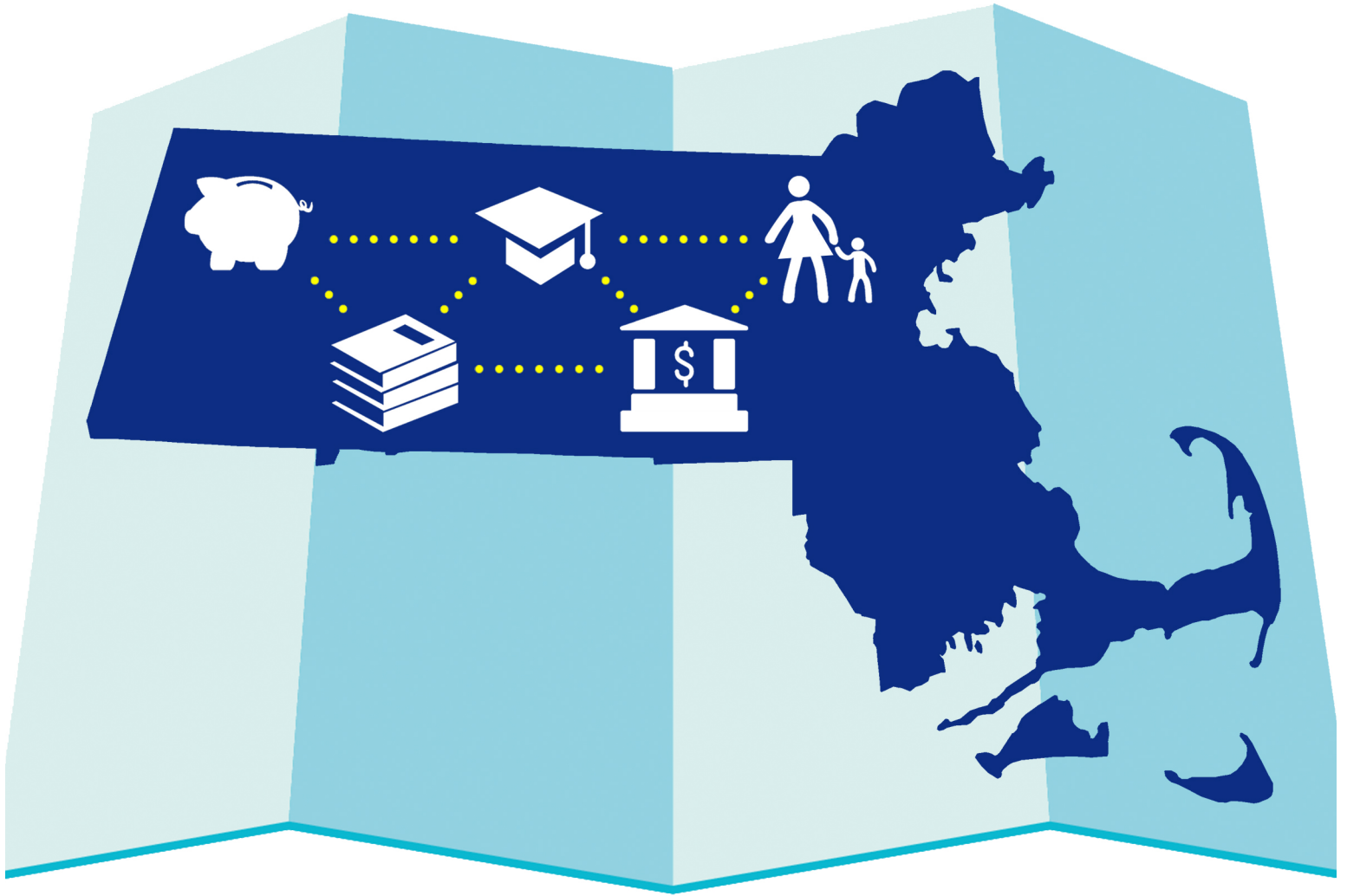


REPORT ON FINANCIAL LITERACY IN MASSACHUSETTS



A ROADMAP TO ECONOMIC EMPOWERMENT

Recommendations from the Massachusetts Financial Literacy Task Force

December 2015



Office of the State Treasurer and Receiver General
of Massachusetts



Massachusetts Office of Economic Empowerment

TREASURER & RECEIVER GENERAL OF MASSACHUSETTS, DEBORAH B. GOLDBERG



Massachusetts is a truly exceptional state, and remains at the forefront of critical sectors in our economy. We are a national leader in many areas including health care, civil rights, energy, high tech, and biotech. We are home to some of the most prestigious colleges and universities in the world and our elementary and secondary education systems are consistently recognized as the highest achieving in this country.

Though we have seen tremendous economic growth and educational achievement, we have fallen behind other states when it comes to providing financial education. National research suggests that Massachusetts has room to improve in helping our residents become financially literate and providing them with the tools they need in order to make informed decisions. In fact, a recent study from Champlain College even gives our state a failing grade for educating our students in this area.

My office has a critical role to play in strengthening the Commonwealth's economic security. As Treasurer, it is my responsibility to safeguard the fiscal health and stability of our state. From overseeing the investments of our pension fund, to handling our daily cash flows, the Treasury fulfills numerous essential functions as the fiscal steward of Massachusetts. In addition to these responsibilities, we have a rich history of providing access to financial education to residents, including women, veterans, and seniors.

While our existing programs have been impactful, they have been limited in their reach throughout the state. That is why I enlisted a diverse group of policymakers, educators, bankers, and advocates to establish a statewide Financial Literacy Task Force. Through their examination of the state of financial education in Massachusetts, these industry leaders developed an action plan to empower Massachusetts residents with the resources they need to manage their money and better understand the effects of their economic decisions. Thirty-one Task Force members committed their time, energy, resources, and expertise over six months to play an important leadership role in this effort. In fact, our members and Office of Economic Empowerment staff devoted nearly 600 hours to the research and policy recommendations contained within this report.

I am deeply thankful to each member of the Task Force and Treasury staff for their tireless work and commitment to completing this plan. This effort could not have been successful without the combined expertise and resources they leveraged from many outside organizations and state agencies.

This report is the first of many steps in building a robust, statewide financial literacy program in Massachusetts. I hope that others will join us in our attempt to develop a blueprint for economic security and financial stability that creates opportunity for everyone throughout the Commonwealth.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Deborah B. Goldberg'. The signature is fluid and cursive, with a large loop at the end.

Deborah B. Goldberg
Treasurer and Receiver General

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This report exemplifies that hard work and dedication of many policymakers, educators, bankers and advocates, as well as the Office of Economic Empowerment (OEE) staff and interns, who examined the state of financial literacy in Massachusetts. A debt of gratitude goes out to Barbara Anthony, former Undersecretary of Massachusetts Office of Consumer Affairs and Business Regulation and a Senior Fellow at the Kennedy School of Government and Pioneer Institute. As Chair of the Task Force, Barbara's expertise and extraordinary leadership helped make this initiative possible.

We are also grateful to all of our members for their comprehensive invaluable research, their sharing of best practices, and incredible hard work over the past several months.

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¹ The authors of this report are the members of the Treasurer's Financial Literacy Task Force. The views expressed herein are those of the individual authors and do not necessarily reflect those of the Office of the State Treasurer and Receiver General, any employee thereof, or any organization to which any of the authors are affiliated with.

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EXECUTIVE SUMMARY

Since the first day of her administration, Treasurer Deb Goldberg has recognized the intrinsic link between her office's duties and its unique ability to strengthen the economic security of every Massachusetts resident.

One of Treasurer Goldberg's first initiatives in her administration was the creation of the Task Force on Financial Literacy, a group of policymakers, educators, bankers, and advocates responsible for examining the state of financial education in Massachusetts. The Task Force was asked to complete a comprehensive study of access to financial education in Massachusetts, and release a detailed set of actionable recommendations to enhance financial literacy throughout the state.

In approaching this assignment, the Task Force studied three key demographic groups: K-12 students, college students, and adults. The report attempts to identify and summarize the key challenges faced by the studied populations, and offer specific recommendations that are high-quality, actionable, and scalable.

