need to sign up for Medicare, or can I wait?" Third, they might be asking, "Is it time to sell my home?" These are not simple decisions for anyone. Our witness panel will shed lots of light on the information Americans need, "just in time" to succeed.

With that, I want to turn to Ranking Member Scott for his opening remarks.

[pause] Sorry about that. I guess that Senator Scott might be having technical issues.

I wanted to, in the interim, acknowledge members of the Aging Committee who are with us today, and obviously, some people will

be available now and some people may have to leave to go to another hearing or another engagement and then will come back. Senator Rick Scott and Senator Jacky Rosen.

In the interim, while we fix some of our technical issues, I wanted to start to go through our witness introductions. I will start, and then we can take a pause for Senator Scott, whenever that is appropriate.

Let me start with our first witness. Our first witness is Gerri Walsh from the Financial Industry Regulatory Authority. Ms. Walsh serves as the Senior Vice President of Investor Education. She is responsible for developing a wide range of research and educational initiatives to address systemic wealth disparities for underserved communities. We want to thank Ms. Walsh for being with us.

Our second witness is Cindy Hounsell. Cindy is the President and Founder of the Women's Institute for a Secure Retirement, goes by the acronym WISER. Cindy has dedicated her professional life to setting women up for success in retirement. The organization, WISER, works to provide financial literacy and support to women across the Nation.

I will turn to a third witness and then we will get to our fourth witness. Patty Szarowicz hails from Atlanta, Georgia. Ms. Szarowicz has 15 years of experience with the Aging and Information Services Unit at the Atlanta Regional Commission. She helps senior receive benefits and locate services. Ms. Szarowicz, I wanted her to know that Senator Warnock, who is a member of our Committee, will be joining us later for questions, and he and all of us want to hear about your great work in your home State of Georgia.

At this point I will take a brief pause to see if we have fixed some of the technical issues.

Senator TIM SCOTT. Mr. Chairman, can you hear me?

The CHAIRMAN. Yes.

Senator TIM SCOTT. Okay. Sorry you cannot see me. Maybe that is better for everybody that you cannot see me today. I am happy to be with you all, even by phone. I apologize for the technical difficulties that we are experiencing trying to connect.

I can hear everyone fine by the way, and I can see you fine. I just cannot get my system to work.

**OPENING STATEMENT OF SENATOR
TIM SCOTT, RANKING MEMBER**

Senator TIM SCOTT. Let me thank Chairman Casey for holding this really important hearing on financial literacy. Financial literacy is critical to learn as early in life as possible.

Like the Chairman mentioned, as a testament to the importance of financial literacy for older Americans, the Committee is working on our annual bipartisan report, and this year it is on financial literacy. As a kid who was raised in a single-parent household mired in poverty, but blessed with a loving mother, I understand and appreciate the importance of learning financial principles as early in life as possible. It is one of the reasons why I co-chair the Financial Literacy Caucus along with Senator Jack Reed. Since 2015, we have declared April as Financial Literacy Month through a resolution in a bipartisan fashion.

South Carolina is one of the 21 states that requires high school students to take a course on financial literacy. There is a non-profit in our State called SC Economics, whose mission is to provide training and resources to educators. They have trained nearly 2,500 teachers and reached more than 235,000 students in South Carolina with their financial literacy curriculum. It is never too late to learn the importance of financial literacy.

Part of my focus is making sure that every American, and particularly our senior Americans, have an opportunity to understand and appreciate and to benefit from financial literacy. One of the reasons why this is so important for our seniors we can see demonstrated through an experience at Citizens Bank in a small rural town in South Carolina called Johnsonville, in Florence County. It has trained its employees to look for suspicious activity and provide seniors the support they need.

The example that I am talking about was when a 60-year-old disabled senior came into the bank and asked for an \$8,000 cashier's check. The trained employee understood that this was unusual for this senior and proceeded to ask a few important questions. Ultimately, the bank employee discovered that the senior was involved in a romance scam, and was able to stop the senior from sending \$8,000 to someone and never seeing the money again. Educating our seniors on when it is safe and when it is not safe to transfer money is a critical component of financial literacy.

I am also pleased to have dedicated and committed South Carolinians like Dorothea Bernique of Increasing H.O.P.E., who has helped countless seniors through financial literacy programs and helped them to maintain and to achieve their version of the American dream.

To have financial literacy we must have financial inclusion. That is why it is so important to continue to work in many ways to advance the cause of equal access to opportunity throughout our country.

Building on financial inclusion, I have also introduced, along with Senator Joe Manchin, the Credit Access and Inclusion Act of 2021, to expand access to credit for an estimated 45 million Americans with no credit history. When you pay your bills on time, it should help improve your credit. It is kind of that simple.

Thank you, Mr. Chairman, and I yield back.

The CHAIRMAN. Ranking Member Scott, thank you very much for your opening statement.

The one thing that did not do in the interim is introduce Ms. Bernique. Ranking Member Scott, can you?

Senator TIM SCOTT. Happy to do so. Thank you. Yes, sir, Mr. Chairman. I am pleased to introduce an individual who is working tirelessly to improve financial literacy across the Palmetto State, and that person, as I just mentioned, Dorothea Bernique. Dorothea is the Founder and Executive Director of Increasing H.O.P.E., which stands for Helping Others Prosper Economically. She is located in Charleston, South Carolina.

For the past 16 years, Increasing H.O.P.E. has helped South Carolinians realize their American dream, by improving their financial literacy. Ms. Bernique's testimony today is based on her extensive work and experience on the ground working with individ-

uals, families, and specifically, older Americans to become more educated in personal finance.

I want to thank Dorothea for being here today and for doing such good work on behalf of our State and every single person who lives there, and we look forward to your testimony.

The CHAIRMAN. Ranking Member Scott, thank you very much for that introduction. Now we will turn to our witnesses' statements. We will start with Ms. Gerri Walsh.

Ms. Walsh, you may begin your statement.

**STATEMENT OF GERRI WALSH, SENIOR VICE
PRESIDENT OF INVESTOR EDUCATION, FINANCIAL
INDUSTRY REGULATORY AUTHORITY, WASHINGTON, D.C.**

Ms. WALSH. Chairman Casey, Ranking Member Scott, and members of the Committee, on behalf of FINRA and the FINRA Investor Education Foundation, thank you for the opportunity to appear today.

FINRA is not-for-profit, self-regulatory organization that works with the Securities and Exchange Commission to regulate broker-dealers, over 600,000 individuals and 3,400 firms. FINRA's mission is to protect investors and promote market integrity. As part of that mission, we focus, alongside the FINRA Foundation, on research and education to help Americans achieve financial security.

FINRA makes investor protection for senior investors and vulnerable adults a top priority. We have rules focused on these populations and we work with stakeholders to enhance the investor protection safety net. For example, last year FINRA, Securities and Exchange Commission staff, and State regulators developed specialized industry training on the Senior Safe Act, legislation this Committee knows well. While not all harm results from sales practice abuse, FINRA take swift action against broker-dealer misconduct.

At the same time, we believe investor knowledge is key to prevent harm, especially for older adults. Americans entering retirement face consequential decisions about health care and how to turn years of hard-earned savings into income lasting for the rest of their lives. Pivoting from asset accumulation to spending down assets, retirees often must make once-in-a-lifetime choices they typically cannot undo. One wrong decision can upend decades of careful financial planning.

That is why FINRA provides free, unbiased resources to help Americans better understand the risks and rewards of investing, how markets work, and how avoid scams and other financial pitfalls. It is also why the FINRA Foundation spends significant resources on research that we share widely. The Foundation's National Financial Capability Study has revealed that financial knowledge among U.S. adults is low and has decreased over time. In 2009, 42 percent had high financial literacy, by 2018, only 34 percent, and an early look at the 2021 data collection suggests levels have fallen slightly further. We see the largest decline among Americans ages 18 to 34. Separately, we see demographic differences for women and most people of color.

For adults with disabilities, the stakes are even greater. This is, in part, because the cost of living for Americans with disabilities

is 29 percent higher than for those without disabilities, according to a study funded by the Foundation. Other Foundation-funded studies have shown that knowledge about financial and health matters generally declines with age, with a faster rate of decline tied to such things as poorer decision-making, a higher susceptibility to scams, and lower psychological well-being. Overestimating one's cognitive skills has also been tied to poor decision-making, as has loneliness when paired with low cognition.

Beyond research, the Foundation assists Americans on numerous investing and personal finance topics, from investing basics to managing retirement income and even dealing with the aftermath of natural disasters. We have worked with dozens of partners, empowering them to reach people where they live, learn, and earn, through key channels such as public libraries and workplaces, and we team up with fellow regulators and national nonprofits to train intermediaries to combat financial fraud. You can learn more at finra.org/investors.

In conclusion, we share your belief that bolstering and maintaining financial literacy in older and vulnerable populations could yield numerous benefits, including better decision-making, reducing scams susceptibility, and greater psychological well-being. Where it can, I encourage Congress to support research that further explores the nexus between financial capability and aging and examining what works in financial education. I also believe enhanced support for State adult protective service programs, especially those that handle financial exploitation cases, will help better protect older and vulnerable Americans.

FINRA and the FINRA Foundation are fully committed to helping Americans build a secure financial future. Thank you again for inviting me to testify. I am pleased to answer any questions you may have.

The CHAIRMAN. Ms. Walsh, thanks very much for your testimony, and you had a couple of seconds to spare, so thank you.

Our next witness is Cindy Hounsell. You may begin.

[Pause.] Cindy, I think you are muted.

**STATEMENT OF CINDY HOUNSELL, PRESIDENT AND
FOUNDER, WOMEN'S INSTITUTE FOR A SECURE
RETIREMENT, WASHINGTON, D.C.**

Ms. HOUNSELL. Okay. Here we go.

Good morning. Thanks to the Committee for inviting us to participate. I am Cindy Hounsell, President of the nonprofit WISER, a 25-year-old nonprofit that works to help women, educators, and policymakers address the complicated issues that affect women's retirement planning.

Our 5-minute statement, which I hope will not be 6 minutes, will focus on the issues WISER was asked to address, namely retirement challenges that women face, the need for targeted financial information, the need for more retirement income, and how WISER addresses these challenges to reach underserved and under-resourced communities by providing financial literacy programs.

WISER partners with diverse nonprofit groups, companies, plan sponsors, credit unions, financial institutions, and financial planners to ensure there is community buy-in and follow-up. We regu-

larly collaborate with government agencies—the Social Security Administration, Consumer Financial Protection Bureau, and the Securities and Exchange Commission.

The audience: midlife and older women, underserved, low-income women, Black women, Latinas, Native Americans, as well as women in rural areas, women with disabilities, caregivers, and limited English speakers, who are all prominent in our work. We find these women are eager to learn financial basics and take action with how-to information.

Why women? That is one of the first questions we get. Well, because women live longer and they need more retirement income, and they generally have less, plus at age 65, there nearly six million more women than men, and by age 85, women make up nearly 70 percent of that population. Many of the 85-plus group end up near or in poverty, even if they have never been poor before. This is especially common for women living alone and for minority women.

Why financial literacy? Research confirms women generally have lower levels of financial literacy than men and that literacy is directly linked to overall financial well-being. The bigger problem is the not knowing—not knowing what they need to know to make the best decisions or to take advantage of benefits they might otherwise miss out on.

WISER's key initiative is the National Resource Center on women and Retirement, and that resource center is administrated and funded by HHS through the Administration on Aging and its Older Americans Act programs.

Retirement is a complicated time of life and it is made up of complicated systems. Most working women living paycheck to paycheck cannot afford even the smallest financial mistake, and often life events such as divorce and widowhood have significant impact on their financial lives. The Center provides critical retirement planning information that helps women navigate these real-life changing situations. For example, one of our award-winning guides, "Going It Alone: A Guide for Widows," takes the reader step by step through the process of claiming benefits.

Targeted outreach. We are often asked how do we reach the women, as the Center has directly reached hundreds of thousands of women through WISER's and our partners' workshops and reached millions through publications. The answer is our partners help us succeed.

Two nonprofits that WISER has worked with for a long time are MANA, a national Latina organization, a group with 25 chapters, and the National Caucus & Center on Black Aging, which serves the Black/African American community through several State and local programs.

The importance of trusted messengers means that the success in reaching these organizations results from the adaptability and flexibility needed to make programs work. We provide the partners with specialized education programs, segmented for the appropriate audience, and nearly ever experience is successful, as proven by pre-and post-testing. Unfortunately, these programs cannot eliminate the racial asset gaps, but they provide real hope, resources, and ways to improve individual finances in a complicated economy.

In conclusion, I would just like to focus on some of the improvements that we see are needed desperately in the retirement system, including the following: improving and educating workers about the Saver's Tax Credit, credit for family caregivers; educating workers about auto portability, which lowers the annual cash-out rates for job changes; strengthening Social Security and Medicare so that average workers know how the systems work; expanding Social Security benefits for widows and divorced women by removing outdated claiming restrictions; and updating the supplemental security income rules by removing restrictions causing extremely low-income women to live well below the poverty level.

Thank you very much.

The CHAIRMAN. Ms. Hounsell, thanks very much for your testimony.

Our third witness is Dorothea Bernique. Ms. Bernique, you may begin.

**STATEMENT OF DOROTHEA BERNIQUE, FOUNDER AND
EXECUTIVE DIRECTOR, INCREASING H.O.P.E.,
NORTH CHARLESTON, SOUTH CAROLINA**

Ms. BERNIQUE. Good morning, Senator Casey and Ranking Member Scott. Thank you so much for having me this morning. My name is Dorothea Bernique and I am the Founder and Executive Director of Increasing H.O.P.E. Financial Training Center. It does stand for Helping Others Prosper Economically.

When I started my career several years ago as a financial representative, I thought this was the way that I was supposed to help teach individuals in the community learn how to manage their money. Little did I know the need was so much greater than I had ever imagined, and I was clearly made aware of it on the day that I decided to leave my job.

On this day, a client had come in to talk about making an investment. She had called to set up an appointment and was driven by her daughter to our appointment. Part way through our conversation, she leaned in a little closer to me and whispered, "Ms. Dorothea, what is investing?" That was the day I gave myself a pink slip and decided to walk away from a career to start Increasing H.O.P.E. I knew that the need was great and that educating clients about financial literacy and financial products was not enough.

Financial well-being is defined as an individual has the ability to control their day-to-day and month-to-month finances, they have the capacity to absorb a financial shock, and they can stay on track with their financial goals, and finally, they have the ability to make financial choices so that they can enjoy life.

The lack of basic financial literacy of individuals, no matter what the income level, is low as a result of low financial literacy. Twenty-nine percent of South Carolina consumers have credit cards which have outstanding debt of 75 percent or more. Twenty-nine percent of the consumers have credit cards with 75 percent credit limits mastered out. Fifteen percent of South Carolina households have a zero percent net worth. Finally, 14.4 percent have households reporting falling behind on their bills within the last 12 months.

We know that this number is now even astronomically higher due to COVID and the fact that 14.9 percent of households have a poverty rate threshold and have a lack of basic financial knowledge. This results in a very low well-being score of 18 percent for South Carolina. It means that they are not in control of their everyday finances, they do not have the ability to absorb financial shock that COVID has presented, are they are not on track to meet their financial goals.

The end result is not having the ability to make choices that allow them to enjoy life. Hence, this is how many of our seniors end up as greeters at Walmart when they should be enjoying the golden years of their lives. The lack of knowledge, the lack of money, the lack of money management skills make it a need for financial literacy and money management in our State and throughout our country.

For more than 16 years now, Increasing H.O.P.E. has taught more than 333 classes, provided financial education to more than 9,500 individuals, and we have prepared free tax returns for more than 3,650 individuals and families, and finally, saved more than 300 homes from foreclosure during the housing crisis. As a certified HUD counseling agency, we have helped individuals and families improve their scores and become homeowners.

Our current curriculum that is used in the community, dfree, is an amazing financial literacy transformation course for the young and senior clients. The "D" in dfree is not just for debt, but we teach our clients how to get set free from debt, delinquencies, and deficits so that they can become free to begin to make deposits, meaning become savers, make dividends, so that they can become investors, and have finally have deeds, so that they can become homeowners.

By teaching individuals how to manage their money so that they can manage their lives, we get to change lives, like Ms. Brown, who at more than 60 years old, when she sat in front of us, confessing and crying, because she had made a budget for the very first time in her life, and this was changing her life. A component of the training is specifically designed for seniors to make financial choices that specifically impact them.

To make an even greater impact, we have moved into an Opportunity Center that allows us to serve the community in an even greater way, in partnership with three local nonprofits. Increasing H.O.P.E., we are able to focus on community economic development services with the support of a \$2.7 million grant from the EDA and an additional grant which will help us with the programmatic work of Increasing H.O.P.E. as we continue to serve the community.

The lack of financial literacy, coupled with financial well-being and the impact of COVID on families may seem a little overwhelming. However, there is still HOPE. Increasing H.O.P.E. Financial Training Center will continue to make a difference in our community, one class at a time, one counseling session at time, one person at a time.

Thank you for this opportunity to testify before the committee. I will be happy to answer any questions you might have.

The CHAIRMAN. Ms. Bernique, thank you very much for your testimony.

Our fourth and final witness for her statement is Patti Szarowicz. Ms. Szarowicz, you may begin.

**STATEMENT OF PATTI SZAROWICZ, AGING AND DISABILITY
RESOURCE COUNSELOR, ATLANTA REGIONAL COMMISSION,
AREA AGENCY ON AGING, ATLANTA, GEORGIA**

Ms. SZAROWICZ. Chairman Casey, Ranking Member Scott, and members of the Committee, thank you for the opportunity to share my 15 years of experience serving as a certified Aging and Disability Resource Connection Counselor at the Atlanta Regional Commission. The Atlanta Regional Commission is a regional planning and intergovernmental agency that has multiple functions, including serving as the Atlanta region's Area Agency on Aging. In that role, we serve older residents, caregivers, individuals with disabilities, and grandparents raising grandchildren, by providing them access to information or resources that they need.

Our ADRC is part of the No Wrong Door System, a collaborative effort of the Federal Administration for Community Living, Centers for Medicare and Medicaid Services, and the Veterans Health Administration. In the Atlanta region, we refer to this and other services to consumers as "Empowerline." Every month, our Empowerline counselors assist more than 7,000 callers. Since June 2021, we have seen an increase in our calls by about 25 percent. Last State Fiscal Year we assisted 57,291 residents. In addition, people can access information and search for services on our website, empowerline.org, which has experienced a steady increase in visits.

Our 27 full-time equivalent Empowerline counselors respond to requests that come in via phone, email, fax, chat, and walk-ins. We provide information on housing, transportation, in-home services, financial assistance, and more. The ARC is the entry point for the Georgia Medicare Home and Community-Based Program, known as the elderly and disabled waiver program, as well as the entry point for services funded through the Older Americans Act.

The amount of time that counselors spend on the phone with each person averages 25 minutes, but many cases take much longer, sometimes multiple days, depending on the nature of the call. Simply, listening to a person's story can be supportive. Every call we receive is treated with a person-centered, holistic approach to help the person with all of their needs.