The report concludes that many residents and families simply lack access to and awareness of the tools that they need to manage their money, plan for college, save for retirement, and make sound decisions for their future. However, it also acknowledges numerous financial education resources that already exist in our state, and outlines strategies to build upon these efforts.

The recommendations contained in the action plan are designed to have broad impact, reach a diverse range of Massachusetts residents, break down barriers, and create opportunity.

Summary of Recommendations

Overarching Recommendations

- 1) *Aggregate, maintain, build upon, and increase accessibility to all financial education activities and initiatives in the state;*
- 2) *Promote a public financial education awareness campaign;*
- 3) *Communicate with stakeholders about the family dynamic principle, and include it in all of the financial literacy programming within the Office of Economic Empowerment; and*
- 4) *Work closely with the Legislative Affairs staff at the Office of the State Treasurer and Receiver General to monitor and advocate for ongoing legislation related to advancing the goals and recommendations put forth in this report.*

K-12 Recommendations

- 1) *Develop a method of evaluating the personal finance decision-making, knowledge, skills, confidence, and behavior of Massachusetts K-12 students in order to better assess their financial literacy;*
- 2) *Collaborate with the Massachusetts Department of Elementary and Secondary Education (DESE) to connect educators with financial education teacher training and professional development points;*

- 3) *Encourage public, private, and non-profit entities to share information, participate in events, and support development of programs that promote financial education among K-12 youth; and*
- 4) *Create mechanisms and incentives for the various providers of K-12 financial education to convene regularly, share best practices, and coordinate their activities for school age youth and their families.*

College Recommendations

- 1) *Establish a College Financial Readiness Advisory Group to provide guidance and expertise to the Office of Economic Empowerment as it implements K-12 and College recommendations;*
- 2) *Provide students and their families with information on how to finance and save for college;*
- 3) *Identify and promote informed career exploration within high schools, organizations serving out-of-school youth, and institutions of higher education;*
- 4) *Increase the financial capability of college and college-bound students;*
- 5) *Advocate in support of improving access to college affordability tools, such as financial aid shopping sheets and loan forgiveness programs; and*
- 6) *Provide educators and counselors with the tools they need to teach and incorporate financial education into their curriculums and programs.*

Adult Recommendations

- 1) *Create public/private partnerships to expand access to Basic Financial Education in budgeting, banking, use of credit, and consumer education with an emphasis on low-to-moderate income residents;*
- 2) *Identify and mobilize volunteer networks to provide financial education in communities and places of employment with a particular focus on low income residents, first-generation immigrants, women, veterans, and seniors;*
- 3) *Expand access to specific Transactional Financial Education (or “Just in Time”) and Advanced Individual Financial Coaching for individuals with complex financial issues;*
- 4) *Work with the Office of Refugees and Immigrants (ORI) to connect their constituency with reliable financial education, resources, and services;*
- 5) *Promote financial education for women to enhance economic standing with a focus on wage equality and the tools they need to be financially successful;*
- 6) *Increase opportunities for non-profit organizations, public agencies, and colleges to provide financial education to the Military, Veteran, Family and Survivor Community (MVFSC);*
- 7) *Activate public/private partnerships to support local senior meeting places to strengthen their reach into the community and support the education and counseling that best serve at-risk elders; and*
- 8) *Advance financial capability by coordinating with related federal and state agency efforts.*

THE STATE OF FINANCIAL LITERACY IN MASSACHUSETTS

K-12

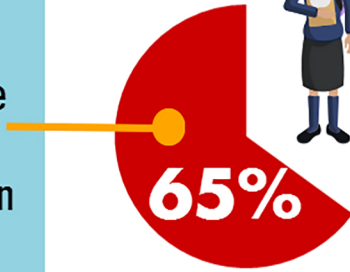
Massachusetts is one of 12 states that does not require schools to offer financial education courses to students



Research shows that as little as 6.9% of high school students in the United States can be considered financially literate

College

65% of Massachusetts students from the class of 2014 graduated with an average debt of \$29,391



Massachusetts ranks 11th highest in the country for average student debt per borrower

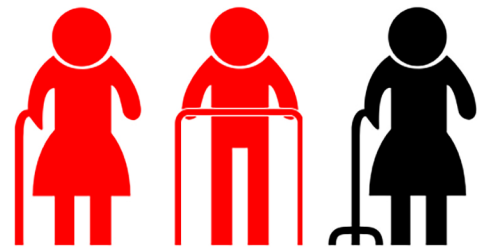


Average student loan debt went up 73% from 2004 to 2014

Adults



35.3% of Massachusetts households would not be able to cover their basic living expenses for three months in the absence of income



63% of senior households in Massachusetts are considered "economically insecure"

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Wider Opportunities for Women. 2014. *Living Below The Line: Economic Insecurity Among Massachusetts' Elders*. <http://www.wowonline.org/wp-content/uploads/2013/05/Living-Below-the-Line-Economic-Insecurity-Among-Massachusetts-Elders-Report-WOW-MAOA-2014.pdf>.

INTRODUCTION

Massachusetts has played a pivotal role in the emergence of modern banking and finance since our country's founding. At the end of the 18th century, Massachusetts was one of the first in our nation to create a state chartered bank, whose early account holders included Paul Revere, Samuel Adams, and John Hancock.² Today, Massachusetts is considered a leading global financial hub, and continues to shape the evolution of the worldwide financial services sector. As the constitutional office responsible for managing all of the state's funds, the Office of the State Treasurer and Receiver General is deeply informed by this rich history.

The expansion of modern banking has not come without its challenges. Today, families and residents in our state are struggling to navigate an increasingly complicated financial environment. Across the spectrum, people from various backgrounds are having trouble managing their money, paying for college, saving for retirement, and reducing their debt. Seniors, veterans, and first-generation immigrants are falling victim and are particularly vulnerable to predatory scams. Money continues to be a social taboo for some families who are uncomfortable about openly discussing their finances.

There is clearly a need to equip residents with the tools they need to achieve financial stability and avoid potential future economic catastrophes. The Office of the State Treasurer and Receiver General has a long record of sound fiscal stewardship by managing the state's cash, debt, investments, and pension fund. In addition, the Massachusetts State Treasury has been a significant source of state-sponsored programming on this issue for targeted populations across the state, including women, seniors, and veterans.

Since the first day of her administration, Treasurer Deb Goldberg has recognized the intrinsic link between her office's duties and its unique ability to strengthen the economic security of every Massachusetts resident. In her inaugural address, she pledged to do her part "to ensure that both our state and our people have economic stability and security, [and] opportunity for personal empowerment."³ As part of this commitment, Treasurer Goldberg restructured the Massachusetts State Treasury to create the Office of Economic Empowerment (OEE), a new department responsible for overseeing a broad range of initiatives around financial literacy, wage equality, college affordability, and careers and education in science, technology, engineering, and mathematics (STEM).

One of Treasurer Goldberg's first initiatives under this new department was the creation of the Task Force on Financial Literacy, a group of policymakers, educators, bankers, and advocates responsible for examining the state of financial education in Massachusetts. The Task Force was charged with launching a comprehensive research effort with the goal of developing

² "Bank of America Puts 220 Years of Banking History on Display." 2006. PR Newswire.

<http://www.prnewswire.com/news-releases/bank-of-america-puts-220-years-of-banking-history-on-display-53517317.html>.

³ "Deborah Goldberg Takes Office as Treasurer and Receiver General." 2015. mass.gov.

<http://www.mass.gov/treasury/about/media-pubs/treas-press-rel/2015/deborah-goldberg-takes-office-as-treasurer.html>.

recommendations on how to empower our citizens with earlier exposure to money management in order to make informed economic decisions throughout their lives.

The Task Force approached this challenging assignment head-on, and created three distinct subcommittees to study key demographic groups: K-12 students, college students, and adults. While these groups were studied separately, it became clear throughout this process that they were all fundamentally connected. After spending approximately 600 cumulative hours researching and completing this report, it is clear that attaining financial literacy is a lifelong process.