During the 15 years I have worked at the ARC, the calls have become increasingly more complex, because of the callers' difficulty navigating health care and financial benefits such as Medicare, Medicaid, and Social Security. Many people do not have a support system. The person may be widowed, living alone, estranged from family, or family lives out of town and can only provide limited support. Lacking computer skills or access to the internet creates further barriers. Oftentimes I can hear the pain and despair in their voices.

These barriers and lack of support system, we frequently are the only person's lifeline for obtaining information that can educate and support that person in making critical, life-changing decisions. People are looking for someone to help translate the information they receive in the mail, hear on the radio, see on the television,

or information on websites, such as Medicare and Social Security. As an unbiased, person-centered and free resource, Empowerline counselors can be trusted to provide help without the ulterior motive or for our agency's financial gain.

Financial and health literacy should include knowing where to turn for trusted help when the system is too complicated to navigate on your own. We aim to get at the root cause of the challenges people are facing and help them understand what is available to them and how to access it. Without help from Empowerline counselors, people can find themselves, for lack of knowledge, in one of the following scenarios: enrolled in a Medicare plan paying \$20 to \$40 copays when they are eligible for Medicare, Medicare, and have no copays; paying Medicare Part B premiums, not aware of eligibility for extra help or because they forgot to renew their Medicare.

Congress can help us better support older residents, adults with disabilities, and their care partners by supporting additional financial support for ADRC, so we can hire additional counselors. ARC receives funding from Georgia's Medicaid agency for the Medicaid HCBS waiver access, and Georgia's State Unit on Aging. However, our State Unit on Aging only designates \$37,000 per year for ADRC information counseling, not enough funding for even one full-time staff person; public awareness of the national network of Area Agencies on Aging and the invaluable, unbiased guidance we can support for people; and more user-friendly technology for documenting client data, better integration across our technology systems, which include the telephone, resource data base, and client management systems.

Thank you for this opportunity to testify before the Committee and allowing me to share my experience and passion for what I do in serving older Americans, adults with disabilities, and their care partners. I look forward to answering your questions. Thank you.

The CHAIRMAN. Ms. Szarowicz, thanks so much for your testimony. I will start a round of questions and actually start with you for the first question. In your testimony you talked about the extensive work that the Atlanta Regional Commission does to assist individuals looking to enroll in Medicare. We know that many older adults new to Medicare face a complicated enrollment process.

I mentioned earlier, last year Senator Young and I introduced the BENES Act. The bill includes provisions that directs the Federal Government to provide advanced notice to individuals approaching Medicare age about the basic enrollment rules.

Given your work assisting people with Medicare enrollment, how would this legislation help older adults and people with disabilities with regard to the enrollment process?

Ms. SZAROWICZ. Chairman Casey, thank you for that question. I am not an expert on legislation and have not read the bill you have proposed. However, I do know that if individuals would receive clear guidance from the Federal Government about Medicare right before they enroll it would meet a need for information at a critical decision-making time.

I say this because of the experience with speaking with highly educated individuals who report being very confused by the complexity of the Medicare enrollment process and call the ADRC for information and guidance.

The CHAIRMAN. Well thanks very much for that, and I really appreciate your testimony.

I will turn next to Ms. Walsh, and I will not use the acronym, just so everyone knows, the full identification of what we are talking about when we use an acronym. The Financial Industry Regulatory Authority Foundation, the so-called FINRA Foundation, supports a number of educational initiatives provided through libraries.

As of 2019, the most recent number we have for Pennsylvania is 470 libraries across Pennsylvania serving, in most cases, the most rural parts of our State and underserved communities. We also know that many of the people who patronage those libraries are older adults and people with disabilities.

Through the most recent infrastructure bill, signed into law this past year, there are critical investments in broadband, so-called high-speed internet, helping, “community anchor institutions,” like public libraries, better serve their communities.

Ms. Walsh, can you share more about how libraries can serve as vehicles of both financial education as well as financial literacy for older adults and people with disabilities?

Ms. WALSH. I would be delighted to. The FINRA Foundation has been collaborating with the American Library Association for more than 15 years in helping to build the capacity of public libraries and the librarians who work there to be a resource for personal finance topics and investing topics, and as a result of that there have been thousands of programs nationwide that have been focused on particularly people who have had limited access to the financial mainstream. It is very consumer focused and unbiased. No sales pitches are allowed.

Libraries know their communities. They serve their communities. As with other institutions they have pivoted to digital delivery, and they are increasingly a good resource in the community. The Foundation has been working with ALA to train librarians through a series of online modules. The topics that the training covers include many of the issues that were identified in the Committee’s report—claiming Social Security, Medicare issues, all the financial planning types of issues that you identified in the report.

Another way that libraries can be service to the community is through helping disaster recovery, and that is something that FINRA has been doing recently in Philadelphia, with hurricanes this summer. We provide disaster recovery grants to libraries to help libraries be a hub for people recovering from the financial aftermath of disaster.

The CHAIRMAN. Ms. Walsh, thanks very much.

I will turn next to Ranking Member Scott, but before doing that I just want to give folks notice, because of a scheduling change in another committee, the Health, Education, Labor, and Pensions Committee, we are going to try to wrap this hearing up at 10:50 or 10:55, so that we can get to that next meeting.

I will turn next to Ranking Member Scott.

Senator TIM SCOTT. Thank you, Mr. Chairman. I will start with Ms. Bernique.

Financial literacy is a core component of the American dream. It empowers consumers to responsibly participate in the mainstream

economic ecosystem. According to the National Financial Capability Study, approximately two out of three Americans are unable to answer three of the five financial literacy questions correctly. Older Americans might also assume that saving is not as important as it would be if they were a little younger.

Ms. Bernique, what advice do you give to seniors to help them boost their financial management skills?

Ms. BERNIQUE. Thank you, Senator Scott, for the question. We run into this quite a bit, especially with our older or senior clients and individuals. The first thing that we tell them is this: it is never too late. Many times they will think having gone through various phases of life that it is too late to implement principles.

We also teach them and let them know that money management is a skill set, a soft skill set, with a principle that, once implemented, it will work for you, no matter how young or how old, and that they should continue to engage in educating themselves and implementing the money management principles that have the ability and the capacity literally to change their life. Many times it can be something as simple as one money management tip, such as making sure that you save a little bit of your finances from every bit of income that you have, which will prepare you for an emergency.

While it may seem small, something like that can actually be life-changing to both the young and our older citizens that we serve.

Senator TIM SCOTT. Let me continue with you for a second, Ms. Bernique. One of the things you said earlier in your introduction or your introductory remarks was “Manage your money, manage your life.” I think that is a such a powerful statement. Manage your money, you manage your life, and you just talked about the importance of savings. No matter what your age, taking a few points or few percent out your every-week paycheck or every-other-week paychecks and saving that for the future is really important, and I really appreciate you distilling that fact.

Another component to financial literacy that seems to be more important today than it was maybe ever but certainly 20 or 30 years ago, is the issue of credit in the area of financial literacy. I will say, without any question, that what you look like on paper might be more important than anything else, your credit score.

Can you just talk to us for a few minutes, whatever amount of time you need, about the importance of managing your credit as a part of financial literacy?

Ms. BERNIQUE. Yes, sir. The importance of managing your credit in financial literacy really helps us to be able to have choices in life. Senator Scott, as you said, what it looks like, and what you look like on paper can be just as important, if even not more important, than other things.

The credit, and the need for credit—we live in a credit-driven society, and so what we teach individuals is unless we are independently wealthy, you need credit. It is very important for us, as citizens, as individuals, young and old, to give credit to our credit. It has merit, so to take the time to pay attention to this particular area of our lives as it allows us to have options and choices as you go through life, and many times, it will be that number on paper

that will make the difference between whether or not you, as a senior citizen, have to deal with a predatory lender or whether or not you can go into a traditional bank or lender to conduct business.

Credit is very, very, very important. I think individuals being mindful of this will help them be able to be prepared for some of the choices and limitations that they run into as a senior citizen.

Senator TIM SCOTT. Thank you, Ms. Bernique. With my remaining time, which is not much, Ms. Walsh, would you talk about the importance of lifetime options in your portfolio, from a financial perspective? One of the things I will say is, having spent about 20-plus years in the financial services industry, so many of the annuities did not have the lifetime options, so sometimes you could outlive your money.

Can you talk about the importance of lifetime options, with the amount of time that we have left?

Ms. WALSH. Thank you, Senator. That is an important issue. When people transition from accumulating assets to de-accumulating assets they do have choices with what they can do with their money. Some people have a pension. Many Americans rely on Social Security. If you have accumulated savings in a 401(k) or an IRA, you need to think about what to do with that.

For many people, having guaranteed income can be critical to being able to meet expenses. Deciding how much of your portfolio to annuitize, especially if you do not have a very big portfolio, is a huge decision with important considerations, so it is a key topic. I see that we are out of time, but thank you.

Senator TIM SCOTT. Thank you very much, and Chairman, I may come back to the witness in a second round, if we have time. We both have to get to the same Health Committee so we may not have that time. Thank you, sir.

The CHAIRMAN. Thank you very much for that, and we will turn next to Senator Gillibrand.

Senator GILLIBRAND. Thank you so much, Mr. Chairman.

I found your testimony very, very interesting, and can you expand a little bit upon some of the things that younger people need to maintain and bear in mind to prepare for aging? You have talked a little bit about putting money aside in every paycheck. What are some other tools that younger people can use so that they are better prepared?

Ms. BERNIQUE. To me?

Senator GILLIBRAND. To anyone who wants to answer it.

Ms. BERNIQUE. I will answer. To help individuals or young people prepare, it is important, as we mentioned here in the State of South Carolina, that financial literacy start at a very young age and that we begin to implement money management principles and principles into the lives of individuals so that it becomes just a part of their lifestyle, a part of who they are, that saving money on a routine or regular basis is not something that is a last resort or something you do after you see if you have money left over, so it is a matter of implementing principles at an early age, training our children to realize the importance of money and finances, and then just making it a part of their lifestyle.

Senator GILLIBRAND. That makes sense. Ms. Hounsell, I want to talk a little bit about the role of caregivers. Given their longevity

and frequent role as caregivers, how can women prepare for their future financial health and stability, in particular? A lot of the hearing we focused on just-in-time decisions for older adults or people with disabilities, but how would you make recommendations, from your perspective, for young people that impact the quality of life at a later stage, and, in particular, for female caregivers?

Ms. HOUNSELL. Well I think what needs to happen is that it is complicated when you start working, you know, and you need to know what to expect, what to look for, what benefits you get, whether or not there is a retirement plan offered, so that you are jumping in and starting as soon as you can.

We run a program for college students every year where they write a paper and then there is a winner, you know, with what they would do to change the retirement system, and over and over again they tell us the same thing—they had no idea about any of these programs, that they have no idea what, you know, anything entails, and yet they see their grandparents struggling, many of them, and that is where they get their learning experience. Basically, they do not want to end up in that situation when they are older.

Senator GILLIBRAND. Yes. Research shows that a large portion of older adults and people with disabilities have low levels of financial literacy, and we have heard a lot about that. Some of these just-in-time decisions like deciding whether to annuitize a 401(k) have a lasting impact on a person's well-being and security.

With the growing issue of misinformation and disinformation on the internet and elsewhere, attaining the knowledge and skills to make financial decisions can be daunting. Ms. Walsh, in your role as Senior Vice President of Investor Education, what do you find are the greatest barriers to education for older adults and people living with disabilities about financial literacy, and how do you recommend we overcome them?

Ms. WALSH. Thank you for that question because it is a very important issue. The barriers that older adults face when it comes, and people with disabilities when it comes to attaining financial education are often that it is not offered or made available in a place that they have access to. You know, the reality is that only about one in five Americans have availed of financial education opportunities and very few have been offered them.

Making financial education more available to individuals is one of the important considerations if we want to expand financial literacy, and expanding financial literacy is important because it is connected with better financial behaviors in life. People are more likely to save, less likely to be engaging in predatory borrowing behaviors, more likely to have a will and to be thinking about their retirement and their eState plan if they have higher levels of financial literacy.

Senator GILLIBRAND. Thank you, Mr. Chairman, and thank you to the witnesses.

The CHAIRMAN. Thank you, Senator Gillibrand.

As I mentioned earlier, we have a number of Senators who are juggling multiple hearings and other conflicts in their schedules. Senator Warnock has joined us, as I know we had some Senators

join us earlier who may have had to leave. We appreciate Senator Warnock being with us.

We will go next, just as a previous, after Senator Braun will be Senator Warren. Senator Braun?

Senator BRAUN. Thank you, Chairman Casey, Ranking Member Scott.

Interesting topic. I do not know how anything could be more relevant currently than increasing your financial literacy. You know, when I look at the Federal Government, it would be nice to see a place dispensing that valuable information, maybe practicing a little bit in terms of what it tries to preach at the individual level. I do not know that we have been at a more precarious spot, that I have observed, since I got an economics degree and was a CFO and CEO for a company I ran for 37 years, and see a place that does not budget anymore. We pretty well do a resolution. We do nothing on time. We are still trying to sort out spending that should have been done almost four or 5 months ago.

I think that creates a credibility issue. It does not diminish the importance of the topic, but I think it really begs a question, where should this be focused in terms of where would it actually be coming from a place that might have the kind of consistency of practicing the principles that I think we are trying to dispense when it comes to financial literacy.

You cannot borrow money for consumption, and we do that in the Federal Government, and do it at a higher percentage every year. You cannot live beyond your means and expect to be able to finance that. I really think that the whole issue, as important as it is, probably needs to be articulated in places where you could attach this discussion as far back as middle school, especially in high school.

What I hear more than anything, in traveling through all the counties in Indiana, is give me a potential employee that has got some life skills. Financial literacy would be one of them, and maybe that is more aptly the domain of our local school boards, our local education, and maybe that is the place to start.

That being said, I have got a question for Ms. Walsh. Do you think that with all the money we do spend on this subject already, kind of the poor results that we are generating generally, the example that we set here in our own Federal Government, is it worth the time and additional resources to be trying to push more through the Federal Government, or is this more properly the domain of local educators and curriculum in middle school and high school?

Ms. WALSH. I appreciate the question, Senator, because tackling the issue of financial literacy and building financial wellness in our country will take multiple players on multiple levels. What we have seen is that financial education does work. It does have an impact, especially over time. The higher the quality and the higher the quantity of financial education the more likely individuals are to be engaging in more positive financial behaviors.

It is critical that there are multiple players in the field. The non-profits that we have heard from through our colleagues who have provided testimony, State and Federal agencies, all have a role to play. When it comes to schools, we do see that when there are rigorous requirements concerning financial education in the classroom

that over time, later in life, the people who have been exposed to those financial education programs are less likely to be engaging in costly credit card behavior, costly student loan borrowing, and predatory lending.

Senator BRAUN. Would you be able to cite one or two examples of Federal programs that dispense that information, have that impact that you are referring to?

Ms. WALSH. Senator, while I do not have access to the efficacy of programs that are distributed by Federal agencies we do work in partnership with a number of Federal agencies, from the Securities and Exchange Commission and the Federal Reserve Board to the Treasury and CFPB, and we do all work together to measure the success of financial education and how we can promote financial wellness, which is why one of the recommendations that I would make is there be support for efforts to really suss out what works when it comes to financial education for different populations.

It is not a monolithic. There is no one-size-fits-all solution to furthering financial wellness. It really needs to take into account the different needs of different audiences.

Senator BRAUN. Well I think that broad-based approach does make sense. I can tell you that in places like Indiana it is being given increased attention to life skills. Many lawyers are looking for individuals out of high school and have those skills minimally, and most schools across Indiana are starting to get back into making sure that kids come through middle school and high school with these basic life skill sets, including financial literacy.

Thanks for having the hearing.

The CHAIRMAN. Senator Braun, thanks very much for your questions.

We will turn next to Senator Warren, but I just want to let Senator Kelly know he will be after Senator Warren, and Senator Blumenthal.

Senator Warren?

Senator WARREN. Thank you very much, Mr. Chairman. Thank you for holding this hearing.

Financial literacy is critical for Americans who are trying to make key decisions like planning for retirement, but low-income families navigating a thin social safety net that gives them too little help, all the education and counseling in the world cannot magically make two plus two add up to ten.

I want to start—take a look at Supplemental Social Security income, a part of Social Security. SSI provides a critical lifeline for eight million low-income, elderly, and disabled Americans, including over one million disabled children and families that care for them. Right now, our rules are outdated, they are punitive, and they squeeze way too many struggling families out of this program and tap about four out of 10 recipients in poverty.

Ms. Hounsell, you are the President of the Women's Institute for a Secure Retirement. You help women plan for retirement and financial security. I just want to ask you about how you would counsel a woman who is receiving SSI. The maximum monthly SSI benefit—maximum—is \$841 in 2022. The average benefit is below \$600.

Ms. Hounsell, is \$600 a month adequate to live in financial security and save for retirement?

Ms. HOUNSELL. Thanks, Senator, for covering that issue. No, it is not in any way adequate. Obviously, it is only half of the poverty level for elders.

Senator WARREN. Okay. This is not going to work. This woman might have to consider working, if she is able, in order to be able to make ends meet. Now remember, as an SSI recipient she is elderly or disabled or caring for a disabled child, so she may not be able to work. Let's say she is considering it. She is considering working.

Ms. Hounsell, given restrictive SSI rules, would you advise her to go to work?

Ms. HOUNSELL. Well, I mean, every situation is different, obviously, but I think I would make the person aware of the amount that she would be allowed to earn, which is a very small amount, and maybe just start looking, you know, for other benefits and things that are available to her, that she may not be aware of. Obviously, you cannot earn—I think what it is—is less than \$75 a month, would be for the average person on SSI.

Senator WARREN. Okay, so here she is, based on the average benefit she is at half the poverty level, right? She is below the poverty line. The most she can earn before she starts losing her benefits is, you are telling me, \$75 a month, right?

Ms. HOUNSELL. Right.

Senator WARREN. Okay. Let's say she is a senior. How about claiming Social Security? Will that get her out of this problem?

Ms. HOUNSELL. No. No, because she is not allowed to earn, you know, I think it is something like \$20 or something would stop her there, so, you know, it is unlikely that she would be able to have a job and to do that.

Senator WARREN. She is at half of the poverty level, that we have established in this country, and if she goes over \$20 in terms of collecting her Social Security it will just reduce her benefits, dollar for dollar, so here she is. She is below the poverty level because of her circumstances. She receives an SSI check, but she is going to be punished for working, punished for claiming Social Security, and punished if she saves any money. I want to add that she will be punished if she saves too much, because SSI beneficiaries are allowed a maximum of only \$2,000 in savings, and that includes their retirement accounts.

By the way, she will also be punished for marrying, because SSI benefits and asset limits kick in for married recipients. She will even be punished for receiving groceries from a friend or housing from her family. In other words, every avenue she would try to take to lift herself out of poverty is an avenue that she will be penalized for under our current law.

Now, Ms. Hounsell, I know that you and I agree that financial literacy is important, but in addition, would reforming the help that SSI recipients get help overcome these barriers to escaping poverty and planning for retirement? In other words, if we just changed law and tried to give more people opportunities to get out of poverty when they are getting SSI, would that be helpful?

Ms. HOUNSELL. Yes. I mean, I do not think there have been reforms from the time that the bill was introduced in the early 1970's by President Nixon, so I think it is time to make those reforms and change that. Our office would also check with the person who is contacting us and whether ABLE accounts are, you know, an option, where the rules are different for the ABLE account.

Senator WARREN. Yes. Well thank you. I appreciate it, Ms. Hounsell. You know, after decades of ignoring this problem it is time for Congress to make reforms to SSI. Right now I am working with Senators Brown and Sanders to pass the SSI Restoration Act, which would include raising the SSI benefit rate, and it would also revise a lot of these outdated rules that effectively serve as barriers to saving, barriers to financial independence, barriers to getting married.

Including even just \$8 billion in the Build Back Better Act to raise SSI asset limits, or \$11 billion to raise the earned income disregard would be a significant down payment on economic justice for SSI recipients and one more reason to pass Build Back Better. SSI's original goal was to ensure that no elderly or disabled American would be forced to subsist on below poverty level incomes, and yet that is exactly what this law has turned into. We can and we must change the law so it fulfills its original goals.

Thank you very much, Mr. Chairman. Thank you for this hearing and thank you very much to our witnesses.

The CHAIRMAN. Thank you, Senator Warren. Senator Kelly.

Senator KELLY. Thank you, Mr. Chairman. Thanks for holding this hearing today.

Ms. Hounsell, I wanted to speak to you about housing costs, specifically in Arizona. You know, I have heard from seniors throughout the State who are rightfully concerned about the lack of affordable housing for folks who are on fixed incomes.

Several months ago, my office learned about a senior who was facing eviction, who was about to get kicked out of their home. Now thankfully our team was able to connect with this person and help them access immediate support as well as some long-term rental assistance that was made available through COVID relief packages, so we were able to successfully deal with this problem.

Ms. Hounsell, first I want to take this opportunity to remind Arizonans that my office is here to help, so if anybody is watching this and you need help with a Federal agency please know that my office is here for you, and I encourage you to reach out.

Ms. Hounsell, it is clear Arizonans, particularly seniors on fixed incomes in Arizona, are feeling a lot of pressure in this housing market with increased costs. I know that this is not unique to my State. When your organization educates folks considering or planning for retirement, how do you address preparing for unexpected costs? What is your advice to them?

Ms. HOUNSELL. Well, I mean, what we have been doing for a long time, it is not easy, is advising people to have emergency funds so that, first of all, they protect themselves when something unexpected comes along.

The one thing that I have seen in the 25 years that I have been working on this, and housing is not one of my special areas of expertise—there may be somebody else who can answer that question

better than I can—is that the salvation for most low-income women has always been that affordable housing, the senior housing. Since that is not as available and there are so many more people with needs I do not know what will happen to a whole population of people that will get lost. I mean, we have women contacting us that have been living in their cars for the last couple of years. I mean, that happens over and over again, that people are making those car payments so that they know that they have someplace to go.

Senator KELLY. I visited with seniors at a senior center in northern Arizona maybe about 6 months ago, and I was at a table with about four gentlemen, and they live in a senior affordable housing that was about to reach the limit, the time limit, where it had to remain affordable housing for the owners of the development to receive the tax credits. They were going to have to transition out of that facility because they could no longer afford the rent increase.

One gentleman told me that he had called around to 60—or every affordable housing location within like 60 miles of where they were and he could not find an affordable housing unit.

What do you think the Federal Government should be doing here to solve this housing crisis for seniors receiving affordable housing? I know you said it is not your expertise.

Ms. HOUNSELL. Well, I am just not sure—I know there are a lot of provisions in these bills and people talk about this all the time. I am just not familiar with the legislation that is being offered. Maybe somebody else is more familiar. I just know that it is not available, especially in the cities. I mean, that is why the homeless population is, you know, constantly growing everywhere, including in Washington, D.C., where, you know, a number of us at this hearing also live. It just, you know, multiplies.

Senator KELLY. Ms. Bernique, how about you?

Ms. BERNIQUE. Affordable housing is expansive across our country. Part of the problem comes from just the lack of stock, as there is not the availability, and the other part comes from the high cost of living in areas which make affordable housing or the ability to afford a place to live unaffordable for most individuals, due to the fact that their cost of living for just housing alone ends up exceeding 50 to 60 percent of their income.

Part of the way that we can solve affordable housing as a HUD housing counseling agency is just the affordability or the number of stock. Just having homes available whereby individuals at lower income levels can actually afford, meaning affordability is afforded to them based on what their income is.

Senator KELLY. Well thank you to you both, and Mr. Chairman, again thank you for having this hearing. I had some further questions. We can submit them for the record. Thanks again for having this hearing.

The CHAIRMAN. Thank you, Senator Kelly. We will turn next to Senator Blumenthal.

Senator BLUMENTHAL. Yes, thanks to you and Senator Scott for this hearing. Very important, very timely, and very much on the minds of many of the seniors in Connecticut.

I was fortunate to introduce, with my colleague from Connecticut, Senator Larson, just a few months ago, the Social Security 2100 Act—Senator Van Hollen joined me in it—which not only

will enhance the Social Security Trust Fund's long-term insolvency but meet many of the issues that have been raised, including very eloquently by Senator Warren. I think we need to support some of Social Security's most vulnerable beneficiaries including widows and widowers, caregivers, and our oldest seniors.

Ms. Hounsell, in your testimony you speak to the imbalance between men and women caregivers in their retirement years. You have shared that women more often leave the labor force or work part-time to accommodate family needs, whether that be for children or elderly parents. Another study shows that single women who care for elderly parents are 2.5 times more likely than other caregivers to live in poverty in retirement, often because they leave the workforce to care for others.

At the same time, studies have found that women often outlive their male counterparts, leaving them not only as caregivers for their spouses but also as widows in their later years. It is cited that at age 85 about 86 percent of women are single.

Our Social Security 2100 Act provides caregiver credits to ensure that caregivers are not penalized in retirement for taking time out of the workforce to care for children or other dependents, and the legislation includes improvements in benefits for widows and widowers in two-income households. This bill also ensures that widows and widowers receive 75 percent of the combined Social Security benefits the couple was receiving prior to one spouse's death.

I realize that is a lot in a very short time for you to digest, but I wonder if you could comment on your view on these provisions and how crucial it is for Congress to address the disparities of our most caring workforce that includes 48 million family caregivers.

Ms. HOUNSELL. I think it is immensely important. I mean, we recently launched a Financial Caregiver Hub, just to alert caregivers, basically, to what the financial costs are that they are likely to incur and how important having a plan for all of this is really matters.

I think what that legislation does is it hits on the most vulnerable groups—those who are divorced, those who are widowed—and it is always unexpected and there is always a great loss of income when people go through those life-changing situations, and so do the eldercare. It is like who will pay?

One of the things we have tried to do too is to help families look at these financial caregiver agreements so that if one person happens to live close to the parents does not give up everything and yet become unpaid because she is just going to be poor down the road, like the statistics that you mentioned.

I think it is really key that those claiming rules that you have all considered in that legislation really would make a difference for so many vulnerable women.

Senator BLUMENTHAL. I am about to run out of time but I just want to make the additional point that Ms. Szarowicz speaks, in her testimony, to the importance of knowing waiting periods regarding disability determination and eligible, as well as information on when and how to claim Social Security benefits. My Social Security 2100 Act ends the 5-month waiting period to receive disability benefits, and I think will provide much-needed assistance to people who are in need.

I want to just finish by thanking Senator Casey for his leadership on this entire area of caregiving to our seniors and elderly. He has really been a champion and thanks again for the hearing and thanks for this opportunity to participate.

The CHAIRMAN. Thank you, Senator Blumenthal.

Now that we have come to the end of the hearing I wanted to, in the interest of time because of the demands of our next engagement, both Senator Scott and I with the Health Committee, I will submit my closing statement for the record, but just note for the record two things. Number one, is we want to thank our witnesses—Ms. Walsh, Ms. Hounsell, Ms. Bernique, and Ms. Szarowicz—for their testimony. We could spend hours just on part of this topic, and we are grateful for the insights and the experience that you bring to bear on this. The second point I will make is that the deadline for questions for the record will be January 20th.

I will next turn to Ranking Member Scott.

Senator TIM SCOTT. I will suggest that I too thank you all for being here and look forward to continuing this discussion in the future. I will submit my closing statement for the record as well.

The CHAIRMAN. Thank you, Ranking Member Scott. Thanks again to all of our witnesses. We are adjourned.

[Whereupon, at 10:51 a.m., the Committee was adjourned.]

**CLOSING STATEMENT OF SENATOR
ROBERT P. CASEY, JR., CHAIRMAN**

Today's hearing highlights the importance of getting Americans support "just in time"- right when people are making important financial decisions.

Providing this assistance can make a critical difference in people's lives.

We learned that many older adults seek help from someone they trust to make decisions about Social Security, retirement income, their homes and Medicare.

These trusted sources can include their employers, a wide range of professionals and even their family and friends, and for the hardest to reach individuals, organizations in the community and government agencies are often their main source of trusted advice and support.

Our continued support of these organizations is essential.

We must properly fund the Social Security Administration and programs like State Health Insurance Assistance Programs and Aging and Disability Resource Centers.

Finally, we must strengthen critical benefits like Social Security and Supplemental Security Income (SSI), which are key to helping seniors and people with disabilities to build financial security and save for their futures.

Simplifying processes and rules, especially for benefits like Social Security and SSI, will reduce confusion and provide people with clear and meaningful choices, allowing them to make sound decisions and improve their financial situation.

I want to once again thank all the witnesses for contributing their time and expertise today.

If any Senators have additional questions for the witnesses or statements to be added, the hearing record will be kept open for 7 days, until next Thursday, January 20.

Thank you all for participating today and this concludes today's hearing.

APPENDIX

Prepared Witness Statements

**Statement of Gerri Walsh
President, FINRA Investor Education Foundation
Senior Vice President, FINRA Investor Education
Before the Special Committee on Aging
United States Senate
January 13, 2022**

Chairman Casey, Ranking Member Scott and Members of the Committee:

Introduction

On behalf of the Financial Industry Regulatory Authority (FINRA) and the FINRA Investor Education Foundation (FINRA Foundation), I want to thank you for the opportunity to appear today to discuss financial literacy, financial capability more broadly and retirement preparedness in the United States. My comments will focus on the research, outreach and educational initiatives FINRA and the FINRA Foundation have underway to help American investors—including older Americans and people with disabilities—establish sound financial practices and follow pathways to investing and retirement readiness.

FINRA has consistently made investor protection for senior investors and those with diminished capacity a top priority. We have implemented rules specially designed for protection of these individuals, are undertaking significant initiatives in this area and are coordinating with the SEC, state regulators, industry members and stakeholders to broaden and enhance the investor protection safety net. For example, last year, FINRA, SEC staff and state regulators developed specialized industry training with respect to the Senior Safe Act, a bill this Committee knows well.

Background on FINRA and the FINRA Investor Education Foundation

FINRA's mission is to protect investors and promote market integrity. FINRA is a not-for-profit, self-regulatory organization (SRO) responsible for regulating its member broker-dealers (member firms) and their associated persons pursuant to the Securities Exchange Act of 1934 (Exchange Act). FINRA supports the Securities and Exchange Commission (SEC or Commission) in overseeing one subset of the securities industry: more than 3,400 registered broker-dealers and more than 600,000 registered individuals. FINRA fulfills its mission by, among other things, adopting rules that supplement those of the SEC, examining member firms for compliance with FINRA and SEC rules applicable to broker-dealers, surveilling trading in the securities markets and enforcing member firm compliance where necessary. All FINRA activities are subject to comprehensive SEC examination and oversight; FINRA's rules must be filed with the SEC, published for public comment and (with limited exceptions) approved by the SEC. As I discuss later in this statement, FINRA is particularly focused on protecting vulnerable populations in its rules and through its regulatory programs.

In 2003, FINRA created the FINRA Foundation to help Americans build financial stability, invest for life goals and guard against fraud. A wholly owned subsidiary of FINRA, the FINRA Foundation is a nonprofit social welfare organization governed by a separate board of directors and funded by FINRA. Its mission is to empower underserved Americans with the knowledge, skills and tools to make sound financial decisions throughout life. The FINRA Foundation funds innovative research and educational projects in support of this mission, and also develops and directly manages targeted programs aimed at segments of the investing public that could benefit from additional resources, such as older investors, military service members and lower-income working Americans and their families. These programs help hundreds of thousands of people each year, including people from diverse cultural and socioeconomic backgrounds.

FINRA'S Commitment to Investor Education

FINRA understands how overwhelming it can be for investors to find good information they can trust. This is why FINRA and the FINRA Foundation provide free, unbiased information and tools to help retail investors better understand basic principles of investing and the markets, making them better-informed investors able to avoid scams and other financial pitfalls. These resources include:

- a retirement education center on FINRA.org¹ that features comprehensive information on both the accumulation and decumulation phases of retirement, as well as content on different ways to save for retirement;
- a calculator to help people maximize employer matching contributions;
- a tool to help retirees understand and navigate required minimum distributions from traditional IRAs and qualified employer-sponsored retirement accounts; and
- articles on managing retirement income.

FINRA also offers information on saving for education, including information on utilizing ABLE Accounts.² In addition, we offer:

- a mutual fund analyzer that allows investors to compare the impact of fees, expenses and discounts on fund values;³
- a series of online micro-courses,⁴ optimized for mobile technology, that cover essential topics for new investors—from setting investment goals to understanding risk and return; and
- Investor Insights articles⁵ that explain, in plain language, emerging products, popular strategies, current market trends and other topics of interest to retail investors, both novice and advanced.

¹ See <https://www.finra.org/investors/learn-to-invest/types-investments/retirement>.

² See <https://www.finra.org/investors/learn-to-invest/types-investments/saving-for-education/able-accounts-529-savings-plans>.

³ FINRA, *Follow a Course to Smart Investing* (available at <https://www.finra.org/investors/learn-to-invest/smart-investing-courses>).

⁴ See https://tools.finra.org/fund_analyzer/.

⁵ See <https://www.finra.org/investors/insights>.

Recent publications have tackled such topics as maximizing retirement savings through 401(k) matches⁶, ways to keep one's financial accounts cyber safe, and how to spot and avoid broker and brokerage firm imposter scams.

FINRA Foundation Research on Financial Capability, Decision-Making and Aging

To make our work and these tools as effective and targeted as possible, the FINRA Foundation undertakes and sponsors research to better understand investor behavior, attitudes, knowledge and preferences. The FINRA Foundation prioritizes research because the knowledge we gain and share is critical to improving how the FINRA Foundation and others equip all Americans to avoid scams. Our research also helps practitioners and policymakers address financial literacy and capability gaps.

State of Financial Capability in the United States

The FINRA Foundation commissioned the first national study of the financial capability of American adults, the National Financial Capability Study (NFCS), in 2009. The NFCS is a large-scale, multiyear project conducted every three years to monitor and better understand financial capability in America.⁷ It measures key indicators of financial capability and evaluates how these indicators vary with underlying demographic, behavioral, attitudinal and financial literacy characteristics. The next report, based on data from a survey fielded in 2021, will be released in mid-2022. Given its robust nature, the NFCS provides an excellent means of assessing the current state of financial literacy in America, how it has changed over time and which groups are at risk due to low levels of financial literacy.

In general, financial literacy in America is low and has declined over time. In 2009, 42 percent of American adults demonstrated high levels of financial literacy, as measured by a widely used, five-question financial literacy quiz.⁸ That figure dropped to 34 percent in 2018. While the full reasons for the decline are not known and likely manifold, the drop is driven, in large part, by younger Americans. The financial literacy of Americans 55 and older has been stable, though we do see financial literacy levels among the 70+ population falling. Despite increasingly low levels of financial literacy, 71 percent of Americans believe they have a high level of financial knowledge, suggesting widespread overconfidence.⁹

Importantly, financial knowledge varies across demographic groups, with women and people of color generally exhibiting lower levels of financial literacy than their male and white

⁶ See, e.g., FINRA Insights Article, Retirement Isn't Free—But Your 401(k) Match Is (July 14, 2021) (available at <https://www.finra.org/investors/insights/401k-plan-matches>).

⁷ FINRA Investor Education Foundation. (2021). About the National Financial Capability Study. *US Financial Capability*. <https://www.USFinancialCapability.org>

⁸ FINRA Investor Education Foundation's National Financial Capability Study. (n.d.). *Big 5 Financial Literacy Quiz*. <https://www.USFinancialCapability.org>

⁹ Lin, J., Bumcrot, C., Ulicny, T., Mottola, G., Ganem, R., Walsh, G., Ganem, R., and Lusardi, A. (2019). *The State of U.S. Financial Capability: The 2018 National Financial Capability Study*. FINRA Foundation. https://www.usfinancialcapability.org/downloads/NFCS_2018_Report_Natl_Findings.pdf

counterparts. Many Americans with disabilities also face low levels of financial literacy and have little confidence in their financial knowledge. For Americans of color with disabilities, financial knowledge is especially low.¹⁰

Low levels of financial knowledge pose a particular risk to people with disabilities. A seminal FINRA Foundation-funded study by the National Disability Institute, Stony Brook University School of Social Welfare and the University of Tennessee College of Social Work found that the cost of living for Americans with disabilities is 29 percent higher than for those without disabilities. The findings suggest that Americans with disabilities, perhaps even more than Americans without a disability, need to have the tools and knowledge to make effective and informed financial decisions.¹¹

Beyond demographics, there are other groups whose low financial literacy levels could be impacting their financial situation and even retirement prospects. For example, a recent study by Pew Charitable Trusts that was partially funded by the FINRA Foundation found that nearly one in 10 gig economy workers report that not understanding how to save for retirement was the primary reason they were not interested in saving in a hypothetical retirement plan.¹²

A wealth of data suggests that financial literacy is tied to a host of financial outcomes, with some findings indicating a causal link. Research by the FINRA Foundation, the Global Financial Literacy Education Center at George Washington University and the University of Southern California found that adults with higher levels of financial knowledge were more likely to plan for retirement, report being able to meet an unexpected \$2,000 expense and experience financial satisfaction six years later.¹³ Beyond financial outcomes, financial literacy is correlated with cognitive health. A study by the FINRA Foundation and Rush University Medical Center found that older adults who exhibit low levels of financial literacy have an increased risk of Alzheimer's Disease and cognitive decline.¹⁴

¹⁰ Goodman, N., O'Day, B., & Morris, M. (2017). Financial Capability of Adults with Disabilities. National Disability Institute and FINRA Investor Education Foundation. https://www.finrafoundation.org/sites/finrafoundation/files/NDI-Final-Report-Financial-Capability-of-Adults-with-Disabilities_0_0_0_0_0_0_0_0_0_0_0.pdf

¹¹ Morris, C., McGarity, S., Goodman, N., and Zaidi, A. (2020). The extra costs associated with living with a disability in the United States. *Journal of Disability Policy Studies*. <https://doi.org/10.1177%2F10442073211043521>

¹² Scott, J., & Shelton, A. (2021). *Nontraditional Workers Face Multiple Barriers to Saving for Retirement*. Pew Charitable Trusts Brief https://www.pewtrusts.org/-/media/assets/2021/11/nontraditionalworkersbarrierstosaving_v3.pdf

¹³ Angrisani, M., Burke, J., Lusardi, A., Mottola, G. *The stability and predictive power of financial literacy: Evidence from longitudinal data*. FINRA Investor Education Foundation. <https://www.finrafoundation.org/sites/finrafoundation/files/stability-and-predictive-power-financial-literacy-evidence-longitudinal-data.pdf>

¹⁴ Yu, L., Mottola, G., Bennett, D. A., & Boyle, P. A. (2021). Adverse impacts of declining financial and health literacy in old age. *The American Journal of Geriatric Psychiatry*. 29(11), 1129-1139. <https://doi.org/10.1016/j.jagp.2021.02.042>

Financial Decision-Making and Aging

Financial literacy is important throughout an individual's lifespan but plays a critical role in older adulthood. Aging is tied to physical and cognitive decline, which can lead to impaired financial decision-making skills. Aging Americans enter retirement and must make complex financial and healthcare decisions, which are inextricably linked in the United States. Thus, many older Americans are particularly vulnerable to poor decision-making and financial fraud and exploitation. These concerns are especially relevant in the United States, as it is an increasingly aging nation. By 2040, about one in five Americans will be age 65 or older, up from about one in eight in 2000. In absolute terms, there will be 80 million Americans 65 and older by 2040.