In this report, we have attempted to identify and summarize the key challenges that face the populations studied, and offer specific recommendations that are high-quality, actionable, and scalable. While we concede that the report does not go into great detail about the challenges faced by every specific demographic group in our state, we are keenly aware of the persistence of these complex barriers. We acknowledge that the scope of our assignment led us to focus more on recommendations that would create broad impact; however, we believe that most of the actions identified will reach a diverse range of Massachusetts residents.

Overall, we have concluded that while numerous financial education resources exist in our state, many residents and families simply lack access to and awareness of the tools that they need to adequately manage their money, plan for college, save for retirement, and make sound decisions for their future.

In the course of our research on existing resources, we found that schools, financial institutions, non-profit organizations, and government agencies have developed many promising practices to help empower Massachusetts residents. For example, many high schools across our state are already partnering with local banks and credit unions to host “Credit for Life Fairs,”⁴ simulations that teach students critical life skills like saving, spending, and budgeting. Many of these best practices are referenced in our recommendations. These practices should continue to be replicated and tracked.

We cannot overstate the importance of the task at hand. Poor access to financial education will continue to prevent residents and families from advancing their economic standings. This has the potential to impact the growth of our state’s economy, and could prevent the Commonwealth from remaining globally competitive. By breaking down the major barriers that inhibit families from being economically stable, we can create new opportunities for personal success.

We hope that this detailed action plan⁵ provides the State Treasurer and Receiver General of Massachusetts and OEE with the roadmap they need to begin the important work of implementing policies that expand and coordinate access to financial education, measure their impact, and strengthen the economic security of residents and families.

⁴ “Massachusetts Division of Banks And Treasurer To Partner On Financial Education Initiatives.” 2015. [mass.gov. http://www.mass.gov/treasury/about/media-pubs/treas-press-rel/2015/ma-banks-and-treasurer-to-partner-on-financial-education.html](http://www.mass.gov/treasury/about/media-pubs/treas-press-rel/2015/ma-banks-and-treasurer-to-partner-on-financial-education.html).

⁵ Please note that this report is not exhaustive in identifying and/or describing all financial literacy programs that exist in Massachusetts.

GUIDING PRINCIPLES AND KEY TERMS

The following principles and key terms identified through the Task Force’s literature-based research have helped to shape the final report’s recommendations.

Guiding Principles

Overarching Principle

Individuals must be financially literate in order to make informed decisions to secure economic stability and well-being.

Starting Early

The Task Force believes that the earlier individuals are given access to financial education concepts, the better prepared they are to make financial decisions. Massachusetts residents must be provided with the necessary tools to make proactive decisions about financial products and services in order to effectively manage their expenses, debt, savings, and emergency funds, and still achieve their long-term personal and financial goals.⁶

K-12 students are a captive audience for financial education, which is why it is critical to focus on efforts to identify best practices for this audience. High school students entering adulthood are a particularly important population, as many of the financial behaviors they adopt will likely stay with them throughout their life.

There is also a critical need to focus on those high school students and their families who are in the early stages of transitioning to college or an institution of higher learning. Providing these students and families with timely and consistent information on financing options and career paths could help to significantly reduce their overall student loan debt. The cost of higher education has continued to rise,⁷ and students and their families often cite the burden of student loan debt as their main financial problem.⁸

Adults additionally benefit from receiving financial strategies early, particularly when it comes to preparing for retirement, creating an emergency savings fund, or saving for their child’s college tuition. Many Americans still do not have access to retirement savings plans through their employers,⁹ which means many employees are responsible for saving for and managing their own retirement funds.

⁶ “Strategy for Assuring Financial Empowerment (SAFE) Report.” 2015. Financial Literacy and Education Commission. <http://www.treasury.gov/resource-center/financial-education/Documents/2015%20SAFE%20Report.pdf>.

⁷ Schoen, John W. 2015. “Why Does a College Degree Cost so Much?” CNBC LLC. <http://www.cnbc.com/2015/06/16/why-college-costs-are-so-high-and-rising.html>.

⁸ “Millenials & College Planning.” n.d. Junior Achievement USA. <https://www.juniorachievement.org/documents/20009/20652/Millennials+and+College+Planning.pdf>.

⁹ “Employee Benefits in the United States - March 2015.” 2015. Bureau of Labor Statistics. <http://www.bls.gov/news.release/pdf/ebs2.pdf>.

Just in Time

Financial education can have a great impact on personal monetary decision-making and practices when received by consumers at a time that is most relevant, for example, when shopping for a significant purchase like a car.¹⁰ It is important to note that “Starting Early” and “Just in Time” financial education principles are not mutually exclusive. The Task Force considers these strategies complementary when both are applied over an individual’s lifespan. We further urge OEE to carefully adopt both strategies, as each has its place in the broad applicability to the design and delivery of financial education programs.

Family Dynamic

The American family is one of the most significant economic units in our society. This Task Force could not analyze the state of financial literacy in Massachusetts without acknowledging that most of our residents participate within a family unit that is impacted by the economic decisions of others. This perhaps is best exemplified by the “sandwich generation,” those adults who are raising children while also providing financial support for their older parents. These adults have to balance their own short- and long-term financial goals while perhaps saving for and financing their children’s college tuition and financially supporting their retired parents.

Life Course Perspective

The Task Force believes that any strategies designed to improve the financial capability of individuals must take a comprehensive approach and recognize the different stages of people’s lives. While it is important to increase access to the financial education concepts during certain critical life stages, it is also crucial for these concepts to be continuously applied throughout an individual’s lifespan. We believe financial interventions cannot happen in silos and must be informed by past and future life choices that have significant impacts on lifelong economic well-being and security.

Research-Based

All of the ideas presented in this report are grounded in existing research and based on proven models. Throughout the course of our research, however, the Task Force determined that it may be necessary to encourage new state-specific research and evaluations to inform more explicit policies and practices for promoting financial literacy in Massachusetts in the future.

¹⁰ Bell, Catherine, and Jeanne M. Hogarth. 2010. “Better Deals on Wheels: The Effects of Financial Education on Car Buying.” Federal Reserve Bank of Minneapolis. <https://www.minneapolisfed.org/publications/community-dividend/better-deals-on-wheels-the-effects-of-financial-education-on-car-buying>.

Key Terms

Adult Financial Education:

- **Basic Financial Education:** is on topics such as budgeting, banking, credit use, and consumer education;
- **Transactional Financial Education:** is on topics such as home buying, credit repair, auto financing, higher education financing, accessing benefits (private and public), and short-term pre-retirement decisions; and
- **Advanced Individual Financial Coaching:** is on complex financial topics such as bankruptcy prevention and intervention, debt management, and retirement planning.

Financial Capability: Defined as the *capacity*, based on knowledge, skills, and access to financial services, to manage financial resources effectively.¹¹

Financial Education: Defined as the *process* by which consumers/investors improve their understanding of financial products, concepts, and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.¹²

Financial Literacy: Defined as the *knowledge and understanding* of financial concepts and risks. To be financially literate means that one has the skills, motivation, and confidence to apply this knowledge in order to make effective decisions across a range of financial contexts.¹³

Financial Well-Being: Defined as the *state of having* wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.¹⁴

¹¹ "Amended Charter: President's Advisory Council on Financial Capability." n.d. Department of the Treasury. <http://www.treasury.gov/resource-center/financial-education/Documents/PACFC%202010%20Amended%20Charter.pdf>.

¹² "Recommendation on Principles and Good Practices for Financial Education and Awareness." 2005. Organisation for Economic Co-operation and Development. <http://www.oecd.org/finance/financial-education/35108560.pdf>.

¹³ "PISA 2012 Results: Students and Money: Financial Literacy Skills for the 21st Century (Volume VI)." 2014. OECD Publishing. http://www.keepeek.com/Digital-Asset-Management/oecd/education/pisa-2012-results-students-and-money-volume-vi_9789264208094-en#page4.