The FINRA Foundation is collaborating with neuroscientists and researchers at Rush University Medical Center to gain insights into the role of aging and cognition on financial and health decision-making and scam susceptibility. Several findings indicate that financial and health literacy generally decline with age.¹⁵ The rate of decline is also important. Older adults who experience faster declines in financial and health literacy are more likely to make poor decisions, have higher susceptibility to scams and financial fraud, and experience lower levels of psychological wellbeing.¹⁶

Factors beyond financial literacy can affect decision-making in older age. One study by researchers at the FINRA Foundation and Rush University Medical Center found misjudging one's cognitive skills contributes to poor financial decision-making in older adulthood.¹⁷ Another study found that loneliness, when paired with low cognition, is associated with poor financial and health decision-making in older adults.¹⁸

Impaired decision-making can result in financial fraud victimization. For older adults, understanding and preventing fraud is particularly important, as they typically lack sufficient time to recover from the toll of financial fraud. The FINRA Foundation recently collaborated with Rush University Medical Center on a study of older Black adults and found that lower levels of semantic memory (which refers to general knowledge about the world) and financial and health literacy may pose an important risk for losing money in scams—a finding that is true

¹⁵ Yu, L., Mottola, G., Bennett, D. A., & Boyle, P. A. (2021). Adverse impacts of declining financial and health literacy in old age. *The American Journal of Geriatric Psychiatry*, 29(11), 1129-1139. <https://doi.org/10.1016/j.jagp.2021.02.042> <https://doi.org/10.1016/j.jagp.2021.02.042>

¹⁶ *Ibid.*

¹⁷ Yu, L., Mottola, G., Wilson, R. S., Valdes, O., Bennett, D. A., & Boyle, P. A. (2021). Metamemory and financial decision making in older adults without dementia. *Neuropsychology*. <https://psycnet.apa.org/doi/10.1037/neu0000773>

¹⁸ Stewart, C. C., Yu, L., Glover, C. M., Mottola, G., Bennett, D. A., Wilson, R. S., & Boyle, P. A. (2020). Loneliness interacts with cognition in relation to healthcare and financial decision making among community-dwelling older adults. *The Gerontologist*, 60(8), 1476-1484. <https://doi.org/10.1093/geront/gnaa078>

for older adults generally.¹⁹ Given the interplay between financial literacy, cognitive ability and financial fraud, maintaining and improving financial literacy as we age is an important protection.

Helping Older and Vulnerable Investors Access Trusted Advice and Avoid Costly Mistakes

A major part of FINRA's mission is to protect and educate all U.S. investors—from younger people in Generation Z to members of the Greatest Generation, and from self-directed investors to those who work with an investment professional. In particular, FINRA views the protection of older investors, meaning those who are retired or approaching retirement, and vulnerable adults as a top priority, both through our education efforts and our regulatory work.

For investors, moving from the asset accumulation phase of life to the decumulation phase is typically characterized by increased uncertainty and the need to make point-in-time, highly consequential decisions on the one hand and limited or no experience upon which to draw to make these decisions on the other.²⁰ Investors do not know, for example, how long they will live, nor can they predict how their health will evolve, how they will occupy their time in retirement and what financial demands they will face as they age. Moreover, while at least some investors benefit from decades of “learning by doing” in their investments with the opportunity to also learn from mistakes—and often have been able to substantially correct errors or recover from down markets—the decumulation phase of life requires investors to make important financial decisions they have not previously encountered and will not likely encounter a second time—all while having little or no opportunity to correct mistakes. These decisions range from whether and how to obtain advice in retirement, whether and when to purchase an annuity, how to access pension assets (e.g., whether to take a lump sum payment or annuitize), and when to start drawing social security (at retirement or a later date), among others.

FINRA Securities Helpline for Seniors

In 2015, FINRA launched the toll-free FINRA Securities Helpline for Seniors® to provide older investors with a supportive place to get assistance from knowledgeable FINRA staff related to concerns they have with their brokerage accounts and investments. Callers to the Senior Helpline (844-57-HELPS or 844-574-3577) report a wide range of issues, including concerns about alleged fraud and sales practice issues like unauthorized trading. In some cases, FINRA has been able to provide the senior investors or their families with enough information and understanding of brokerage operations that they can help themselves. In other instances, FINRA has directly worked with firms or helped seniors work with the firm to be made whole.

¹⁹ Yu, L., Mottola, G., Barnes, L. L., Han, S. D., Wilson, R. S., Bennett, D. A., & Boyle, P. A. (2021). Correlates of susceptibility to scams in community-dwelling older black adults. *Gerontology*, 1-11. <https://doi.org/10.1159/000515326>

²⁰ See Polansky, S., Chandler, P., & Mottola, G. (2018). The Big Spenddown: Digital Investment Advice and Decumulation. In J. Agnew and O. Mitchell (Eds.) *The Disruptive Impact of Fin Tech on Retirement System* (pp. 129-148). Oxford University Press. https://repository.upenn.edu/prc_papers/4/

A 2020 report on the FINRA Securities Helpline for Seniors highlights the contributions of the Helpline in its first five years and lays out effective practices for firms' senior investor protection programs.²¹ The Senior Helpline is managed by a specialized internal team, the Vulnerable Adults and Seniors Team (VAST). VAST members also work within FINRA's Regulatory Operations to investigate and, where appropriate, bring disciplinary actions in senior-specific financial exploitation and sales practice cases. FINRA routinely and quickly bars registered representatives who prey upon seniors and recovers restitution for harmed customers.²² In addition, FINRA provides resources to seniors and other investors to understand and avoid risk identified through regulatory actions, including *FINRA Unscripted* podcasts on excessive trading and fraud, two areas that commonly affect seniors.²³ When appropriate, VAST members file reports with state or local Adult Protective Services (APS) agencies and make referrals to state, federal and international agencies.

Rules for Broker-Dealers

FINRA's Securities Helpline for Seniors has highlighted issues relating to financial exploitation of senior and vulnerable investors, including the need for member firms to quickly and effectively address suspected financial exploitation of seniors and other specified adults.²⁴ In response,

²¹ FINRA, *Protecting Senior Investor, 2015–2020* (April 30, 2020), available at <https://www.finra.org/rules-guidance/key-topics/senior-investors/protecting-senior-investors-2015-2020>.

²² See, e.g., *Aegis Capital Corp.*, AWC No. 2016051704305 (Nov. 8, 2021) (member firm ordered to pay approximately \$1.7 million in restitution to hundreds of customers, including seniors, for supervisory failures involving unsuitable and excessive trading); *NYLIFE Securities LLC*, AWC No. 2017056197102 (Oct. 25, 2021) (member firm ordered to pay over \$63,000 in restitution to ten customers, including seniors, for supervisory failures involving unsuitable mutual fund and cross-product switching); *Eric Shea Hollifield*, AWC No. 2021072558701 (Oct. 7, 2021) (broker barred for refusing to provide information in connection with investigation into his alleged conversion of an elderly customer's funds); *Jeffrey Dampf*, AWC No. 2021072405501 (Oct. 1, 2021) (broker barred for refusing to testify and provide documents and information in connection with investigation into his alleged misappropriation of funds from elderly individuals); *Jeffrey Scott Anderson*, AWC No. 2020067888701 (Aug. 2, 2021) (broker barred for converting \$26,579.72 from elderly customer by convincing customer to write checks to him personally to purchase investments); *Coastal Equities, Inc.*, AWC No. 2017052325702 (Nov. 9, 2020) (member firm ordered to pay over \$270,000 in restitution to four senior customers for failing to supervise a registered representative who excessively traded their accounts; representative was barred in a separate action); *Roger Allan Duval*, AWC No. 2019062789901 (Sept. 18, 2020) (broker barred for converting \$130,000 by using three elderly customers' login credentials to write himself checks).

²³ See FINRA, *FINRA Unscripted—Excessive Trading: When A Lot Becomes Too Much* (Sept. 29, 2020), available at <https://www.finra.org/media-center/finra-unscripted/kelly-excessive-trading>; FINRA, *FINRA Unscripted—At, By or Through: Fraud in the Broker-Dealer Industry* (April 20, 2021), available at <https://www.finra.org/media-center/finra-unscripted/fraud-broker-dealer-industry>.

²⁴ Similarly, the FINRA Foundation has explored how third-party interventions can help thwart financial fraud. For example, a FINRA Foundation study from 2017 found that certain institution-based protections can prevent potential fraud victims (many of whom exhibit low levels of financial knowledge) against monetary losses due to fraud. These structural protections are attempts by an organization, company or agency to intervene to stop a scam, for example a bank teller or an employee of a wire-transfer company halting a suspicious transaction. See DeLiema, M., Fletcher, E., Kieffer, C. N., Mottola, G. R., Pessenha, R., Trumpower, M. (2017). Exposed to scams: What separates victims from non-victims? FINRA Investor Education Foundation, BBB Institute for Marketplace

FINRA implemented new rules in February 2018 to provide member firms with ways to respond to situations in which they have a reasonable basis to believe that financial exploitation has occurred, is occurring, has been attempted or will be attempted.²⁵ Member firms can better protect their customers from financial exploitation if they have the ability to contact a customer's designated trusted contact person and, when appropriate, place a temporary hold on a disbursement of funds or securities from a customer's account.

- [FINRA Rule 4512 \(Customer Account Information\)](#) requires member firms to make reasonable efforts to obtain the name of and contact information for a trusted contact person upon the opening of a non-institutional customer's account or when updating account information for a non-institutional account. The trusted contact person is intended to be a resource for the member firm in administering the customer's account, protecting assets and responding to possible financial exploitation.
- [FINRA Rule 2165 \(Financial Exploitation of Specified Adults\)](#) permits a member firm that reasonably believes that financial exploitation has occurred, is occurring, has been attempted or will be attempted to place a temporary hold on the disbursement of funds or securities from the account of a "specified adult" customer. Specified adults include a natural person age 65 and older or a natural person age 18 and older who the member firm reasonably believes has a mental or physical impairment that renders individuals unable to protect their own interests.

In August 2019, FINRA launched a retrospective review to assess the effectiveness and efficiency of its rules and administrative processes that help protect senior investors from financial exploitation. The review indicated that FINRA's steps to protect seniors have provided helpful and effective tools in the fight against financial exploitation, but it also suggested some additional tools, guidance and rule changes. Based on feedback received during the review, FINRA is proposing amendments to Rule 2165 (Financial Exploitation of Specified Adults) to extend the hold period and to allow temporary holds on securities transactions (in addition to disbursements) to further address suspected financial exploitation of senior investors.²⁶

Examination of Firms

As noted above, FINRA oversees more than 3,400 registered broker-dealers and more than 600,000 registered individuals. Through this work, FINRA encourages firms to review and, where warranted, enhance their policies, procedures and practices, in light of the special issues

Trust, Stanford Center for Longevity. https://www.finrafoundation.org/sites/finrafoundation/files/exposed-to-scams-what-separates-victims-from-non-victims_0_0.pdf

²⁵ See *Regulatory Notice 17-11, SEC Approves Rules Relating to Financial Exploitation of Seniors* (March 2017), available at <https://www.finra.org/rules-guidance/notices/17-11>.

²⁶ See *Regulatory Notice 20-34, Proposed Amendments to FINRA Rule 2165 and Retrospective Rule Review Report* (October 5, 2020), available at <https://www.finra.org/rules-guidance/notices/20-34>.

common to many senior investors.²⁷ FINRA's examinations of member firms focus on a broad range of topics relating to the protection of senior investors, from ensuring that recommendations of securities and investment strategies are in the best interests of retail customers to guarding against the financial exploitation of senior and vulnerable customers.²⁸

Training for Securities Firms and Professionals on Detecting and Preventing Exploitation

FINRA also supports training for those within the securities industry to advance understanding of issues related to financial exploitation, cognitive aging and financial decision-making. The Senior Safe Act²⁹, enacted in 2018, is an important law that assists in the protection of older Americans who are saving and investing in the nation's financial markets. Specifically, the law ensures that covered financial institutions, including investment advisers, broker-dealers and transfer agents, and their eligible employees can report on potential exploitation of seniors to a covered agency without potential barriers that could stem from liability for that action. In furtherance of the intent of this law, together with the North American Securities Administrators Association (NASAA) and SEC staff, FINRA provides a resource that securities firms may use to train associated persons about how to detect, prevent and report financial exploitation of senior and vulnerable adult investors.³⁰ The resource helps firms implement the federal requirements of the Senior Safe Act and state requirements relating to senior investor protection—and addresses other rules and laws relating to the protection of seniors and vulnerable adults. In addition, FINRA offers virtual programming on related topics, such as a March 2021 session on communication between APS and professional reporters of financial exploitation.³¹ FINRA also oversees the securities industry continuing education program which includes administration of mandatory training for over 600,000 registered persons and recently introduced a new learning unit on financial exploitation of aging and vulnerable populations. Finally, FINRA maintains a catalog of e-learning courses for firms to use in furtherance of their training programs, and a number of these courses address diminished capacity, vulnerable populations and exploitation of senior investors.

²⁷ See FINRA Regulatory Notice 07-43, *FINRA Reminds Firms of Their Obligations Relating to Senior Investors and Highlights Industry Practices to Serve these Customers* (September 2007), available at <https://www.finra.org/rules-guidance/notices/07-43>.

²⁸ For a compilation of FINRA rules, Notices, regulatory guidance and other materials related to senior investors, please visit *Key Topics, Senior Investors* on FINRA's website at <https://www.finra.org/rules-guidance/key-topics/senior-investors>.

²⁹ *Economic Growth, Regulatory Relief, and Consumer Protection Act*, Section 303, Public Law 115-174.

³⁰ FINRA, *Addressing and Reporting Financial Exploitation of Senior and Vulnerable Adult Investors* (June 2021) available at <https://www.finra.org/rules-guidance/key-topics/senior-investors/elder-abuse-prevention-training>.

³¹ See FINRA Virtual Conference Panel, *Communication Between Adult Protective Services (APS) and Professional Reporters of Financial Exploitation* (March 3, 2021) (available at [Communication Between Adult Protective Services \(APS\) and Professional Reporters of Financial Exploitation](https://www.finra.org/events-training/virtual-conference-panels/social-distancing-impact-older-investors)). FINRA separately presented a virtual conference panel on the impact of social isolation on older adults. See FINRA Virtual Conference Panel, *Social Distancing and the Impact on Older Investors* (June 15, 2020) available at <https://www.finra.org/events-training/virtual-conference-panels/social-distancing-impact-older-investors>.

Resources for Investors

FINRA, NASAA and staff of the SEC's Office of Investor Education and Advocacy launched a campaign in September 2021 urging investors to provide their financial firms with a trusted contact. The campaign features a new webpage, infographic and video, providing details on how a trusted contact can help investors when the firm cannot reach them—whether because of travel, a natural disaster, a health issue or when the firm is concerned about potential fraud.³²

In addition to these efforts, FINRA's BrokerCheck tool provides investors with a quick way to check a broker's disciplinary and professional background. Encouraging people to take this simple step before doing business—or continuing to do business—with a broker is part of our ongoing commitment to protecting investors.

Training and Outreach

FINRA also partners with the National Adult Protective Services Association and Adult Protective Services offices across the U.S. to enhance coordination and provide education on the financial services industry, fraud trends and the role that FINRA Rule 2165 provides to Adult Protective Services offices in working with firms to address potential financial exploitation.

The FINRA Foundation complements FINRA's senior protection and education initiatives by employing national, state and grassroots partnerships to develop and distribute fraud-prevention resources, conduct outreach, and train consumers, law enforcement professionals and victim advocates. Since 2008, the FINRA Foundation has touched hundreds of thousands of consumers with essential fraud prevention messages and trained more than 13,000 professionals (including law enforcement officers, social workers and victim advocates) from over 6,500 different federal, state and local agencies to assist those who have been victimized by investment fraud and other financial scams.

Pathways to Successful Financial Education for Adults

Experience gained in the work supported by the FINRA Foundation over the past decade and a half has shown us that effective adult financial education has three critically important characteristics: (1) it makes people *want* to attend; (2) it creates a positive learning experience; and (3) it results in simple, immediate action steps. First and foremost, people must see major benefits from participating in financial education activities. But that alone is insufficient—financial education must also fit conveniently into people's daily lives and routines. This is true for any non-compulsory learning experience. Further, people must become aware that financial education is readily available to them. "Build it and they will come" may work for Field of Dreams, but it doesn't for financial education, which requires sustained efforts and appropriate marketing. Financial education also needs to be supportive, inclusive and respectful, and devoid

³² See www.finra.org/trustedcontact.

of all stigma, and it must place the interests of the individual consumer ahead of any other considerations. For many, a social experience is most appealing, while others may prefer the privacy of a one-on-one coaching opportunity, either in person or online. The FINRA Foundation's work with the University of Southern California has shown that consistent educational interventions through video or text can also be effective in reducing the susceptibility to fraud.³³ Two specific channels for providing successful education include libraries and the workplace.

To help build a quality experience, for many years, the FINRA Foundation has worked with the American Library Association and others to build the capacity of public libraries to address the financial education and information needs of their communities.³⁴ To this end, the FINRA Foundation has made in excess of \$10.5 million in grants, often coupled with training for library professionals, to enable financial education experiences that align with these characteristics. Libraries that received these grants delivered thousands of programs and services that were strictly unbiased and that incorporated multiple ways of learning across a range of settings, both in and outside of library facilities—all at no cost to consumers. Participants could be assured that the information they received would be up-to-date, reliable and free of any sales pitches. The libraries worked with many different helping organizations, such as Cooperative Extension Agencies, higher education institutions and a host of social service and volunteer organizations. Such efforts benefited from public libraries' long-standing commitment to universal access for people with disabilities. Some of the most effective efforts integrated financial education into existing programs, such as citizenship and ESL classes or employment assistance and tax preparation services. This integrative approach maximized convenience for participants and provided an important context for making well-informed financial decisions.

Similarly, the workplace is very often an ideal setting for financial education, especially if it is done in ways that address both employer and employee needs. Since 2014, the FINRA Foundation has collaborated with United Way Worldwide and Catholic Charities on an initiative known as Financial Wellness at Work.³⁵ This demonstration program leverages the workplace as a platform for helping wage earners achieve financial stability and make progress toward longer-term financial goals, both for themselves and their families. Through this initiative, employees benefit from financial education and coaching that respects their need for privacy. They also receive resource coordination and access to consumer-friendly financial products and services to help them reduce debt and build assets. Because these services are typically delivered at the worksite and coordinated with employers' HR departments, common barriers to participation in financial education—such as lack of available after-hours childcare, additional transportation costs or simply a lack of time—are greatly reduced.

³³ See <https://www.finrafoundation.org/sites/finrafoundation/files/can-educational-interventions-reduce-susceptibility-to-financial-fraud.pdf>

³⁴ See <https://smartinvesting.ala.org>.

³⁵ See <https://finrafoundation.org/people-we-help/financial-wellness-work>.

Employers benefit from a workforce that is less stressed by personal finance challenges that may affect job performance, that result in hardship withdrawals from retirement savings plans and that contribute to excessive employee turnover. Employers also build loyalty with their employees, who value these services as they do other employee benefits. The FINRA Foundation and its partners focus especially on smaller and mid-sized employers that might find creating their own stand-alone financial wellness programs too costly or administratively burdensome. The solution has involved identifying and supporting cooperative arrangements that enable nonprofit, consumer-oriented service providers to deliver programming for multiple employers in a highly cost-effective manner. Manufacturing and healthcare employers have been the most active industries in the program, which underscores the importance of helping essential workers.

For a growing number of Americans, effective financial education is as close as the nearest public library branch or the office break room. And as our virtual world expands, the public library and the worksite—and the financial education they enable—are sometimes just a click away. However, much needs to be done to expand these opportunities. Universal access to truly unbiased, consumer-friendly financial education and related services remains an ambitious goal. Everything the FINRA Foundation has learned about effective financial education points to the need for collaboration across agencies and sectors. Financial education works better when financial educators, and the organizations and agencies that support them, work together. Building a financially capable America across the lifespan is a common goal, and it requires collaborative and sustained efforts to achieve.

Conclusion

As noted throughout this testimony, efforts to bolster and maintain financial literacy in older and vulnerable adults could prove beneficial with regard to a number of outcomes, including decision-making, scam susceptibility and psychological wellbeing. FINRA and the FINRA Foundation are committed to expanding the knowledge and confidence of Americans wishing to build a more secure financial future through saving and investing, and we share your interest in protecting those savings and investments.

Thank you again for inviting me to testify today about these important issues. I am pleased to answer any questions you might have.

**Appendix: FINRA and FINRA Foundation Resources
for Seniors and Vulnerable Adults**

Overview of FINRA's Efforts to Protect Senior Investors

- Senior Investor Rule and Guidance: Key Topics:
<https://www.finra.org/rules-guidance/key-topics/senior-investors>
- FAQ Regarding FINRA Rules Relating to Financial Exploitation of Seniors:
<https://www.finra.org/rules-guidance/guidance/faqs/frequently-asked-questions-regarding-finra-rules-relating-financial-exploitation-seniors>
- FINRA Securities Helpline for Seniors:
<https://www.finra.org/investors/have-problem/helpline-seniors>

FINRA Rules Relating to Seniors

(available at www.finra.org)

- [Rule 4512](#) – Customer Account Information
- [Rule 3241](#) – Registered Person Being Named a Customer's Beneficiary or Holding a Position of Trust for a Customer
- [Rule 2165](#) – Financial Exploitation of Specified Adults

FINRA Regulatory Notices

(available at www.finra.org)

- [Regulatory Notice 07-43](#) – Firm Obligations re: Senior Investors
- [Regulatory Notice 09-42](#) – FINRA Reminds Firms of Their Obligations with Variable Life Settlement Activities
- [Regulatory Notice 11-52](#) – FINRA Reminds Firms of Their Obligations Regarding the Supervision of Registered Persons Using Senior Designations
- [Regulatory Notice 16-12](#) – FINRA Provides Guidance on Firm Responsibilities for Sales of Pension Income Stream Products
- [Regulatory Notice 17-11](#) – SEC Approves Rules Relating to Financial Exploitation of Seniors
- [Regulatory Notice 19-27](#) – Retrospective Review: FINRA Requests Comment on Rules and Issues Relating to Senior Investors
- [Regulatory Notice 19-36](#) – FINRA Requests Comment on a Proposed Rule to Limit a Registered Person from Being Named a Customer's Beneficiary of Holding a Position of Trust for or on Behalf of Customer
- [Regulatory Notice 20-34](#) – Proposed Amendments to FINRA Rule 2165 and Retrospective Rule Review Report
- [Regulatory Notice 20-38](#) – FINRA Adopts Rule to Limit a Registered Person from Being Named a Customer's Beneficiary or Holding a Position of Trust for or on Behalf of a Customer

Selected FINRA Foundation Research**Aging and Financial Decision Making**

<https://www.finrafoundation.org/knowledge-we-gain-share/aging-and-financial-decision-making>

- *Race and Scam Susceptibility: Key Risk Factors for Older African Americans.* (2021). Authored by researchers from the FINRA Foundation and Rush University Medical Center.
- *The Relation of Loneliness and Cognition with Financial and Healthcare Decision Making in Older Persons.* (2021). Authored by researchers from the FINRA Foundation, Rush University Medical Center and Indiana University School of Medicine.
- *Does Overconfidence Increase Financial Risk Taking in Older Age?* (2020). Authored by researchers at the FINRA Foundation, Duke University, and Rush University Medical Center.
- *Confidence in Financial Literacy and Cognitive Health in Older Persons.* (2020). Authored by researchers at the FINRA Foundation and Rush University Medical Center.
- *The Adverse Impacts of Declining Financial Literacy in Old Age.* (2020). Authored by researchers at the FINRA Foundation and Rush University Medical Center.

Financial Capability

<https://finrafoundation.org/knowledge-we-gain-share/understanding-financial-capability-americans>

- *Bridging the Divide: A Closer Look at Changes in the Racial and Ethnic Composition of Investor Households.* (2021). Authored by researchers at the FINRA Foundation.
- *Financial Anxiety and Stress Among U.S. Adults: New Evidence from a National Survey and Focus Groups.* (2021). Authored by researchers at the FINRA Foundation and George Washington University's Global Financial Literacy Excellence Center.
- *Bouncing Back? The Financial Resilience of Americans.* (2021). Authored by researchers at the FINRA Foundation and Fairleigh Dickinson University.
- *Nontraditional Workers Face Multiple Barriers to Saving for Retirement.* (2021). Partially funded by the FINRA Foundation and authored by researchers at the Pew Charitable Trusts.
https://www.pewtrusts.org/-/media/assets/2021/11/nontraditionalworkersbarrierstosaving_v3.pdf

- *The Stability and Predictive Power of Financial Literacy: Evidence from Longitudinal Data.* (2020). Authored by researchers at the FINRA Foundation, University of California's Center for Economic and Social Research, and George Washington University's Global Financial Literacy Excellence Center.
- *The Extra Costs of Living with a Disability in the United States.* (2021). FINRA Foundation-funded research authored by researchers at Stonybrook University, The University of Tennessee, Burton Blatt Institute, and the Government College University Lahore. <https://journals.sagepub.com/doi/abs/10.1177/10442073211043521>
- *The State of U.S. Financial Capability: The 2018 National Financial Capability Study.* (2019). Authored by researchers at the FINRA Foundation and ARC Research. <https://www.usfinancialcapability.org/downloads.php>
Note: Previous National Financial Capability reports can also be found on this page.
- *Financial Capability of Adults with Disabilities.* (2017). FINRA Foundation-funded research authored by researchers at the National Disability Institute. <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2019/01/ndi-finra-report-2017.pdf>

Understanding and Combating Financial Fraud

<https://www.finrafoundation.org/knowledge-we-gain-share/understanding-and-combating-financial-fraud>

- *Exposed to Scams: Can Challenging Consumer Beliefs Protect Them from Fraud?* (2021). Authored by researchers from the FINRA Foundation, University of Minnesota, BBB Institute for Marketplace Trust, and the Federal Trade Commission.
Note: This is a follow-up report to the 2019 *Exposed to Scams: What Separates Victims from Non-Victims?* (see below)
- *Can Educational Interventions Reduce Susceptibility to Financial Fraud?* (2021). Authored by researchers at the FINRA Foundation and the University of Southern California's Center for Economic and Social Research.
- *Addressing the Challenge of Chronic Fraud Victimization.* (2021). Authored by researchers from the FINRA Foundation and AARP.
- *Exposed to Scams: What Separates Victims from Non-Victims?* (2019). Authored by researchers from the FINRA Foundation, BBB Institute for Marketplace Trust, the Stanford Center on Longevity, and the Federal Trade Commission.

Training for the Securities Industry

- Joint work related to the *Senior SAFE Act Training* (by FINRA, SEC Staff and NASAA), <https://www.finra.org/rules-guidance/key-topics/senior-investors/elder-abuse-prevention-training>
 - Training: Addressing and Reporting Financial Exploitation of Senior and Vulnerable Adult Investors - (June 2021): <https://www.finra.org/rules-guidance/key-topics/senior-investors/elder-abuse-prevention-training>
 - Senior Safe Act Fact Sheet (May 19, 2019): https://www.finra.org/sites/default/files/2019-05/senior_safe_act_factsheet.pdf
- Communication Between Adult Protective Services (APS) and Professional Reporters of Financial Exploitation (March 2021): <https://www.finra.org/events-training/virtual-conference-panels/communication-between-adult-protective-services-aps-and-professional>
- Social Distancing and the Impact on Older Investors (June 2020): <https://www.finra.org/events-training/virtual-conference-panels/social-distancing-impact-older-investors>

Training Collaborations Aimed at Consumers

- **Trusted Contact Campaign:**
 - Press Release: FINRA, NASAA and SEC OIEA Urge Investors to Establish a Trusted Contact to Increase Investor Protection, <https://www.finra.org/media-center/newsreleases/2021/finra-nasaa-and-sec-oiea-urge-investors-establish-trusted-contact>
 - Campaign Resources (including video and factsheet), www.finra.org/trustedcontact

Other Training Materials

- **Taking Action: An Advocate's Guide to Assisting Victims of Financial Fraud (2018):**
 - A resource from the FINRA Foundation and the National Center for Victims of Crime providing a roadmap for consumer advocates to assist victims in the wake of a financial crime: www.finrafoundation.org/takingaction

FINRA Investor Insights

- *Establishing a Trusted Contact*
<https://www.finra.org/investors/learn-to-invest/brokerage-accounts/establish-trusted-contact>
- *Three Resources for Senior Investors*
<https://www.finra.org/investors/insights/three-resources-for-senior-investors>
- *Steps to Plan for Diminished Financial Capacity and Illness*
<https://www.finra.org/investors/insights/diminished-financial-capacity>
- *When a Brokerage Account Holder Dies—What Comes Next?*
<https://www.finra.org/investors/insights/when-brokerage-account-holder-dies>
- *Talking Money with Mom: Gender, Generation and Financial Knowledge*
<https://www.finra.org/investors/insights/gender-generation-and-financial-knowledge>
- *Protecting Seniors from Financial Exploitation*
<https://www.finra.org/investors/insights/senior-financial-exploitation>
- *Planning Ahead—Have You Chosen Your Beneficiaries?*
<https://www.finra.org/investors/insights/choosing-beneficiaries>
- *4 Financial Resources for Senior investors*
<https://www.finra.org/investors/insights/resources-senior-investors>
- *Managing Money Through Grief: 10 Tips for Widows and Widowers*
<https://www.finra.org/investors/insights/managing-money-through-grief-10-tips-widows-and-widowers>
- *Emotions Increase Susceptibility to Fraud in Older Adults*
<https://www.finra.org/investors/insights/emotions-increase-susceptibility-fraud-older-adults>
- *When a Loved One Passes, What Happens to Their Accounts?*
<https://www.finra.org/investors/insights/when-loved-one-passes-what-happens-their-accounts>
- *5 Things to Know About Preparing a Will*
<https://www.finra.org/investors/insights/5-things-know-about-preparing-will>
- *Lock Down Your Financial Emergency Kit*
<https://www.finra.org/investors/insights/lock-down-your-financial-emergency-kit>

- *Managing Your Retirement Income:*
 - <https://www.finra.org/investors/learn-to-invest/types-investments/retirement/managing-retirement-income>
 - <https://www.finra.org/investors/insights/retirement-planning-numbers>

FINRA Investor Alerts

- *It Pays to Pay Attention to Your Brokerage Account Statements* (2016)
<https://www.finra.org/investors/alerts/pay-attention-brokerage-account-statements>
- *It Can Be Hard to Recover from “Recovery” Scams* (2016)
<https://www.finra.org/investors/alerts/it-can-be-hard-recover-recovery-scams>
- *Boiler Room Alert: If You Get a Call Like This, Don’t Bite—and Don’t Buy* (2015)
<https://www.finra.org/investors/alerts/boiler-room-alert-if-you-get-call-dont-bite-and-dont-buy>
- *Tools of the Fraud Trade: Phones and Emotions* (2015)
<https://www.finra.org/investors/alerts/phones-and-emotions>
- *Promissory Notes Can Be Less Than Promised* (2014)
<https://www.finra.org/investors/alerts/promissory-notes-can-be-less-promised>
- *Plan for Transition: What You Should Know About the Transfer of Brokerage Account Assets on Death* (2009)
<https://www.finra.org/investors/alerts/plan-transition-what-you-should-know-about-transfer-brokerage-account-assets-death> (updated in 2015)
- *Seniors Beware: What You Should Know About Life Settlements* (2009)
<https://www.finra.org/investors/alerts/seniors-beware-what-you-should-know-about-life-settlements>

Investor Tools

(available at <https://www.finra.org/investors/tools-and-calculators>)

- **FINRA BrokerCheck** (confirm whether investment professionals and firms are licensed)
- **Investment Professional Designations** (research what it takes to earn and maintain an investment designation—and what the designation’s acronym stands for)
- **Retirement Calculator** (help make sure you have enough to see you through retirement)
- **401(k) and IRA Required Minimum Distribution Calculator** (determine your Required Minimum Distribution (RMD) from a traditional 401(k) or IRA)
- **401(k) 'Save the Max' Calculator** (determine if you are on track to 'save the max' in your 401(k) by maximizing your contributions each pay period under allowed IRS limits)
- **Risk Meter** (see whether you share traits that make investors vulnerable to fraud)
- **Scam Meter** (this tool will help you tell if an investment opportunity might be a scam)
- **Con 'Em If You Can** (this game from the FINRA Foundation and Commonwealth teaches players about the types of persuasion tactics used to perpetrate financial fraud, so they are better able to defend against these tactics)

FINRA Conferences

- Communication Between Adult Protective Services (APS) and Professional Reporters of Financial Exploitation (2021)
<https://www.finra.org/events-training/virtual-conference-panels/communication-between-adult-protective-services-aps-and-professional>
- Social Distancing and the Impact on Older Investors (2020)
<https://www.finra.org/events-training/virtual-conference-panels/social-distancing-impact-older-investors>
- Financial Crimes, Trends and Responses – In the Midst of the Pandemic (2020)
<https://www.finra.org/events-training/virtual-conference-panels/financial-crimes-trends-and-responses-midst-pandemic>

Continuing Education Program Courses

(available at <https://www.finra.org/registration-exams-ce/continuing-education>)

- ***Financial Exploitation of Senior and Vulnerable Adults – NEW EL-ELC261 | 1.0 CE Credit***
This course is designed to help registered representatives understand their responsibilities in protecting senior and vulnerable adult clients from financial exploitation. Scenarios demonstrate the importance of recognizing and escalating respective red flags, and highlight specific rules and regulations that can help registered representatives fulfill their responsibilities to safeguard their clients from financial abuse.
- ***Senior Investor Issues: Diminished Decisional Capacity EL-ELC158 | 1.0 CE Credit*** This course consolidates the insights and research of leading academic, medical and legal professionals, psychologists and organizations on the topic of diminished decisional capacity. It provides information that registered representatives may find useful for identifying, working with and responding to senior investors or other customers with potential diminished—or diminishing—decisional capacity.
- ***Senior Investor Issues: Financial Exploitation EL-ELC247 | 0.5 CE Credits*** This course reminds registered representatives that fulfilling their regulatory obligations can help to protect senior investors from financial exploitation. Participants are presented with scenarios to help them learn how to detect situations or “red flags” that might indicate a senior client is being financially exploited.

U.S. Senate Special Committee on Aging**Hearing: *Financial Literacy: Addressing the Unique Just-in-Time Decisions
Older Americans and People with Disabilities Face*****January 13, 2022****Statement of Cindy Hounsell, JD, President****Women's Institute for a Secure Retirement (WISER)****INTRODUCTION**

Good Morning. I am Cindy Hounsell, President of the Women's Institute for a Secure Retirement (WISER), a 25-year-old nonprofit organization that works to help women, educators and policymakers address the complicated issues that affect women's planning for retirement and their long-term financial security. Thank you to the Committee for inviting us to participate in today's hearing on Financial Literacy to discuss ways to increase and improve financial literacy programs and provide support to older adults and their families who are making important financial decisions.

WISER is dedicated to the education and advocacy that will improve the long-term financial quality of life for women. As the only organization to focus exclusively on the unique financial challenges that women face, WISER's mission is to support women's opportunities to secure adequate retirement income; we do that through direct education, workshops, partnerships, and research. WISER has spent most of its 25 formative years working with diverse groups of women and training-trainers to make sure that there is community buy-in and the ability to follow up with experts. Black women, Latinas and Native American women in communities have been prominent in our work.

WHY Women?

One of the first questions that WISER is asked is why focus on women? Our response is that there are 5.8 million more women than men at age 65, and 67% of the over age 85 population are female.ⁱ Many of those in the group over age 85 end up near poor or in poverty, even if they have never been poor before. Yet, while many Americans are not financially prepared for retirement, the future for under-resourced women is especially alarming. The statistics find older women living alone becoming poorer as they age – especially minority women living alone who are more likely to age into poverty.ⁱⁱ The data confirms **the higher rates of**

poverty; for Hispanic women it is 43 percent and for Black women, 33 percent –rates almost twice that of white women.^{iii iv}

Women's longevity means that they will likely need *more* income. One out of two women in their mid-50's today will live until age 90. The nature of today's system of individual responsibility demands financial literacy/capability. Women want and need targeted information and knowledge in navigating the retirement system as well as in avoiding the traps and the gaps.