¹⁴ "Financial Well-Being: The Goal of Financial Education." 2015. Consumer Financial Protection Bureau. http://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

OVERARCHING RECOMMENDATIONS

1) Aggregate, maintain, build upon, and increase accessibility to all financial education activities and initiatives in the state:

Over the course of our research and deliberations, the Financial Literacy Task Force (“Task Force”) recognized the need for baseline data on the state of this important subject in Massachusetts. The search for existing best practices and resources led us to identify and analyze multiple databases across different organizations. In our attempt to understand the full scope of the available programming in Massachusetts, we discovered that there is a need to collect and disseminate financial literacy data and existing programming through a central entity.

A one-stop, comprehensive online portal would provide educators, community organizations, and policymakers with local data, an understanding of what programming is currently underway, and what resources are still needed. This will also help facilitate discussions among different providers across the state, allowing them to share best practices and coordinate services.

Therefore, the Task Force recommends that OEE create and maintain an online portal of all known and existing Massachusetts services, organizations, and partners in this field. This will enable educators, community partners, and families to be able to access high-quality information, research, and programming through a single location.

The database should include items such as:

- Listings of schools, banks, credit unions, and other financial institutions participating in programs such as school banking or “Credit for Life” fairs;
- Statewide and national reports by recognized subject matter experts;
- Lists of courses at secondary and post-secondary institutions (these lists should indicate if the subject matter is taught through a required course, an elective, or integrated into another course);
- Listings of statewide, regional, and national conferences; and
- Links to high-quality resources on saving and financing for college.

2) Promote a public financial education awareness campaign:

Massachusetts residents would be empowered by a public awareness campaign spearheaded by the Office of the State Treasurer and Receiver General and financial literacy providers. This campaign would disseminate information to consumers on how to access and use secure and reliable money management services, and adopt practices to meet specific financial goals.

Key strategies should include:

- Use of social and traditional media;
- Prioritizing community-level outreach;
- Creating awareness of online resources;
- Translating communications into several languages for residents and families with low English proficiency; and
- Measuring impact.

Potential community outreach venues can include, but are not limited to:

- Faith-based organizations;
- Employer sites (with a particular focus on low-wage workers);
- Public agencies;
- Senior centers; and
- Veteran centers.

Finally, this campaign should guide residents and consumers to a centralized online and mobile-friendly portal. In order to measure impact, methods of securing data at the grassroots level (through pre- and post-assessments) and online (through web analytics and surveys) should be utilized.

3) Communicate with stakeholders about the family dynamic principle, and include it in all of the financial literacy programming within the Office of Economic Empowerment:

The Task Force recognizes that personal finance decisions are not made in isolation. Families are often the focal point of such decision-making for many K-12 students, college students, and adults. Therefore, while the Task Force has been asked to issue recommendations for each of the demographic groups, we cannot ignore the effect of the family unit on these populations. For example, the “sandwich generation” (see page 16) is a population that is uniquely affected by these dynamics. Adults must be concerned not only about their own financial well-being, but that of their children (some of whom may be nearing or in college), and that of their aging parents. Any efforts to improve the financial well-being of Massachusetts residents must be guided by this framework.

An example of financial education programming that has been developed around the concept of the family dynamic is Lynn Classical High School’s “Financial Fluency Family Fair,”¹⁵ a financial education fair designed to provide financial planning for young people and their families. Programming like this should be expanded, and made available to other stakeholders to increase awareness about the family dynamic model.

4) Work closely with the Legislative Affairs staff at the Office of the State Treasurer and Receiver General to monitor and advocate for ongoing legislation related to advancing the goals and recommendations put forth in this report:

The Task Force anticipates future public policy discussions and legislative proposals will be aligned with the recommendations of the Financial Literacy Task Force.

¹⁵ DeMallie, Anne, Kate Szczerbacki, and Eliot Levine. 2015. “Financial Education in Our Schools: Financial Literacy Pilot Program.” Financial Literacy Summit, May 1.
http://www.donahue.umassp.edu/documents/2015_Szczerbacki_presentation_-_Financial_Literacy_pilot.pdf.

K-12 SUBCOMMITTEE

BACKGROUND

Numerous studies reveal high school students' lack of proficiency in financial education concepts. As a cohort, they represent the least financially knowledgeable faction of the overall population.¹⁶ Research shows that as little as 6.9 percent of high school students in the United States can be considered financially literate.¹⁷

The relative financial illiteracy of young people clearly presents us with great challenges in the future. Testimony provided before the Subcommittee on Children and Families of the U.S. Senate Committee on Health, Education, Labor, and Pensions reveals that consumers who are not financially literate “are less likely to participate in financial markets or to invest wisely... less likely to save and plan for the future... [and] more likely to rely on high cost methods of borrowing.”¹⁸

The most effective way to engage a population on financial education concepts is to bring these lessons to places that already enjoy captive audiences. Schools, local communities, the armed services, churches, and after-school programs have already developed and continue to maintain relationships with the populations that they serve. Financial education should be embedded in existing instruction, dialogue, and inquiry of these groups.

The K-12 Subcommittee believes that students in our state can receive improved exposure to financial education concepts in our schools. Because Massachusetts is among 12 states that do not require schools to offer financial education courses to students,¹⁹ to better address this issue, the K-12 Subcommittee recommends that OEE partner with a research institution to assess the current level and impact of student access to personal finance instruction in Massachusetts schools. Related research should also identify the most effective approaches, and better evaluate students' acquired knowledge, skills, and subsequent behaviors. A recent three-year pilot program overseen by the Massachusetts Department of Elementary and Secondary Education (DESE) was an important first step in identifying existing models and evaluating outcomes of these models. This program provided a comprehensive report detailing numerous examples of financial literacy instruction programs in Gateway City high schools.²⁰

National efforts support the link between the teaching of key concepts in school and improved capability. In recognition of these findings, the K-12 Subcommittee acknowledges at least 20

¹⁶ Lusardi, Annamaria. 2009. *Overcoming the Saving Slump: How to Increase the Effectiveness of Financial Education and Saving Programs*. Chicago: University of Chicago Press.

¹⁷ Ibid.

¹⁸ “Testimony of Annamaria Lusardi: Before the Subcommittee on Children and Families of the U.S. Senate Committee on Health, Education, Labor and Pension.” 2013. senate.gov.
<http://www.help.senate.gov/imo/media/doc/Lusardi.pdf>.

¹⁹ Pelletier, John. 2015. “2015 National Report Card on State Efforts to Improve Financial Literacy in High Schools.” Champlain College.

²⁰ Executive Office of Housing and Economic Development. 2015. 'Gateway Cities And Program Information'.
<http://www.mass.gov/hed/community/planning/gateway-cities-and-program-information.html>.

bills requiring the inclusion of personal finance education in the school curriculum, which have been filed over the years by legislators in the Massachusetts General Court.²¹ So far, none of these legislative proposals have been enacted or signed into law.

The K-12 Subcommittee is not recommending an unfunded statewide financial education mandate in schools at this point in time. However, since school districts have the local authority over curriculum and graduation requirements, the K-12 Subcommittee encourages the strategic engagement of communities, as well as local decision makers, to integrate financial literacy into their K-12 classrooms.

Therefore, this Subcommittee believes that the most practical way to proceed in these efforts is to share the learnings of the recent pilot programs and identify additional data-driven programming that is specifically designed to measure efficacy and establish a proof of concept. Findings can then be communicated, adapted, and adopted by local education authorities and serve as models for other engaged educators and practitioners to enhance their ability to provide impactful financial education instruction.

In order to fulfill our vision for the state, teachers and practitioners who work with K-12 youth must be comfortable with teaching personal finance content, and must have access to high-quality and age appropriate resources that can improve students' personal economic decision-making. We believe that in order to achieve this goal, we must: (i) create an online portal that provides easy access to vetted lifespan resources; (ii) enhance the capacity to provide professional development for teachers and practitioners to teach vetted content; and (iii) nurture public-private partnerships to fund financial literacy initiatives and connect those in need of support to execute existing resources.

Guiding Principles

When this Task Force first convened, its members agreed that none of the final recommendations issued could create an “unfunded mandate” for the Commonwealth of Massachusetts. In other words, this report could not require the state to perform a certain action without providing it the necessary funds.