Financial Capability

Research shows that women generally have lower levels of financial literacy than men; yet literacy is linked to overall financial well-being.^v Understanding the basics of the complicated financial world that we all operate in is important in order to make the most of one's income, especially for those without access to information or financial literacy programs. When provided with basic, practical financial education that emphasizes that financial goals are achievable, workers can become better consumers and improve their financial situation. A definition of financial literacy by the National Endowment for Financial Education (NEFE) follows: "the development, acquisition, maintenance, and conservation of scarce resources that allow families and individuals, as they interact with the world around them, to better their levels of living."

WISER's key initiative is a program administered cooperatively and funded by the Administration on Community Living's, Administration on Aging – the National Resource Center on Women and Retirement (the Center). The Center operates as a national clearinghouse of tools and information on retirement planning. The Center's goal is for WISER to improve the financial knowledge of the Center's target population of vulnerable women by helping them plan and achieve retirement security. WISER presents financial workshops to diverse groups of women across the country. The target population includes not just low-income women, but women with disabilities, caregivers, rural women and those with limited English-speaking proficiency. The Center creates consumer publications that explain in easy-to-understand language the complexity of women's retirement issues: claiming Social Security, signing up for Medicare, emergency savings programs, caregiving issues, divorce, widowhood, long-term care and elder financial abuse. Most women cannot afford even the smallest mistakes, and they often encounter life events that have a significant impact on their financial lives, such as divorce and widowhood. The Center provides women with the information and tools they need to navigate these situations; for example, WISER's booklet

Going it Alone: A Guide for Widows which takes women step-by-step through the process of claiming benefits.

The Center works to reach as many women as possible to educate and provide them with information that can assist in retirement planning and decision-making. WISER's outreach includes participation with Aging Network partners to provide programs at annual conferences. For example, through collaboration with the Area Agencies on Aging (USAgings), Adult Protective Services, Service Coordinators and other groups that provide access to diverse groups of women, we train trainers who can assist women in their communities by providing helpful resources. The Center has directly reached hundreds of thousands of women through WISER's and our partners' workshops and we've reached millions with our publications, media, social media and website. WISER has also collaborated through partnerships with government agencies like the Social Security Administration, the Consumer Financial Protection Bureau, and the Securities and Exchange Commission.

WISER's outreach also extends to 20+ Center partners by providing specialized programs and co-branded reports such as the newly updated report, *Minority Women & Retirement Income*,^{vi} which is distributed through partners with underserved audiences and those with low financial literacy. Among the partners are MANA, A National Latina Organization (MANA) and the National Caucus & Center on Black Aging, Inc. (NCBA). Both are national nonprofit organizations; MANA is a Hispanic organization with 25+ chapters, and NCBA serves the Black/African American community through several state and local programs. These groups are long-time financial literacy partners who have prioritized providing skills and knowledge to their members. The specialized education programs are successful, as they are segmented for the appropriate audience, and nearly every experience is positive showing that women want to take more control of their financial future, even while they are hindered by the many challenging factors that affect women more than men. Unfortunately, while these programs cannot eliminate the retirement racial asset gaps, they do provide real hope, resources and ways to improve individual finances in a complicated economy. WISER's model has included some shared grant funding which has led to a ripple effect of innovative programs.^{vii}

Importance of Trusted Messengers

Success in reaching these groups has resulted from the partners developed along the way and the adaptability and flexibility needed to make the programs work.

Vickie Elisa, our Atlanta partner was successful in educating the women in her Mothers' Voices programs for African Americans --teaching about workplace benefits and retirement, and motivating the women to save--importantly, Vickie helped them believe that they could have a stable financial life; she persuaded them in part by sharing her own story of similar financial challenges. The women saw Vickie and her nonprofit as an agent of change and a 'trusted messenger.'¹²

Amy Hinojosa, President & CEO of MANA, A National Latina Organization with its 25+ chapters and affiliates, formed a strategic partnership with WISER to deliver financial education at the community level with a similar training-trainers model. Over the last decade, The *MANA Financial Literacy Leadership Institute Training* has trained more than 350 Hispanic community trainers from 26 cities and 16 states. These trainers have facilitated over 900 community workshops for more than 15,000 Hispanic women.

A "trusted messenger" can also be a local institution, such as a library or nonprofit; it does not need to be a specific person. In multiple programs, the trusted messenger was a savings institution, such as a local bank or credit union with which the program partnered, and which offered the women the opportunity to open a savings account.

Retirement Income

How much will women need? The percent of a worker's pre-retirement income needed to maintain retirement security depends on the circumstances of each individual household.^{viii} Access to retirement income is based on a woman's work life, her earnings, savings, and her marital status. But during their working years, women generally earn less because of the gender pay gap, have diverse work patterns and education levels, and are overrepresentation in the low-wage workforce without access to adequate workplace benefits, resulting in women having less in savings, less in Social Security benefits and less in retirement savings accounts.^{ix} It is important for all workers to know that Social Security benefits only cover 40 percent of preretirement income for the average worker. The average annual Social Security benefit for retired women workers in 2019 was \$14,952 compared with \$18,816 for men.^x Overall, women aged 65+ have 30 percent less retirement income than men,^{xi} yet they need more income to support the costs of living longer.^{xii}

To make matters worse, women have been disproportionately affected by the economics of the Covid pandemic; millions losing and leaving jobs, accumulating debt, and worsening their previous financial situations thus making it more difficult to pay monthly bills or cover unexpected expenses.^{xiii} Also, problematic

for many women is not knowing *what they need to know to make the best financial decisions, or to take advantage of benefits they might miss out on*. The recent financial hardships due to the COVID-19 economy highlight the importance of having a cash cushion to get through times of unemployment or reduced hours. Working harder is not a realistic solution, however, for many women in this target population already work more than one job at a time.

Unique Challenges: Longevity Risks, Health Care Costs, Marital Status and Caregiving

Longevity Risks & Health Care Costs: Women confront other retirement income challenges which are long-lasting due to their longevity and health care costs. Longevity risks include inflation, loss of spouse, and health care costs which have a disproportionate harm on women's retirement income. Today, a woman at age 65 can expect to spend approximately \$47,000 *more* in retirement for health care expenses than her male counterpart. These health care costs increase with age, as women experience more frailty and more long-term care services are needed.^{xiv} Many women are unaware of these facts and what services Medicare and Social Security actually provide. In fact, many families are not aware that Medicare does not cover most long-term care costs or that Medicare premiums are subtracted from their Social Security benefits.

Marital Status: Women are more likely to be single and at much greater risk of poverty as they age than are men – 26.1 percent of those who never married live in poverty compared to 4.9 percent of married women.^{xv} The gender mortality difference and the fact that many women marry older men, finds women are more likely to be living alone which increases the likelihood of poverty. While many women are caregivers for their husbands, many women do not have a spouse to care for them in their retirement years. At age 85, about 86% of women are single.

Caregiving: Currently, there are 48 million family caregivers, and the majority are women. Women generally and as caregivers are spending on average 9 years out of the paid work force.^{xvi} Those nine years mean zero earnings, or a career of 29 years compared to men's 39-year careers. The zero earnings are compounded in the 35-year calculation of their Social Security benefit. In addition, women, because of their need for flexibility for caregiving, are twice as likely to work on a part-time basis as are men, with the resulting lower earnings. Women are more likely to work in industries that pay lower salaries and have no retirement plans or less generous retirement plans.

Financial Caregiving: Women compromise work schedules by leaving the labor force or working part-time to accommodate family needs. Recent research studying the financial effects of caregiving found a majority of women/caregivers have given little/or no thought to their own financial situation, while over half describe their financial position as fair or poor.^{xvii} Another study shows that single women who care for elderly parents are 2.5 times more likely than other caregivers to live in poverty in retirement.^{xviii} The financial consequences are serious^{xix} but understanding the financial implications of these decisions allows for better planning and more opportunities for preserving retirement income and affording health benefits. However, financial caregiving also has consequences for both the caregiver and the care recipient who needs help with managing their financial affairs.^{xx} More than one in five caregivers provide both financial management and out-of-pocket support (\$7,242+ annually)^{xxi} to their care recipients with two-thirds of family caregivers reporting they could benefit from financial advice on managing money.^{xxii}

Auto Portability – A Positive Step

A fairly new retirement savings feature is a technology-based solution developed by the Retirement Clearinghouse. It ensures that when someone switches jobs (which 14.8 million workers do annually), their 401(k)savings moves automatically from their previous employer's plan to their new employer's plan, even if their assets are less than \$5,000. That allows their savings to continue to grow in one easy-to-monitor, consolidated investment account. Studies indicate that over a 40-year period, auto portability could decrease cash-outs to such a degree that it could add as much as \$1.5 trillion to \$2 trillion to Americans' retirement savings^{xxiii}. And much of that savings will belong to the people who need it most.

Without auto portability, 50% of workers who earn between \$20,000 and \$30,000 cash out within a year when changing jobs. Sixty-three percent of Black and 57% of Hispanic workers also cash out, as do 41 percent of women. Among women, 71% percent who cash out are women age 25-34. **But auto portability changes that.** The more financially challenged demographic groups – those with the smaller balances – lower their cash-out rates more than other groups when auto portability is a feature of the plans.^{xxiv}

Conclusion

WISER's focus is to help workers do the best they can within the system we have now by providing Financial Literacy programs, educating and advocating for the much-improved **Saver's Tax Credit**, preserving savings through auto portability and helping women to build emergency funds. We have recently been working with employers to expand information about Medicare & Social Security and encourage signing up for a *mySocialSecurity* account as most of the workforce no longer receives annual Social Security statements.

As a nation with an aging population, we need to educate the public on strengthening our existing retirement programs wherever possible. That means focusing especially on the links to both Social Security and Medicare, employer-sponsored retirement programs and emergency saving initiatives, and educating average workers about how these systems work to prevent penalties and loss of benefits.

Below is a list of issues that most workers need to know:

1. The impact of future inflation and taxes is often not included in planning for retirement despite the significant impact it can have on retirement income – think 10 years after retirement.
2. Individuals are often confused about how much is needed to cover their expenses in retirement. Benchmarks would be helpful.
3. Many individuals struggle to plan how they will draw down assets and need greater access to flexible income distribution options and guaranteed lifetime income options.
4. Longevity risk is poorly understood and not widely planned for and yet we are an aging society.
5. Many women assume they will just keep working beyond normal retirement age, but more than 40 percent of Americans end up retiring earlier than they planned to, usually due to job loss, family needs including health issues, or personal poor health.

Planning for retirement is effective and workplace seminars are helpful, but there is a need for basic resources to help people figure out how much they may need to increase their savings in order to retire with the ability to cover their expenses.

The following are suggested actions for building and supporting increased economic and financial security for all workers:

- Provide basic benchmarks so people are not confused about their full retirement age and when to sign up for Medicare;
- Improve programs for those with very low benefits such as those who are primarily low-wage, unmarried and widowed women;
- Provide some form of longevity bump-up for those age 85+;
- Study ways to offer retirement protection to women with significant time spent as caregivers, including the possibility of a provision for Social Security credits and credits for out-of-pocket expenses that may be preventing women from saving;
- Provide all workers access to Social Security estimated benefit statements;
- Expand retirement savings opportunities;
- Expand the concept of emergency savings as part of employer wellness plans;
- Improve the Savers Tax Credit and make it a staple of retirement saving for middle-income as well as for moderate- and low-income workers;
- Enhance knowledge of the three pillars of the nation's retirement systems (Social Security, employer-provided retirement plans, and personal savings) by helping individuals understand the importance of having access to each of the pillars; and
- Help individuals learn what they need to know about their Social Security benefits, about preserving their employer sponsored benefits and about taking advantage of individual savings programs available to them.

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- ⁱ Administration for Community Living, *2020 Profile of Older Americans*, May 2021.
- ⁱⁱ Cubanski, J., Coma, W., Damico, A., & Neuman, T., Kaiser Family Foundation, *How Many Seniors Live in Poverty*, November 2018.
- ⁱⁱⁱ U.S Census Bureau, Current Population Survey Annual Social and Economic (ASEC) Supplement, 2019.
- ^{iv} Hounsell, Cindy and Welty, Ellen, *Financial Programs for Underserved, Underbanked Women: They Make a Difference*, Journal of Financial Service Professionals, Vol. 75, No. 5, September 2021.
- ^v Yakoboski, Paul J., Annamaria Lusardii; & Hassler, Andrea, TIAA Institute–GFLEC Personal Finance Index (P-Fin Index), *Financial Literacy and Wellness among U.S. Women: Differences among Underrepresented Minority Women*, November 2020.
- ^{vi} Women’s Institute for a Secure Retirement, *Minority Women & Retirement Income: Your Future Paycheck*, 2020.
- ^{vii} WISER and MANA, A National Latina Organization, *The Latina Savings Project*, October 2019.
- ^{viii} GAO, Retirement Security: Better Information on Income Replacement Rates Needed to Help Workers Plan for Retirement, GAO-16-242, Washington, DC, Mar.1, 2016.
- ^{ix} For summary information on the gender pay gap see WISER’s Press Release from Pay Equity Day 2019 at: <https://www.wiserwomen.org/images/imagefiles/Equal%20Pay%20Day%202019%20PressRelease.pdf>
- ^x Social Security Administration, Annual Statistical Supplement August 2018.
- ^{xi} GAO. *Retirement Security: Women Still Face Challenges*. GAO-12-699. July 9, 2012.
- ^{xii} GAO. *Retirement Security Older Women Report Facing a Financially Uncertain Future*. GAO-20-435. August 13, 2020.
- ^{xiii} 2021 TIAA Institute–GFLEC Personal Finance Index.” Demographic Variations in Financial Literacy Race, /Ethnicity and Gender.
- ^{xiv} Amber Christ and Tracey Gronniger, “Older Women and Poverty: Special Report,” Justice in Aging, December 2018.
- ^{xv} Social Security Administration, *Marital Status & Poverty*, May 2016.
- ^{xvi} Women’s Institute for a Secure Retirement, *Ten Facts About Women and Caregiving*, 2019.
- ^{xvii} Transamerica Institute, *The Many Faces of Caregivers: A Close-Up Look at Caregiving and Its Impacts* (2017) Hereafter TI at 196
- ^{xviii} Donato, Katharine and Wakabayashi, Chizuko: *Women Caregivers are More Likely to Face Poverty*, Sallyport, Magazine of Rice University Vol. 61 No.3. Spring 2005.
- ^{xix} Id TI at 197&199
- ^{xx} Merrill Lynch, “The Journey of Caregiving.” (2017) Hereafter ML at 22 and Figure 9
- ^{xxi} AARP, “2021 Caregivers Out-of-Pocket Costs: Study and Fact Sheet, by Laura Skufca and Chuck Rainville, June 2021.
- ^{xxii} ML at 24
- ^{xxiii} EBRI, *The Impact of Auto Portability on Preserving Retirement Savings Currently Lost to 401(k) Cashout Leakage*, Issue Brief Number 489, August 15, 2019.
- ^{xxiv} Retirement Clearinghouse, *New Data Proves the Effectiveness of 401(k) Auto Portability*, July 27, 2021.



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Increasing HOPE Witness Statement

Good morning, my name is Dorothea Bernique and I'm the founder and Executive Director of Increasing HOPE Financial Training Center located in Charleston SC. HOPE is an acronym for **H**elping **O**thers **P**rosper **E**conomically. When I started my career as a financial representative, I thought surely this was the way to help teach others about finances and money management. Little did I know the need was so much greater than I'd ever imagined. I was clearly made aware of it on the day I left my job. On this day a client had come in to talk about making an investment. Someone had transported her to the office after she had called my office to set up an appointment. Part way through our conversation, she leaned in closer to me and whispered Ms. Dorothea, what is investing? That was the day I gave myself a pink slip and decided to walk away from my career to start Increasing HOPE. I knew that the need was great and that educating clients about financial products was not enough.

Financial well-being is defined as the state wherein an individual has a sense of (1) control over day-to-day and month-to-month finances; (2) has the capacity to absorb a financial shock; (3) being on track to meet financial goals; and (4) has the ability to make financial choices to enjoy life. The lack of basic financial literacy of individuals no matter the income results in low financial well-being as a result:

29.9% of SC consumers have credit cards for which the outstanding debt exceeds 75% of their total credit limit

15% of SC households have zero or negative net worth

14.4% of SC households reported falling behind on bill payments in the past 12 months

We know that this number is astronomically higher due to covid and the fact that 14.9% of SC households have income below the federal poverty threshold and have a lack of basic financial knowledge, this resulting in a very low well-being score of 18% in SC. This means that they are not in control of their day-to-day month to month finances, do not have the capacity to absorb financial shock that Covid-19 presented, are not on track to meet financial goals. The end result is not having the ability to make choices that allow them to enjoy life. Hence this is how our seniors end up as greeters at the nearest Walmart when

they should be enjoying the golden years of their lives. The lack of knowledge, lack of money management skills and a lack of income make the need for financial literacy and money management training a dire need in our state.

For more than 16 years now, Increasing HOPE has taught more than 333 classes, provided financial education to more than 9500 individuals and families. We have prepared tax returns for free for over 3650 individuals and families and saved more than 300 homes from foreclosure during the housing crisis. As a Housing & Urban Development (HUD) certified housing counseling agency we've helped individuals and families improve their credit scores and become homeowners.

Our current curriculum dfree is an amazing financial literacy life transforming course for the young and senior clients. The d in dfree is not just for debt. We teach our clients how to get set free from the bondage of debt, delinquencies, and deficits so that they can become free to begin to make deposits (becoming savers), make dividends (become investors) and have deeds (become homeowners). By teaching individuals how to manage their money so that they can manage their lives, we get to help change lives. There was Ms. Brown who at more than 60 years old sat crying confessing this was the first time in her life she had ever had a budget. For the first time in her life, she felt like she had control over her finances. A component of the dfree training course is specifically designed for seniors and the financial choices that specifically impact senior citizens.

To make an even greater impact, in less than 60 days we will move into a 30,000sq ft building called the Opportunity Center which will allow us to expand our services in the community. The Opportunity Center is a collaborative effort between 4 local nonprofits. Home of Hope, The Center for Heirs Property Preservation (CHPP), The SC Association of Community Economic Development (SCACED) and Increasing HOPE with a focus on community economic development services. The support of a 2.7-million-dollar grant from the Economic Development Administration (EDA) supported the renovation of the building and a recent 711K grant from the EDA will support the programmatic services of Increasing HOPE as we continue to serve the community in our new location.

The lack of financial literacy, coupled with low financial well-being and the impact of Covid 19 on families could seem over whelming, however, there is still HOPE. And Increasing HOPE Financial Training Center, will continue to make a difference in our community one class at a time, one counseling session at time, one person at a time.

Thank you for the opportunity to testify before the committee. I'll be happy to answer any questions you might have.

Testimony before the United States Senate Special Committee on Aging
January 13, 2022
Opening Statement from Patti Szarowicz of Atlanta, Georgia

Good morning, Chairman Casey, Ranking Member Scott, and members of the Committee. Thank you for the opportunity to share my experiences serving as a certified Aging and Disability Resource Connection Counselor at the Atlanta Regional Commission Area Agency on Aging over the past 15 years. The Atlanta Regional Commission is a regional Planning and inter-governmental agency that has multiple functions including serving as the Atlanta region's Area Agency on Aging. In that role, we serve older residents, caregivers, individuals with disabilities, and grandparents raising grandchildren access the information and resources they need.

Our Aging and Disability Resource Connection is part of the No Wrong Door System, a collaborative effort of the federal Administration for Community Living, Centers for Medicare and Medicaid Services, and Veterans Health Administration. In the Atlanta region, we refer to this and other services to consumers as "Empowerline." Every month, our Empowerline counselors assist more than 7,000 callers. Since June of 2021, we have seen an increase in calls by about 25%. Last state fiscal year, we assisted 57,291 residents. In addition, people can access information and search for services on our website empowerline.org, which has experienced a steady increase in visits.

Our 27 full-time equivalent Empowerline counselors respond to requests that come in via phone, email, fax, chat, and walk-ins. We provide information about housing, transportation, in-home services, financial assistance, and much more. We also receive inquiries and referrals from healthcare and long-term care partners, the Veterans Administration, and state and federal legislators. In addition, we are the region's entry point for both Georgia's Medicaid home- and community-based services' elderly and disabled waiver program and for services funded through the Older American's Act.

The amount of time that counselors spend on the phone with each person averages 25 minutes, but many cases take much longer, sometimes multiple days, depending on the nature of the call. Every call we receive is treated with a person-centered, holistic approach to help the person with all their needs, such as, but not limited to:

- Locating their nearest senior center
- Finding a ride to a medical appointment
- Obtaining financial assistance for rent, mortgage, or utility bills
- Navigating Medicaid waiver programs
- Meal delivery
- Securing in-home care for themselves or a loved one
- Identifying a caregiver support group or respite services

Some calls end up being much longer than others and covering more topics than the person may have originally intended. We always aim to provide support, which sometimes may simply be listening to their story.

Over the 15 years I have worked at the ARC, inquiries have become increasingly more complicated because of the callers' difficulty navigating healthcare and financial benefits such as Medicare, Medicaid and Social Security. Also, many people do not have a support system (for example: they are widowed or do not have family; their family lives out of town) or they lack computer skills or access. Because of this, we are frequently a person's only lifeline for obtaining information that can educate and help them make critical life-changing decisions.

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People are trying to make decisions such as choosing a Medicare Health Insurance plan that best meets their needs, understanding their eligibility for the Medicare Savings Program to pay their Medicare Part B premium, or understanding how to apply for Supplemental Security Income, or SSI, which gives them full Medicaid health benefits plus medical transportation. People are looking for someone to help translate the information they receive in the mail or that they see on websites such as www.medicare.gov and www.ssa.gov to their specific needs and situation.

We play such a critical role in helping people navigate these complex systems. Let me give you a few examples. I talk to Medicare beneficiaries who are paying \$20-\$40 in co-pays out of their \$794 monthly SSI income, when they could instead be enrolled in both Medicaid and Medicare with no cost.

Other people enroll in a Medicare program and don't know to check the plan the following year to make sure it offers the same coverage. In some cases, they find that their plan changed and the prescription drug they are taking is no longer covered. Others have a disability but do not have health insurance as they are waiting for their disability determination. Or someone under the age of 65 may have been deemed disabled but must wait for two years before they are eligible for Medicare. The lack of clear information limits people's ability to fully understand and utilize programs. Ultimately, this results in higher out-of-pocket healthcare costs, reduced healthcare access, worse health outcomes, and lower quality of life.

We provide relevant, accurate, and unbiased, and information so that people can make choices that best meet their own needs. We aim to get to the root cause of the challenges people are facing and help them understand WHAT is available to them as well as HOW to access it.

I can hear the pain and despair in the voices of callers, who say things like, "I'm in trouble, and I don't know what to do. Please, please call me back; I'm going to be homeless." I talk to renters whose home is now for sale and are having great difficulty finding affordable housing. Others may be getting evicted or having their utilities turned off because they were unable to pay their bills because of the cost of their prescriptions.

People too often rely on those in insurance sales (who may give limited and brand-specific guidance only) or on their family members (many of whom are not eligible for benefits within either Social Security or Medicare so may not have a real understanding of either). As an unbiased, person-centered, and free resource, Empowerline counselors can be trusted to provide help without an ulterior motive or for our agency's financial gain. Financial and health literacy should include knowing where to turn for trusted help when the systems are too complicated to navigate on your own.

Congress can help us better support older residents, adults with disabilities, and their care partners by supporting:

- Additional financial support for ADRCs so we can hire additional information counselors. ARC's receives funding from Georgia's Medicaid agency for the Medicaid HCBS waiver access and Georgia's State Unit on Aging. However, our State Unit on Aging only designates \$37,000 per year for ADRC information counseling, not enough funding for even one full-time staff person.

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- More user-friendly technology for documenting client data and better integration across our technology systems, which include telephone, resource database, and client management systems.
- Public awareness of the national network of Area Agencies on Aging and the invaluable, unbiased guidance we can provide for people.

Thank you for the opportunity to testify before this committee and allowing me to share my experience in serving older Americans, adults with disabilities, and their care partners. I look forward to answering your questions.

Questions and Responses for the Record

U.S. Senate Special Committee on Aging
“Financial Literacy: Addressing the Unique Just-in-Time Decisions Older Americans and
People with Disabilities Face”
January 13, 2022
Questions for the Record
Ms. Gerri Walsh

Senator Mark Kelly

- 1) As we’ve dealt with the COVID pandemic over the past two years, Arizonans have experienced dramatic changes in their lives. They may have lost a loved one. They may have lost a job. They may have changed jobs. They may be one of the millions of folks who have decided to retire.

My point is that peoples’ lives and circumstances have changed quickly over the past two years. How has FINRA’s guidance and education programming changed to reflect this?

Response:

The pandemic has changed the landscape of financial and investor education, both in terms of the topics of greatest concern to Americans and the delivery mechanisms that make the most sense for citizens coping with new realities and new daily routines. FINRA has not only continued to carry out its regulatory responsibilities during this time, but we have adapted to this changing environment.

For example, the FINRA Foundation’s research with social scientists from NORC at the University of Chicago shows that the pandemic has coincided with a surge in accounts opened by new investors (of different ages) who have *very* limited knowledge about investing. The FINRA Foundation responded with a series of interactive online investor education modules¹ specifically designed for the beginning investor who requires a highly efficient, on-demand mechanism for learning new skills and knowledge. These modules address critically important topics that every investor should know. They are concise and use plain language and easy-to-understand graphics.

In addition, we issued a series of educational articles directly addressing the pandemic, including the following:

- Financial Peace of Mind in the Age of Coronavirus² (Mar. 12, 2020)

¹ <https://www.finra.org/investors/learn-to-invest/smart-investing-courses>

² <https://www.finra.org/investors/insights/financial-peace-mind-age-coronavirus>

When it feels like so many things are out of our control, sometimes the best thing to do is focus on the things that are. Here are five questions to ask for some financial peace of mind in the age of coronavirus.

- **Fraud and Coronavirus (COVID-19)³** (Mar. 26, 2020)
Fraudulent schemes related to the coronavirus (COVID-19) pandemic have arrived, and they are coming in many forms, from investment fraud to fake CDC emails to phishing scams.
- **Fraud and Your Investment Accounts During COVID-19 Pandemic⁴** (May 11, 2020)
The COVID-19 pandemic is affecting most aspects of our society and daily lives, as well as the U.S. economy and markets. Events with such profound impact routinely create opportunities for financial fraud. This article highlights four common scams to look out for.
- **COVID-19 Early Withdrawals⁵** (June 3, 2020)
FINRA, NASAA, and the staff of the SEC's Office of Investor Education and Advocacy have joined together to provide this warning to investors about promoters targeting retirement accounts, as well as to provide a few key considerations for investors thinking of using 401(k) withdrawals or loans to purchase securities.
- **The Coronavirus Is Novel, but Crisis-related Scams Are Nothing New⁶** (Oct. 6, 2020)
Investors should be wary of schemes on the internet and social media claiming to raise money for companies promising new health care products that detect, treat, or cure COVID-19. While some could be legitimate, many will ring hollow, leaving investors with nothing but broken promises and empty pockets.

2) You mentioned in your testimony that your organization partners with places like libraries and workplaces to provide financial literacy opportunities. Has that still been able to happen?

Response:

Yes. Throughout the pandemic, public libraries have remained an important mechanism for ensuring that Americans have access to reliable, unbiased personal finance information and education. Working with the American Library Association (ALA), the FINRA Foundation has continued to deliver financial and programmatic support for libraries across the country. Many such programs and services have shifted to online delivery and/or have accommodated social distancing requirements. During a period when homeschooling was the norm, we collaborated with ALA⁷ to make virtual, interactive financial education available to young children.

³ <https://www.finra.org/investors/insights/fraud-and-coronavirus-covid-19>

⁴ <https://www.finra.org/investors/insights/fraud-and-your-investment-accounts-during-covid-19-pandemic>

⁵ <https://www.finra.org/investors/insights/covid-19-early-withdrawals>

⁶ <https://www.finra.org/investors/insights/coronavirus-novel-crisis-related-scams> ⁷

<https://tm4k.ala.org/>

At the same time, we have helped a large number of libraries serving lower-income communities expand their personal finance collections (both print and electronic) so that reliable, up-to-date information resources are available without cost to every library cardholder in those communities. The FINRA Foundation has also established a standing grant program to support public and academic libraries seeking to develop and put in place innovative financial education programs and services that respond to local priorities and accommodate the situational demands created by the pandemic.

With regard to the workplace as a key channel for financial wellness, the pandemic has placed extraordinary demands on America's essential workers. These individuals staff our care facilities, keep our economy productive, and make sure the everyday needs of our families are met no matter how severe the crisis. Financial education and financial capability services for these and other workers must accommodate their demanding schedules and allow them to be confident that they can manage their financial lives without the stresses that could put themselves and their families at risk.

For this reason, the FINRA Foundation partners with nonprofit agencies (United Way Worldwide and Catholic Charities, especially) and with employers nationwide to integrate financial wellness programs and services into the working lives of lower income employees. This includes financial coaching, access to emergency loans on favorable terms, resource coordination, and just-in-time education—either at the worksite or virtually as the situation demands. We continue to grow this network of participating communities, while devising and documenting strategies that operate well under pandemic conditions. As we complete this effort of compiling lessons from the pandemic, we will share what we learn with the public.

- 3) What other pivots have FINRA and the FINRA Foundation made that allow them to meet people where they are *right now*, when they may need financial literacy assistance more than they ever have before?

Response:

The FINRA Foundation firmly believes that our nation's strength depends on a financially capable populace, which is defined not only by knowledge and skill, but also by opportunity and access. In helping Americans build financial stability, invest for life goals and guard against fraud, we work in partnership with organizations that share our mission and reach people where they live, learn and earn. Over the past year, we have expanded our partnerships to reach a wider audience.

For example, we published our **Financial Inclusion Framework**,⁷ which guides our work and is built on pillars of communications, education and research. Through this framework, the FINRA Foundation aims to create new understanding and relationships that address systemic wealth disparities and lead to better outcomes for communities of color and underserved communities.

⁷ <https://finrafoundation.org/people-we-help/advancing-financial-inclusion-united-states>

Recent milestones include the creation and launch of a fellowship program to expand the pipeline of researchers from racial and ethnic backgrounds whose underrepresentation in academia has been severe and longstanding; release of financial inclusion research; and the 2021 Access & Impact Conference, staged in collaboration with NORC at the University of Chicago and FINRA's Office of Chief Economist, which explored research and policy governing diversity, equity and inclusion in the capital markets. More information is available on the FINRA Foundation's website at www.finrafoundation.org.

In addition, FINRA believes it is our responsibility to be good corporate citizens by enriching the communities where we live and work. One way we do this is through our partnerships with Operation HOPE⁸ and Junior Achievement⁹. We have encouraged FINRA employees to volunteer with these organizations to teach financial literacy to young people around the country.

- 4) We know financial literacy in this country is not where it should be. This question is for Arizonans who want to make responsible financial decisions and plans but don't know where to start.

What is the most important step someone should take to start this journey and start preparing for a secure financial future?

Response:

The earlier people start investing, the less money they generally need to invest to reach their goals. For instance, to reach a retirement savings goal of \$250,000 by age 65, a 25-year-old would need to set aside \$104 per month, assuming an annual return of 7 percent, while a 45-year-old would need to invest nearly five times as much (\$508 per month). To encourage young people to start their investing journey, FINRA had devoted a section of our website to Young Adults and Investing¹⁰.

For people of all ages, the Personal Finance¹¹ section of FINRA.org can help with setting financial goals, calculating current net worth, getting a grip on spending and debt, understanding credit and establishing an emergency fund. For those seeking to learn more about investing, our Smart Investing Courses¹² can help. And for those wishing to work with an investment professional, we provide six steps¹³ on how to get started, including how to use FINRA BrokerCheck to verify whether the person is properly licensed and whether they have a history of customer harm. Even though the vast majority of brokers are hard-working professionals who put their customers first and have no record of complaints, it is always wise to check.

⁸ <http://www.operationhope.org/>

⁹ <https://www.juniorachievement.org/web/ja-usa/home>

¹⁰ <https://www.finra.org/investors/learn-to-invest/young-adults-and-investing>

¹¹ <https://www.finra.org/investors/personal-finance>

¹² <https://www.finra.org/investors/learn-to-invest/smart-investing-courses>

¹³ <https://www.finra.org/investors/learn-to-invest/choosing-investment-professional/where-do-i-start>

Senator Raphael Warnock

- 1) In your testimony you say that financial literacy is declining. This is while resources for financial literacy have grown over the years. What is driving this decline?

Response:

Over the past 12 years, the FINRA Foundation's NFCS Study has found financial literacy to be steadily declining. New 2021 findings, yet to be publicly released, show financial literacy rates at their lowest. However, when examine the data by age, we see that the youngest group of respondents (those ages 18 to 34) saw the largest relative drop in financial literacy—down nearly 50% since 2009. Comparatively, the financial literacy levels of the 55+ group fell very little.

There are a number of ways to measure financial literacy, and we use five widely used questions developed by researchers at the George Washington University School of Business, the University of Pennsylvania Wharton School of Business and the FINRA Foundation. These questions are designed to assess Americans' understanding of interest rates, inflation, diversification, and mortgages.

Importantly, the data we collect tells us the “what”—how many Americans can correctly answer each question—but cannot tell us the “why.” One hypothesis for declining levels is that the questions rely upon an understanding of interest rates and inflation. For much of the past 12 years, we have seen have low and steady interest rates alongside low and steady rates of inflation. Until recently, these topics have not been in the news, and Americans (especially younger people) have not been able to learn about them experientially. Another hypothesis is that technological advances have changed the way people learn and the information they retain (versus what they can look up or calculate as needed).

Falling financial literacy levels should not be seen as a failing of financial education. On the contrary, a growing body of international research, documented in a recent report by Kaiser, et al. (2021)¹⁴, has found that financial education is, on average, cost-effective and improves financial knowledge and downstream behaviors. Specifically, financial education improved behaviors tied to budgeting, saving, credit and insurance.

In addition, the FINRA Foundation's research found that Americans who have participated in a substantial amount (>10 hours) of financial education exhibit better financial behaviors (such as saving) than those who have not. Both the amount and quality of financial education matter. Nevertheless, only 1 in 5 Americans report having received financial education in an academic or work-related context. That is why ongoing support for financial education is critical as is support for research that rigorously examines what works, including which methods work best for any particular audience.

¹⁴ <https://www.sciencedirect.com/science/article/abs/pii/S0304405X21004281>

- 2) How much farther behind has the public's financial literacy knowledge declined due to COVID-19, and what can be done to bring people back on track?

Response:

As we analyze the data from the 2021 wave of the FINRA Foundation's National Financial Capability Study, we hope to learn more about the impacts of the pandemic on American's knowledge, attitudes and behaviors. We will be releasing the 2021 data in either late spring 2022 or early summer 2022.

Continuing to shine a spotlight on the importance of financial education is one way Congress can help bring people back on track. A growing body of international research, documented in a recent report by Kaiser, et al. (2021)¹⁵, has found that financial education is, on average, cost-effective and improves financial knowledge and downstream behaviors. Specifically, financial education improved behaviors tied to budgeting, saving, credit and insurance.

In addition, the FINRA Foundation's research finds those Americans who have participated in a substantial amount (>10 hours) of financial education exhibit better financial behaviors (such as saving) than those who have not. Both the amount and quality of financial education matter. Nevertheless, only 1 in 5 Americans report having received financial education in an academic or work-related context.

To achieve better financial outcomes for all Americans, ongoing support for financial education—combined with support for research that rigorously examines what works, including which methods work best for any particular audience—is critical.

- 3) FINRA rules require member firms to ask investors for a trusted contact when setting up an account. Are there financial literacy requirements for these trusted contacts?

Response:

There are currently no financial literacy requirements for trusted contacts in FINRA's rules.

- 4) Do you think it would be beneficial if they are at least encouraged to take financial literacy training?

Response:

FINRA's and the FINRA Foundation's long-standing and evidence-based belief is that all Americans benefit from financial education, although we have not considered this policy to date.

¹⁵ <https://www.sciencedirect.com/science/article/abs/pii/S0304405X21004281>

The FINRA Foundation strives to build the capacity of the financial education field, empowering its partners to reach people where they live, learn and earn.

A trusted contact is an individual authorized by an investor to be contacted by their brokerage firm in limited circumstances, such as concerns about suspicious activity in the investor's account or if the firm has been unable to reach the investor. A trusted contact may be a family member, attorney, accountant or another reliable third party. Investors may establish more than one trusted contact and may add or change a trusted contact at any time. Importantly, being named a trusted contact does not confer an ability to transact in the account or make financial decisions on behalf of the customer. Moreover, the trusted contact cannot direct the firm to take action related to the account.

FINRA Rule 4512¹⁶ requires a brokerage firm to ask an investor for the name and contact information of a trusted contact person when opening a non-institutional customer's account or when updating account information for a non-institutional account. A trusted contact can help firms connect with investors to confirm current contact information, health status or the identity of any legal guardian, executor, trustee or holder of a power of attorney. Firms are not required to notify persons that they have been named as trusted contacts.

Importantly, customers are not required to designate a trusted contact. Our understanding from the firms we regulate is that some customers have been reluctant to name trusted contacts on their accounts, often out of a misplaced fear that doing so will enable their trusted contact to access or transact in the account. Because naming a trusted contact can add another layer of security on the account and put the firm in a better position to help keep the account safe, FINRA has collaborated with staff at the Securities and Exchange Commission's Office of Investor Education and Advocacy and the North American Securities Administrators Association to launch a campaign¹⁷ urging investors to provide their firms with trusted contact information. The goal is to help investors understand the true nature of, and limits on, a trusted contact's role while simultaneously providing resources firms can use to educate their customers about this important topic.