While this agreement complicates the goal of ensuring basic access to financial education for every resident in our state, it does not preclude the K-12 Subcommittee from issuing recommendations that could improve the underlying financial knowledge and capability of every student graduating from high school. The K-12 Subcommittee believes that every student who graduates from high school in our state should have a foundational knowledge of financial education concepts and have access to high-quality resources.

Outside of the hurdles associated with mandating personal finance in school, we have identified additional pressing challenges in expanding access to high-quality financial education for Massachusetts youth:

²¹ Pelletier, John. 2015. “2015 National Report Card on State Efforts to Improve Financial Literacy in High Schools.” Champlain College.

1. Although there are numerous sets of national financial literacy standards, there is a lack of universally accepted standards in Massachusetts for measuring and evaluating youth on financial literacy concepts.
2. Teachers and those outside of the classroom who want to teach financial education are not connected to existing professional development opportunities, or do not feel comfortable teaching personal finance for often a number of personal and professional reasons.
3. High-quality, age-appropriate, and vetted financial education content is not being disseminated from one place, and is hard to find.

Given the above challenges, we recommend adopting an innovative approach that will better impact the financial literacy and capability of Massachusetts youth.

In addition, we believe that it is critical to coordinate financial education efforts outside of the school system. After all, schools are not the only entity in our state that can improve the financial capability of students. Families, community organizations, faith-based organizations, and after-school programs have a central role to play in delivering financial education content, and must coordinate their efforts.

SETTING THE STRATEGY

Financial literacy education is practiced in many forms and places across our state, including in formal K-12 education, and amongst families, communities, banks, credit unions, and non-profit organizations. However, much of these efforts are disparate and not cohesively coordinated for maximum effectiveness. Those who provide this instruction need support and training themselves, so they can understand which concepts should be taught at which ages, and learn the best strategies for successfully engaging with their audiences on these topics. In addition, future efforts to establish initiatives should be informed by relevant data and identified needs, and rely less on anecdotes. Developing a coordinated system of data-driven financial education programming will require the organization of stakeholders and their collective efforts. In order to achieve maximum impact, we recommend that a single, agreed upon entity be made ultimately responsible for creating, organizing, and measuring the success of a comprehensive implementation plan.

Intended Goals:

As a fundamental principle, the K-12 Subcommittee believes that every student who graduates from high school in our state should have a foundational knowledge of financial education concepts and have access to high-quality resources. K-12 students must be financially literate to make informed choices to enhance their own – and ultimately their families – financial security and well-being.

The action items issued by President Obama’s Advisory Council on Financial Capability for Young Americans in its June 2015 report²² were instrumental in informing the K-12 Subcommittee’s strategic goals. Our intended goals are the following:

- Build on existing programs and state structure;
- Connect existing networks and promote new ones;
- Promote professional development;
- Adopt standards;
- Establish a central repository;
- Utilize technology;
- Create a useful measurement tool;
- Encourage public-private partnerships and required funding;
- Identify, emphasize, and enhance incentives for stakeholders; and
- Focus on the family unit and lifespan events.

Massachusetts has numerous providers that make up the financial education infrastructure in our state. If they are integrated into a comprehensive strategic plan and introduced to a broader audience, they are well-positioned to provide impactful services to K-12 students across the state. Below, the K-12 Subcommittee has highlighted a sample of some existing effectual

²² “President’s Advisory Council on Financial Capability for Young Americans Final Report.” 2015. President’s Advisory Council on Financial Capability for Young Americans. <http://www.treasury.gov/resource-center/financial-education/Documents/PACFCYA%20Final%20Report%20June%202015.pdf>.

programs for students. This list is not a complete directory of the state’s youth financial education efforts, but is intended to serve as an illustration of existing programming across Massachusetts.

Existing K-12 Programming – In the Schools

- Some schools have elected to provide personal finance courses, and some teachers have also infused personal finance content into their courses. Financial Education Fairs (also known as Credit for Life Fairs, CU 4 Reality, and Reality Fairs), hands-on simulations that teach students financial literacy skills through experiential learning, are gaining momentum and expanding across the state thanks to proactive teachers and new funding sources (for example, the recent partnership between the Division of Banks and the Office of the State Treasurer and Receiver General now provides grants to high schools through their Financial Education Innovation Fund).²³
- Massachusetts Educational Funding Authority (MEFA) provides families, school counselors, and college administrators across the state with access to college planning and financing resources through its website.²⁴ It also maintains a free college and career planning website called “Your Plan For The Future.”²⁵
- The Massachusetts Department of Early Education and Care and the Head Start Collaboration Office (within the Administration for Children and Families of the United States Department of Health and Human Services) have partnered with Brandeis University’s Institute on Assets and Social Policy to implement a statewide Financial Literacy Education Pilot Project²⁶ for those participating in early education and care programs. They also developed a tool kit (in partnership with the Massachusetts Association for Community Action Plan, or MASSCAP), which provides resources for residents seeking guidance on specific issues. The tool kit was designed to be used with families in a one-on-one, small group, or classroom setting.
- Junior Achievement currently offers programs that bring financial industry experts into classrooms and engage many thousands of students with personal finance and entrepreneurial education.²⁷
- The New England chapter of the Network for Teaching Entrepreneurship provides entrepreneurship programming for 25 teachers and over 1,000 students annually.²⁸

²³ “Financial Education Innovation Fund.” n.d. *Mass.gov*.

<http://www.mass.gov/treasury/empowerment/innovationfund/>.

²⁴ “Massachusetts Educational Financing Authority.” n.d. *Massachusetts Educational Financing Authority*.

<http://www.mefa.org/>.

²⁵ “YourPlanForTheFuture.” n.d. *YourPlanForTheFuture*.

<https://yourplanforthefuture.org/Ext/YPFC/Home/index.html>.

²⁶ “Financial Education Toolkit.” n.d. *Massachusetts Association for Community Action*. <http://fle.masscap.org/>.

²⁷ “Junior Achievement USA.” n.d. *Junior Achievement USA*.

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

²⁸ “Network for Teaching Entrepreneurship New England.” n.d. *Network for Teaching Entrepreneurship*.

<https://nfte.com/what/programs/new-england>.

Existing K-12 Programming – In Professional Development Settings

- The Massachusetts Jump\$Start Coalition provides an annual teacher training based on a model developed by the National Endowment for Financial Education and the national branch of the Jump\$Start Coalition. This training is designed to increase the personal comfort of teachers in their own personal decision-making about money, and improve their confidence in teaching key monetary concepts.²⁹
- For 65 years, the Massachusetts Council on Economic Education, as part of the national Council for Economic Education, has been a statewide organization focusing on economic education from kindergarten through high school. It currently has centers at Bridgewater State University and Salem State University.³⁰
- The Learning Economics and Finance Network (LEAF) is a group of educators, policymakers, school committee members, concerned citizens, and business men and women who believe students need to be literate in economics and personal finance in order to successfully participate in the global economy.³¹ The LEAF Network attempts to bridge economic and personal finance education in Massachusetts by providing cutting-edge programs for teachers and challenging academic competitions for students.

Existing K-12 Programming – In Financial Institutions

- The Massachusetts Bankers Association, a member of MassSaves Coalition (see below), has contributed funding and in-kind support for statewide initiatives (such as MassSaves Coalition’s Annual Summit on Financial Education), leadership on financial education matters,³² and built the Common Cents Program for students. This program uses a game show format and re-emphasizes basic financial concepts in a way that engages students and sparks discussion.
- The Cooperative Credit Union Association has continually encouraged its members to engage in financial education community programming, has championed financial literacy legislation at the State House, and continues to argue that financial literacy is a lifelong learning process that should be taught in school.³³

²⁹ “The Massachusetts Jump\$Start Educator Financial Literacy Training Program.” 2014. Massachusetts Jump\$Start Coalition. http://img.pr.com/release-file/1405/560297/Jumpstart_Flyer_FINAL.pdf.

³⁰ “Massachusetts Council on Economic Education.” n.d. *Massachusetts Council on Economic Education*. http://www.masseconed.org/Home_Page.html.

³¹ “The Learning Economics and Finance Network.” n.d. *The Learning Economics and Finance Network*. <http://theleafnet.org/>.