¹⁶ <https://www.finra.org/rules-guidance/rulebooks/finra-rules/4512>

¹⁷ <https://www.finra.org/media-center/newsreleases/2021/finra-nasaa-and-sec-oica-urge-investors-establish-trustedcontact>

U.S. Senate Special Committee on Aging
“Financial Literacy: Addressing the Unique Just-in-Time Decisions Older
Americans and People with Disabilities Face”

January 13, 2022
Questions for the Record
Ms. Cindy Hounsell, JD

Senator Jacky Rosen

1) **BARRIERS TO RETIREMENT FOR WOMEN & CAREGIVERS:**

Ms. Hounsell, I'd like to ask you a question I've previously raised before this committee, one regarding an issue that affects countless American families – caregiving. As someone who stepped back from my career to care for my parents and in-laws as they aged and became ill, I understand that family caregiving can be a full-time job, and one that disproportionately falls upon women. For far too many women, and especially women of color, leaving the traditional workforce to work as unpaid family caregivers can create significant earning losses that impact long term wealth accumulation and retirement savings. According to the Brookings Institution, women who leave work to care for an elderly family member not only lose wages, they also lose an average of \$131,000 in lifetime Social Security benefits.

- a. Ms. Hounsell, how would existing proposals in Congress, such as providing unpaid family caregivers access to a Social Security caregiving credit, fundamentally alter the ability of women to retire, and retire more comfortably, so that they are in a better position when just-in-time decisions need to be made, from claiming benefits to giving to charity? What other policy changes should Congress examine to better level the playing field for women and family caregivers, particularly as they prepare for retirement?

Response:

WISER has worked over the years to improve the financial security of women in retirement, including the special circumstances of widows, widowers and surviving divorced spouses. The recently introduced SWIFT Act, S. 1772, which would strengthen and expand Social Security benefits would greatly improve benefits for these particular women but could also help Family Caregivers -- who need these improved benefits after spending time out of the paid workforce. Also added to the list in our testimony is the need for the mailing of Social Security statements or having employers help women understand their options to assist them in protecting their economic security. This is especially important for women who need to take into consideration their spouses' Social Security record when claiming.

In addition, there needs to be sufficient funding for Social Security representatives to support the services that older adults need and that take into account the growing demographic needs. During

the first Covid year, 1200 local Field Offices closed presenting a huge barrier to getting the information needed while applications dropped 55 percent, and 49 percent of Social Security calls went unanswered preventing beneficiaries from receiving much needed help. Additional funds are needed to not only carry out the agency's mission, but also to close the ten-year budget gap, reopen the local offices safely, eliminate work backlogs, and address the long-term challenges posed by the pandemic.

Improving the customer experience of all Americans who need services from the Social Security Administration is especially important for people with disabilities, low-income seniors and those with limited English proficiency. For them, the Social Security Administration is likely to be their main and only source of financial support.

Senator Mark Kelly

- 1) Reading through your testimony, I was glad to learn more about the work your organization does to empower women in financial literacy and decision-making.

In this committee, we've talked a lot about wage disparities that lead to greater challenges for women to save for retirement. We've talked about how women face a disproportionate share of caregiving responsibilities, which impacts their ability to earn and save, but when your testimony said that today, a woman at age 65 can expect to spend approximately \$47,000 more in retirement for health care expenses than a man the same age, I had to pause. That's a lot of money. Could you speak to this discrepancy? Where it comes from and how we can reduce it?

Response:

Women confront various retirement income challenges which are long-lasting due to their longevity and health care costs. Longevity risks include: inflation, loss of spouse, and health care costs which have a disproportionate harm on women. Today, a woman at age 65 can expect to live until the age of 84 or 85; also, she will be spending approximately \$47,000 *more in* retirement for health care expenses than her male counterpart.

These health care costs increase with age, as women experience more frailty and chronic illness and more long-term care services are needed. Many women are unaware of these facts and how Medicare and Social Security really work. They are not aware that Medicare does not cover most long-term care costs or that their Medicare premiums are subtracted from their Social Security benefit.

EBRI, the Employee Retirement Research Institute using its simulation model predicts how much individuals need to have saved to cover premiums and medications predicts that a 65-year old woman needs \$95,000 in savings compared to \$73,100 for a man to have a 50/50 chance of having enough. to cover expenses.

The shorter answer of how to fix this is simple since we know women need more retirement income and that longevity is uncertain and related to individual mortality – what would help is more income which could come as a Longevity Payment at age 80 or 85 and is known among policy advocates as a Bump – Up Payment which would also apply to men and would probably have support as a means--tested benefit.

U.S. Senate Special Committee on Aging
**“Financial Literacy: Addressing the Unique Just-in-Time Decisions Older Americans and
 People with Disabilities Face”**

January 13, 2022
 Questions for the Record
Ms. Dorothea Bernique

Senator Jacky Rosen

1) **ENSURING ACCESS TO TIMELY RESOURCES BEFORE, DURING, AND AFTER
 WILDFIRES:**

Worsening wildfires – which are becoming more frequent and severe because of climate change – pose serious threats to human life, health, and personal property, with our seniors among those most vulnerable. In 2021, for example, the Tamarack and Caldor fires forced residents in parts of Douglas County, Nevada to evacuate their homes amid a declared state of emergency. That’s why it’s critical we ensure our seniors have access to the resources and assistance they need to keep themselves and their property safe during these rapidly-changing and unpredictable natural disasters.

- a. Ms. Bernique, as someone works to educate seniors and others in personal financial literacy, what federal resources are available to help those most vulnerable prepare for and respond to wildfire damage or significant property damage from other natural disasters? For example, are there important documents or personal finance information that you recommend seniors safeguard in their homes in case of natural disaster? Are there resources available to help address the loss of this information? And what more do you think Congress and the federal government can do to support seniors before and after disasters like wildfires strike?

Response:

Senator Rosen, thank you for your question. While I am not personally aware of specific resources and assistance they will safeguard personal property, it is the practice of Increasing HOPE to teach our clients no matter the age to plan properly. Therefore, we teach our clients to have a fireproof safe where all of their important documents are kept. In case of a fire or natural disaster, in theory they will only need to make sure to take they secure the safe. And if they are not able to take it with them, their important documents would be protected. Planning ahead of time is the key. I would recommend that they place all insurance policies, wills, power of attorney documents, medical power of attorney, social security cards, passports, deeds, titles and any other documents that have value to them.

U.S. Senate Special Committee on Aging
“Financial Literacy: Addressing the Unique Just-in-Time Decisions Older Americans and
People with Disabilities Face”

January 13, 2022
Questions for the Record
Ms. Patti Szarowicz

Senator Jacky Rosen

1) ACCESSABLE INFORMATION FOR SENIORS AND PEOPLE WITH
DISABILITIES:

So much of the “just-in-time” information we are discussing here today, in addition to much of the other information the public takes in every day, is increasingly stored and consumed online and in digital formats. For many seniors and people with disabilities, as well as those in rural areas with limited broadband, this digital information gap can pose significant challenges and limit access to the resources critical to navigating Social Security and Medicare, responding to natural disasters, and so much more.

- a. Ms. Szarowicz, throughout your career providing counseling assistance to seniors navigating federal resources, what type and format of information have you found to be most helpful to seniors and people with disabilities, who have to navigate complex federal agencies and often overwhelming information? What can Congress do to help streamline federal information guides for seniors and those with disabilities, and provide equitable access to those who may need additional time or assistance to make important decisions about their futures?

Response:

Information provided in an easy-to-understand step-by-step format that makes it clear what actions need to be taken and by when is the most helpful. For callers to the Aging and Disability Resource Connection (ADRC), the most thorough way for us to provide information is via email as a follow-up to our phone call. We email links to the specific webpages people need go to, and if possible, we will download and send the specific form(s) they need to fill out (e.g., SNAP application) as an attachment to the email. However, not everyone has internet access, so sometimes we must send the information and forms via mail, which is usually not fast enough. We then try to follow-up with people on the phone to make sure they understand the information we sent – whether via email or mail – and answer any additional questions.

Federal information guides should have clear step-by-step instructions with deadlines. In addition, guides should include the Eldercare Locator phone number and website, so people can quickly connect with the right contact best suited to help them understand the information. Having information available for people when they need it and are ready to process it is critical.

The ADRC network can help people with making important decisions and get them the right resources. To provide equitable access to people who need additional time or assistance, Congress should provide funding for sufficient ADRC counselors so we can be readily available to people when they need information to ensure people are getting what they need that's relevant to them at that point in time. In addition, Congress should provide funding for outreach about ADRCs and the national network of area agencies on aging in underserved communities, particularly those with low internet access, so they are aware of this network as a free, unbiased resource.

Senator Mark Kelly

- 1) I came into office during the COVID-19 pandemic, and helping Arizonans get to the other side of this pandemic has been my main focus throughout my time here.

That's why my office has worked closely with the state of Arizona, counties, and cities to ensure that funding made available through various COVID relief packages, including the American Rescue Plan, gets into the hands of those that need it—and that people know if and when they are eligible for assistance. But I am hearing from my constituents that in many cases, if you are eligible, you need a computer to access these services or dollars. You need internet. And a lot of folks in rural Arizona don't have that.

You work directly with folks navigating these same issues, whether it's with accessing their bank accounts, paying their bills, or just trying to keep in touch with friends and family. What are you hearing from these individuals, and how we can be most helpful to solve these technology barriers?

Response:

To navigate federal resources, internet access and email are necessary. For certain types of assistance, such as prescription assistance, people can only apply online. As such, people without internet, without devices, or lacking computer literacy then have to ask someone else to help them apply (e.g., their adult child, a neighbor), but often another person isn't available to help soon enough. Others may be able to access internet at a local library or community center, if they have transportation to get there, but they don't know how to use the technology or how to navigate online.

The four areas in which federal support and funding is needed to remove barriers to internet resources include: 1) access to the internet; 2) affording internet access; 3) acquiring technology/devices to use the internet; and 4) knowledge on how to (and how to safely) use the internet.

Note computer literacy training is important to solving technology barriers and helping people safely navigate online resources. There are many fraudulent websites that appear to be legitimate but are not. If someone isn't educated about common scams and how to look out for fraud or if they don't call the ADRC for assistance with navigating the resources, they can easily be scammed.

Senator Raphael Warnock

- 1) What can we do to ensure that seniors and individuals with disabilities are aware of benefits that would support their financial freedom?

Response:

Aging and Disability Resource Connections (ADRCs) provide individualized, person-centered, holistic counseling. We start with the consumer and understanding their goals before we discuss how to meet their needs. Once we understand their goals, we take the information about public benefits that Congress provides and help people understand how these benefits could support them in their current situation. Then, we assist people with accessing those benefits, such as rental assistance during the pandemic, utility assistance, or prescription assistance in their own communities. We also link people to services they can afford to pay for privately, without needing public assistance.

Depending on their individual situation, we connect individuals to benefits and services that make a huge difference in their financial stability as well as to their independence, health, and well-being – benefits like Medicaid-funded home and community-based services, SNAP (food stamps), in-home services, and Veteran's Benefits. Just one example of increasing a person's financial stability would be to make them aware of eligibility for Medicare extra help benefits in paying their Part B premiums (saving them \$178+ dollars month) and lowering their prescription costs.

Congress could help by supporting public awareness of the ADRCs. So many people are unaware of this unbiased, free expertise that provides individualized counseling. It is not uncommon for my conversation with a consumer to start with the consumer saying, "I have contacted so many agencies trying to get help, and the person on my last call referred me to you." Supporting public awareness of the ADRCs would remove this consumer frustration and expedite connecting the person to the services they need. Congress could also help by providing designated ADRC funding through the Older Americans Act.

- 2) How important is it that financial literacy tools support the autonomy and self-sufficiency of seniors and people with disabilities?

Response:

It is critically important that we support the autonomy and self-sufficiency of older people and people with disabilities. One of the most important tools to enhance financial literacy is computer literacy. There is a huge need for older people and people with disabilities to know how to manage their finances online, such as online banking (including bill paying), applying for public benefits, checking retirement accounts, reaching customer service, and so much more.

I can personally attest to the need for financial support to provide computer literacy. I am a caregiver for my 90-year-old father, and I taught him how to pay his bills online because it had become difficult for him to physically write a check and manage a check book. It gives him independence and peace of mind to be able to go online and check his balances and recent transactions, particularly to verify that his monthly Social Security check has been deposited in his checking account.

Congress can help by supporting computer literacy training for older people and people with disabilities. It is a critical unmet need, and today, the need has increased exponentially because so many more parts of our lives went online due to the COVID-19 pandemic.

Additional Statements for the Record



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99 M Street SE
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December 8, 2021

The Honorable Bob Casey
Chairman
Special Committee on Aging
United States Senate
Washington, DC 20515

The Honorable Tim Scott
Ranking Member
Special Committee on Aging
United States Senate
Washington, DC 20515

Dear Chairman Casey and Ranking Member Scott:

On behalf of America's credit unions, I am writing to thank you for holding this important hearing, "Financial Literacy: Addressing the Unique Just-in-Time Decisions Older Americans and People with Disabilities Face." The Credit Union National Association (CUNA) represents America's credit unions and their more than 120 million members.

Financial exploitation is one of the most common forms of elder abuse. CUNA strongly supports efforts to help seniors avoid financial exploitation and to encourage responsible decisions regarding financial management. Many credit unions provide a full range of financial services, including financial management, retirement planning, and credit counseling to their members, including seniors and their families.

Credit unions also provide elder abuse information and additional resources to help consumers, including on the credit union's websites and with account statements. The member-owner relationship means credit unions dedicate substantial resources to assist members in living healthy financial lives and are in a key position to assist regulators and law enforcement in the deterrence of scams targeting seniors.

CUNA was heavily involved in and strongly supported the successful enactment into law of the *Senior Safe Act of 2018*. This law, spearheaded by this Committee, encourages financial institutions, regulators, and other entities to work together to thwart senior financial abuse by providing reporting immunity under bank privacy laws. It also encourages education and training at financial institutions to recognize and appropriately deal with elder financial exploitation.

On behalf of America's credit unions and their more than 120 million members, thank you for your leadership on this issue.

Sincerely,

A handwritten signature in black ink that reads "Jim Nussle".

Jim Nussle
President & CEO



Alzheimer's Association and Alzheimer's Impact Movement Statement for the Record

**United States Senate Special Committee on Aging Hearing on "Financial Literacy:
Addressing the Unique Just-in-Time Decisions Older Americans and People with
Disabilities Face"**

January 13, 2022

On behalf of the Alzheimer's Association and the Alzheimer's Impact Movement (AIM), including our nationwide network of advocates, thank you for your continued bipartisan leadership on issues important to Americans living with Alzheimer's and other dementias, and their caregivers. The Alzheimer's Association and AIM appreciate the opportunity to submit this statement for the record for the Senate Special Committee on Aging hearing entitled "Financial Literacy: Addressing the Unique Just-in-Time Decisions Older Americans and People with Disabilities Face."

The Alzheimer's Association is the world's leading voluntary health organization in Alzheimer's care, support, and research. It is the nonprofit with the highest impact in Alzheimer's research worldwide and is committed to accelerating research toward methods of treatment, prevention, and, ultimately, a cure. AIM is the advocacy affiliate of the Alzheimer's Association, working in strategic partnership to make Alzheimer's a national priority. Together, the Alzheimer's Association and AIM advocate for policies to fight Alzheimer's disease, including increased investment in research, improved care and support, and development of approaches to reduce the risk of developing dementia.

Alzheimer's is emotionally, physically, and financially draining for individuals and families. It is also creating an enormous strain on the health care system, as well as federal and state budgets. An estimated 6.2 million Americans age 65 and older are living with Alzheimer's dementia in 2021. Total payments for all individuals with Alzheimer's or other dementias are estimated at \$355 billion (not including unpaid caregiving) in 2021. Medicare and Medicaid are expected to cover \$239 billion, or 67 percent, of the total health care and long-term care payments for people with Alzheimer's or other dementias. Total payments for health care, long-term care, and hospice care for people with Alzheimer's and other dementias are projected to increase to more than \$1.1 trillion in 2050, not adjusted for inflation. These mounting costs threaten to bankrupt families, businesses, and our health care system.

Every illness brings different medical, emotional, and financial challenges for the caregiver. But caring for a person living with Alzheimer's or another dementia can be particularly expensive. Alzheimer's impacts a person's memory, thinking, and behavior. It also impacts their ability to manage money. In fact, studies show that trouble managing bills and other financial problems can sometimes be an early sign of dementia. As the disease progresses, the person living with

dementia will eventually become completely dependent upon their caregiver to manage their money.

Financial literacy and preparedness

For individuals living with dementia, their families, and caregivers, making financial decisions can be confusing, which in turn leads to preventable mistakes. This includes a lack of understanding of the disease and future care costs, such as how there are three stages to Alzheimer's, or even how some individuals can live 20 years or more with the disease. People also tend to assume that financial planning is only for the wealthy, or are too anxious or uncomfortable to talk about money. Additionally, crimes against older Americans are a growing problem, and individuals living with Alzheimer's are more susceptible to becoming a victim of fraud or financial abuse. Ultimately, many of these mistakes are the result of misunderstandings and can be prevented, which is why the availability of resources or trainings early on during the progression of the disease is so critical.

The Alzheimer's Association received funding from the Administration for Community Living (ACL) to develop a financial literacy and preparedness education program for dementia and non-dementia caregivers to be delivered in-person or virtually. The Association held focus groups to assess the relevance and usefulness of the curriculum, and finally, we conducted market research with 300 caregivers. The following topics as they pertain to financial literacy and preparedness were identified as being most important to caregivers:

- Costs of caregiving
- Implications of Alzheimer's disease
- Benefits of planning early
- Avoiding financial abuse and fraud
- Conversations about finances
- Identifying financial and legal needs
- Finding financial support

The program will be available in January 2022 in three formats: online, in-person/virtual, and in Spanish.

Providing older adults with information

Providing financial decision information to people living with mild cognitive impairment, Alzheimer's disease, or other dementia can be done in a variety of ways including collaboration with trusted community partners or gate keepers to help reach those in diverse and underserved communities. It is important that information and materials are culturally sensitive to the community for which it is meant. Additionally, utilizing language that is understandable to people is key. At the Association, we conduct a readability assessment on materials to strive for a 6th grade reading level. Information and materials need to be delivered in a myriad of ways including in-person/virtual programs, online programs, website, brochures, fact sheets, and our Helpline to speak to someone directly 24/7.

Currently available resources

The Alzheimer's Association currently provides numerous resources and supports as people with mild cognitive impairment, Alzheimer's disease, or other dementia and their families look to make financial decisions. The Association runs a 24/7 Helpline staffed by specialists and master's-level clinicians to offer confidential support and information to people living with dementia, caregivers, families, and the public. Additionally, The Association and AARP partnered for a community resource finder which is available at alz.org/CRF.

Specific resources on eldercare and Elder Fraud are available through eldercare.acl.gov and www.fbi.gov/scams-and-safety/common-scams-and-crimes/elder-fraud.

Conclusion

Again, we thank the Committee for holding this hearing on such an important topic and for its commitment to the Alzheimer's and dementia community. We appreciate the opportunity to comment on today's hearing, and look forward to working with you and other members of Congress on issues important to Americans living with Alzheimer's and other dementias, their families, and caregivers including financial literacy.