³² “Financial Education.” n.d. *Massachusetts Bankers Association*. http://www.massbankers.org/MBRD/Education_Training/Financial_Education/MBRD/MB_Education_Training/Financial_Education.aspx?hkey=90561414-0e99-4c39-8df7-d76f5070ce68.

³³ “Cooperative Credit Union Association.” n.d. *Cooperative Credit Union Association*. <http://ccuassociation.org/>.

- Individual banks, credit unions, and other financial institutions have contributed funding and human resources in support of initiatives throughout the state.

Existing K-12 Programming – In Communities

- MassSaves Coalition is a broad volunteer-based network of public and private stakeholders (financial educators, providers, community organizations, and advocates) that works with youth and adult populations to improve the quality and delivery of financial education across the state.³⁴ Its objective is to be instrumental in making Massachusetts a national model for financial confidence and empowerment.
- Many community youth and after-school entities provide access to financial literacy instruction, including the Boys and Girls Clubs, Boy Scouts, Girl Scouts, libraries, and churches. The K-12 Subcommittee enthusiastically supports the essential role of programs and activities like these which operate outside of the formal classroom and school day, and believes they should be closely included in the overall effort to improve the fiscal competency of Massachusetts students.

³⁴ “MassSaves.” n.d. *Masssaves.org*. <http://www.masssaves.org/>.

K-12 RECOMMENDATIONS

1) Develop a method of evaluating the personal finance decision-making, knowledge, skills, confidence, and behavior of Massachusetts K-12 students in order to better assess their financial literacy:

As stated earlier in this chapter, the K-12 Subcommittee believes that more sophisticated methods need to be developed for evaluating a state's capacity to educate K-12 students on personal finance topics and skills. These measures must go beyond establishing specific criteria such as a state mandate. This Subcommittee would like to emphasize the need to focus on students' acquired knowledge, skills, and responsible behaviors. We suggest working with an academic researcher to create a set of metrics that can be used to assess and evaluate the effectiveness of personal finance programs and their capacity to address the needs of targeted populations. These metrics will be used to collect data and create a baseline of the student population's current subject matter proficiency. Then, specific target goals can be established in an effort to enhance their capabilities. Status reports and progress should be monitored and posted on the OEE website. In addition, these metrics should be used to develop and administer pre- and post-assessments of student learnings in OEE's grant programs.

The K-12 Subcommittee encourages OEE to partner with reputable research institutions to gain insights into effective program evaluation methods, and emerging research around behavioral economics as it applies to personal finance.

The K-12 Subcommittee suggests the establishment of a research division in OEE to explore existing assessment tools (for example, many assessment tools currently exist through the National Endowment for Financial Education, the Jump\$tart Coalition and the Council on Economic Education). The outcomes of this research can be shared with practitioners through webinars that can keep them up-to-date on program assessment tools (for example, MassSaves Coalition's personal finance program evaluation).

In addition, this Subcommittee would like OEE to identify research demonstrating the minimum amount of time recommended for providing students with an effective intervention during the academic year. Early research has shown that some financial education programs have been successful by providing as few as ten hours of personal finance instruction each academic year.³⁵

Lastly, it is important to support future K-12 initiatives in this field and that the design incorporates the structure utilized with the Gateway Cities Financial Literacy Pilot Program (2012-2015). This program required community partnerships, professional development, an independent program evaluator, and curriculum development that aligns with the 2011 Massachusetts Curriculum Frameworks for Mathematics and the Council for Economic Education's National Standards for Financial Literacy.³⁶

³⁵ Danes, Sharon M. 2004. "Evaluation of the NEFE High School Financial Planning Program 2003-04." National Endowment for Financial Education.

<https://www.hsfpp.org/Portals/0/Documents/NEFE%20HSFPP%20Impact%20Study%202003-2004.pdf>.

³⁶ "Evaluation of the Financial Literacy Pilot Program SY14 Final Report." 2014. UMass Donahue Institute. www.doe.mass.edu/stem/EvaluationReport.docx.

2) Collaborate with the Massachusetts Department of Elementary and Secondary Education (DESE) to connect educators with financial education teacher training and professional development points:

The K-12 Subcommittee recommends that the Office of the State Treasurer and Receiver General form partnerships with institutions and individuals in order to connect educators with subject matter trainings and tools. The key step is to disseminate information to teachers, guidance counselors, and administrators; this can be done through the creation or promotion of annual conferences or summits, or the use of webinars. For example, we recognize MassSaves Coalition's Annual Summit on Financial Education,³⁷ and recommends OEE works in partnership to promote this annual training. This Subcommittee suggests identifying the best teaching practices for these trainings, so future events can be improved or reformed (for example, it may be more effective to integrate teacher trainings and professional development together). We also recommend connecting these trainings with the University of Massachusetts systems', state public colleges' and universities', and the community college systems' educational programs, and including these trainings in the introductory courses for pre-service teachers.

It is crucial to keep educators, administrators, and guidance counselors updated on opportunities to receive personal finance trainings, and to inform them of financial education professional development opportunities that have been identified as High Quality Professional Development designation or Continuing Education Units.³⁸ In addition, incentives should be established for guidance counselors to participate in these trainings, so they can provide better information for students and families seeking college planning and financing assistance.

In issuing this recommendation, the K-12 Subcommittee would like to highlight the Massachusetts JumpStart Coalition's unique teacher training model, which addresses educators' personal finance needs while accommodating their professional needs as instructors.³⁹ Many financial education providers do not feel prepared to teach financial topics, which is often influenced by personal concerns about their own financial well-being.⁴⁰ This training model is a successful example of providing teachers with the skills and knowledge they need to teach personal finance, while simultaneously alleviating concerns about their own personal finance.

Finally, OEE should encourage schools to send their financial educators (including teachers, guidance counselors, and administrators) to statewide personal finance conferences. OEE should

³⁷ "For Providers." n.d. MassSaves. <http://www.masssaves.org/for-providers>.

³⁸ High Quality Professional Development: A set of coherent learning experiences that is systematic, purposeful, and structured over a sustained period of time with the goal of improving teacher practice and student outcomes. This definition was informed by the work of the organization Learning Forward. See "Massachusetts Standards for Professional Development." 2013. Massachusetts Department of Elementary and Secondary Education. <http://www.doe.mass.edu/pd/standards.html>.

³⁹ "The Massachusetts JumpStart Educator Financial Literacy Training Program." 2014. Massachusetts JumpStart Coalition. http://img.pr.com/release-file/1405/560297/Jumpstart_Flyer_FINAL.pdf.

⁴⁰ Way, Wendy L., and Karen Holden. 2009. "Teachers' Background and Capacity to Teach Personal Finance: Results of a National Study." National Endowment for Financial Education. http://www.nefe.org/Portals/0/WhatWeProvide/PrimaryResearch/PDF/TNTSalon_FinalReport.pdf.

assist in aligning incentives for teams of providers to attend these types of professional development opportunities.

3) *Encourage public, private, and non-profit entities to share information, participate in events, and support development of programs that promote financial education among K-12 youth:*

Across the state, many schools and youth organizations provide high-quality financial education programming to K-12 students. However, because there is no centralized location to access financial education resources, providers are unaware of other existing best practices or active organizations. There is a need to bring key stakeholders together to share resources and collaborate more closely on their financial literacy efforts.

4) *Create mechanisms and incentives for the various providers of K-12 financial education to convene regularly, share best practices, and coordinate their activities for school age youth and their families:*

OEE should establish a mechanism for educators, organizations, and policymakers in Massachusetts to meet and discuss challenges and opportunities in improving the financial capability for K-12 students. This group ought to convene regularly to track progress in financial literacy efforts, share best practices, and coordinate activities for school-age youth and their families. The mechanism could be modeled after MassSaves Coalition’s K-12 Task Force, which brings financial education providers and community organizations together on a bimonthly basis to share best practices.⁴¹

⁴¹ “For Providers.” n.d. MassSaves. <http://www.masssaves.org/for-providers>.

COLLEGE SUBCOMMITTEE

BACKGROUND

The college affordability and student debt crisis is perhaps the most conspicuous obstacle facing young adults and families in our state. The economic opportunities associated with completing post-secondary education causes young people and their families to assume large amounts of student loan debt. The rising cost of tuition has made it even more difficult for those who want to pursue higher education. This debt has a negative impact on the economy: research shows that those with student loan debt are delaying major life decisions such as buying a home, getting married, or having children.⁴²

Today, nearly half of college graduates under 30 years of age in United States have student loan debt, compared to only 28 percent of previous generations in that age bracket.⁴³ In Massachusetts, 66 percent of students in the class of 2014 graduated with student loan debt, with an average debt of \$29,391.⁴⁴ From 2004 to 2014, the average student debt carried by college graduates in our state rose by 73 percent.⁴⁵

Despite the increasing importance of investing in a post-secondary education, students and their families often lack the information and guidance that they need when choosing a school and preparing for the financing process. Many families do not adequately plan ahead, struggle in understanding their loan borrowing options, and often make these decisions as their child nears high school graduation. In fact, a recent survey shows that less than half of parents do not save for their child's college tuition.⁴⁶

Many students are not given the information they need to identify areas of study that lead to employment in high-growth career tracks, which would put them in a stronger position to pay off their debt after graduation. Many graduates are also not exposed to student loan refinancing options, which could significantly alleviate their debt burden.

The lack of financial education available to our state's higher education population is discouraging. However, in studying this population, the College Subcommittee also found that any effort to improve the financial capabilities of this group must take into account the diverse profile of college students today. Although a large portion of post-secondary students fall within the traditional 18-24 year old age bracket, it is important to understand the individuals whom are

⁴² "Life Delayed: The Impact of Student Debt on the Daily Lives of Young Americans." 2013. American Student Assistance. http://www.asa.org/site/assets/files/3793/life_delayed.pdf.

⁴³ This is according to a national survey of American adults classifying respondents into one of two categories: "younger Americans" and "older Americans." See Memorandum: Allstate/National Journal Heartland Monitor XXIII Key Findings." 2015. FTI Consulting. http://heartlandmonitor.com/wp-content/uploads/2015/06/getting_started-key_findings.pdf.

⁴⁴ "Student Debt and the Class of 2014." 2015. The Institute for College Access & Success. http://ticas.org/sites/default/files/pub_files/classof2014.pdf.

⁴⁵ Ibid.

⁴⁶ "How America Saves for College." 2015. Sallie Mae. https://salliemae.newshq.businesswire.com/sites/salliemae.newshq.businesswire.com/files/doc_library/file/HowAmericaSaves2015_FINAL.pdf.

served by our community colleges. Community colleges have expanded rapidly over the last decade, enrolling 1.6 million students. These institutions have a much higher proportion of nontraditional students, who are less academically prepared for college, and often lower-income, first-generation students as compared to their four-year counterparts.⁴⁷ In formulating its recommendations, the College Subcommittee is particularly inclusive of nontraditional students, who are facing unique challenges while pursuing higher education.

The challenges facing the diverse college student population in our state are deep and pervasive. Students and their families do not have access to essential information they need, either at home or at school. In tackling the complex task of increasing the financial competence of this population, the College Subcommittee looked at two critical junctures of the college process: first, choosing where to pursue and how to finance postsecondary education, and second, making sound decisions once enrolled and beyond.⁴⁸

In attempting to impact a wide demographic, this Subcommittee focused its research and recommendations on students within the University of Massachusetts system, state public colleges and universities, and the community college system. This population tends to include nontraditional students, and represent more low- to moderate-income households. Despite this specific focus, our recommendations can apply to private universities and other institutions of higher learning, giving the Office of the State Treasurer and Receiver General the flexibility to implement these strategies in different settings.

⁴⁷ American Association of Community Colleges, *Reclaiming the American Dream: Community Colleges and the Nation's Future*. (Washington, DC: American Association of Community Colleges, 21st-Century Commission on the Future of Community Colleges, April 2012).

⁴⁸ "Opportunities to Improve the Financial Capability and Financial Well-Being of Postsecondary Students." 2015. Financial Literacy and Education Commission. <http://www.treasury.gov/resource-center/financial-education/Documents/Opportunities%20to%20Improve%20the%20Financial%20Capability%20and%20Financial%20Well-being%20of%20Postsecondary%20Students.pdf>.

SETTING THE STRATEGY

Students and families lack the tools they need to maximize their college investment. In order to improve the financial capability of this population, recommendations issued by the College Subcommittee include strategies that will help students and parents save for college, choose the right school, pay down their debt, and be successful after graduation. The overall purpose of these strategies is to make sure families in our state get a return on their investment.

When it comes to saving for college, parents should be encouraged to start early and use saving products specifically designed for this personal goal. Early savings habits of parents help to fulfill college aspirations down the road—in fact; research shows that children with college savings accounts are seven times more likely to attend college, regardless of how much money is saved.⁴⁹ The College Subcommittee understands the significance of this data, and supports future efforts by the Office of the State Treasurer and Receiver General to expand statewide access to 529 accounts. In light of the fact that only 27 percent of parents who are saving for college are using 529s,⁵⁰ this Subcommittee believes that significant progress can be made to introduce parents to the benefits of using this tax-advantaged investment tool.

Students and parents face numerous options when it comes to choosing a public, private non-profit, or private for-profit institutions of higher learning in our state. Although resources that guide families through this process do exist, we believe that more can be done to consolidate these materials and disseminate them to a larger audience. Specifically, students applying for financial aid should be able to compare existing packages, and ought to be given information about careers that are high-paying and in-demand.

Finally, graduates and their families are entitled to high-quality, consistent guidance throughout the college financing process. Filling out a Free Application for Federal Student Aid (FAFSA) form and choosing which student loans to take out is a complex, confusing process that is daunting for many students and parents. In its recommendations, the College Subcommittee outlines several tangible steps that can improve this experience. Institutions of higher learning also have a role to play in providing students with access to lessons that can help them navigate the financing process. Students should be given the opportunity to learn about critical concepts and strategies, and educators and counselors should be given the tools to further disseminate this important consumer information. Institutions should also pay particular attention to their matriculated students, and engage them on these subjects as they continue to manage their debt.

Despite the gaps that exist in preparing college students and their families to be economically successful, this Subcommittee recognizes the many high schools and organizations in our state that are already helping to guide residents through this process. For example, the Metro West College Planning Center in Framingham—a joint collaboration between Framingham State

⁴⁹ Elliott III, William, and Sondra Beverly. 2010. "The Role of Savings and Wealth in Reducing 'Wilt' between Expectations and College Attendance." Washington University in St. Louis.
<http://csd.wustl.edu/publications/documents/wp10-01.pdf>.

⁵⁰ "How America Saves for College." 2015. Sallie Mae.
https://salliemae.newshq.businesswire.com/sites/salliemae.newshq.businesswire.com/files/doc_library/file/HowAmericaSaves2015_FINAL.pdf.

University and MassBay Community College—aims to guide prospective college students who face additional barriers to higher education through the college financing process.⁵¹ The Invest in College Success pilot program, which brings public and private partners together to provide virtual advising, in-person coaching, classes, and a Matched Savings Program for students, also serves as an effective college planning model.⁵²

The following recommendations represent high-quality, actionable items that the Office of the State Treasurer and Receiver General should take to improve the financial capability of college students. As stated previously, this Subcommittee worked closely with the K-12 Subcommittee in developing these strategies. These recommendations are therefore designed to be implemented in concert with the K-12 Subcommittee’s recommendations, especially where specifically noted.

⁵¹ “Metro West College Planning Center.” n.d. *Framingham State University*.
<https://www.framingham.edu/the-fsu-difference/inclusive-excellence/Metro-West-College-Planning-Center/index>.

⁵² Eddinger, Pam. 2015. “Invest in College Success.” Association of Community College Trustees.
http://issuu.com/moiremarketing/docs/acct6352_tq_fall_final-issuu?e=1631814/30201500.

COLLEGE RECOMMENDATIONS

1) Establish a College Financial Readiness Advisory Group to provide guidance and expertise to the Office of Economic Empowerment as it implements K-12 and College recommendations:

Throughout this comprehensive research process, the K-12 and College Subcommittees identified numerous gaps in the college financing process in Massachusetts. For example, many students still do not know where to locate financial aid information, and are unaware of the potential benefits of completing a FAFSA form. The recommendations listed in this report will help the Office of the State Treasurer and Receiver General work towards closing these gaps.

However, the work does not end here. As OEE works to implement the recommendations of the K-12 and College Subcommittees, the Treasurer should establish a College Financial Readiness Advisory Group to provide additional guidance and expertise on these matters. This Advisory Group will assist in guiding the implementation of strategies to expand access to higher education planning for K-12 and college students, and support OEE in identifying best practices in the state. At a minimum, the Advisory Group should request the participation of the Secretary of the Executive Office of Education or a designee.

2) Provide students and their families with information on how to finance and save for college:

In order to ensure the success of college graduates in our state, students and families need timely and consistent information on saving for and financing higher education, as well as choosing the right school.

In achieving this goal, OEE should:

- Identify existing programs at the K-12 and college levels (with an emphasis on programs within the public school system) that provide financial education programming and guidance on the college financing process;
- Support the creation of a statewide, universal, seed-funded College Savings Account program that embeds financial education and career readiness resources within its programming;
- Promote FAFSA Day—a volunteer-driven program that provides free assistance and education to students and their families on completing a FAFSA form⁵³—across the state. Data from the U.S. Department of Education⁵⁴ shows that 63 percent of high school seniors in Massachusetts completed a FAFSA form, which means many low- to moderate-income students may not be taking advantage of available federal student aid funds;⁵⁵ and

⁵³ “FAFSA Day.” n.d. *FAFSA Day*. <http://www.fafsaday.org/>.

⁵⁴ “FAFSA Completion by High School.” n.d. Federal Student Aid. <https://studentaid.ed.gov/sa/about/data-center/student/application-volume/fafsa-completion-high-school>.

⁵⁵ Phillips, Owen. 2014. “States Vary on FAFSA Completion Rates.” <http://www.edcentral.org/filling-fafsas/>.

- Advocate for the distribution of a financial aid worksheet to students attending public, private non-profit, or private for-profit institutions of higher education, and their families.

3) *Identify and promote informed career exploration within high schools, organizations serving out-of-school youth,⁵⁶ and institutions of higher education:*

Those making the transition to higher education—either as high school or nontraditional students—need access to information about pursuing careers that are high-paying and in-growth sectors. Although this population is in critical need of information on the college financing process, a comprehensive approach to preparing students for higher education should include career readiness resources. Students should be informed of the benefits of exploring certain career tracks that could lead to high-paying entry level salaries and facilitate the repayment of their student loan debt.

Out-of-school youth are especially in need of career exploration programs. According to a Rennie Center report, “High school dropouts face fewer prospects for employment, significantly lower earning potential, much higher rates of incarceration, and more health problems.”⁵⁷ In addressing the needs of this population, the College Subcommittee recognizes the efforts of the Workforce Innovation and Opportunity Act⁵⁸ to require financial education and career pathway activities for out-of-school youth. We also recognize the need to ensure that front-line staff implementing this high quality programming has continuous access to professional development training.

Expanding exposure to career readiness training in high schools could better prepare students for future educational and employment opportunities. Therefore, we recommend that OEE should identify and promote career exploration resources within high schools and institutions of higher learning, especially for out-of-school youth. It should identify the challenges that existing career readiness programs face and disseminate available, high-quality tools. For example, the Massachusetts Educational Financing Authority (MEFA)’s Your Plan For The Future, is an online portal that provides information to students, parents, and educators on existing educational and career pathways.⁵⁹ This tool has already been adopted by 71 high schools in our state,⁶⁰ and OEE should partner with MEFA to further expand public awareness and adoption.

⁵⁶ Out-of-school Youth: This population has been identified by the Workforce Investment Act as youth aged 14 through 21 who are low income, with one or more barriers to employment. See “Workforce Investment Act Youth Program.” n.d. US Department of Labor.

⁵⁷ “Forgotten Youth: Re-Engaging Students Through Dropout Recovery.” 2012. Rennie Center Education Research & Policy. <http://www.renniecenter.org/research/ForgottenYouth.pdf>.

⁵⁸ *To amend the Workforce Investment Act of 1998 to strengthen the United States workforce development system through innovation in, and alignment and improvement of, employment, training, and education programs in the United States, and to promote individual and national economic growth, and for other purposes.* Public Law 113-128, *U.S. Statutes at Large* 128 (2014): 1425-1722.

⁵⁹ “YourPlanForTheFuture.” n.d. *YourPlanForTheFuture*.
<https://yourplanforthefuture.org/Ext/YPFC/Home/index.html>.

⁶⁰ “Mission.” n.d. *YourPlanForTheFuture*.
<https://www.yourplanforthefuture.org/Ext/YPFC/Home/about-us/mission.html>.

4) *Increase the financial capability of college and college-bound students:*

When enrolled in an institution of higher education, students should be given the opportunity to learn about important financial strategies and concepts through financial education programming. Therefore, OEE should partner with the state's public higher education system to offer a for-credit, financial education online pilot program based on input provided by students and professors. This pilot program will provide college students with essential information on how to finance college and meet long-term financial goals after graduation. Upon completion of the pilot, OEE should work with the Board of Higher Education to promote a similar program to all students graduating from the public higher education system, or to high school students through the Commonwealth Dual Enrollment Partnership.⁶¹ Any outcomes from these implementation strategies should be assessed and evaluated by OEE.

5) *Advocate in support of improving access to college affordability tools, such as financial aid shopping sheets and loan forgiveness programs:*

The College Subcommittee acknowledges the work of various federal agencies and experienced financial aid administrators and calls upon members of the United States Congress to continue to support them in the "passage of legislation that would require all non-community college institutions of higher learning to uniformly describe financial aid information to students using a financial aid worksheet similar to the financial aid shopping sheet developed by the Consumer Financial Protection Bureau and the U.S. Department of Education," as recommended by the 2014 Joint Committee on Higher Education's Subcommittee on Student Loan and Debt.⁶²

The College Subcommittee also believes that the Office of the State Treasurer and Receiver General should advocate for public loan forgiveness programs, especially those aimed at specific careers and low-wage professionals. For example, a loan forgiveness program for early education teachers committed to working in the field for a certain period of time could increase retention rates, reduce loan default rates, improve morale, and encourage interest in the field. We support the current structure of the federal Public Service Loan Forgiveness program, which forgives the remaining balance on Direct Loans after making 120 qualifying monthly payments while working full-time for a qualifying employer.⁶³

⁶¹ "Commonwealth Dual Enrollment Partnership." n.d. Massachusetts Board of Higher Education.
http://www.mass.edu/strategic/read_cdep.asp.

⁶² Joint Committee on Higher Education's Subcommittee on Student Loan and Debt. 2014. "The Report of the Joint Committee on Higher Education's Subcommittee on Student Loan and Debt."
<http://archives.lib.state.ma.us/bitstream/handle/2452/208197/ocn879575004.pdf?sequence=1&isAllowed=y>.

⁶³ "Public Service Loan Forgiveness Program." 2013. US Department of Education.
<https://studentaid.ed.gov/sa/sites/default/files/public-service-loan-forgiveness.pdf>.

6) *Provide educators and counselors with the tools they need to teach and incorporate financial education into their curriculums and programs:*

Students enrolled in institutions of higher education are often in the process of transitioning to an eventual state of financial independence. This means that institutions of higher education have a unique opportunity to guide students during this formative stage.

Many colleges and universities in our state have recognized this opportunity and are providing students with comprehensive and interactive financial education curricula. Worcester Polytechnic Institute, for example, holds workshops and webinars for students throughout the year on a variety of financial topics.⁶⁴ Northeastern University's Center for Financial Independence provides a platform for students to share financial strategies and expertise with their peers⁶⁵, and Mount Wachusett Community College sponsors online financial literacy workshops and provides access to a financial literacy counselor.⁶⁶

Many high-quality programs like these already exist in our state, and they should be highlighted as best practices. Specifically, OEE should promote successful college financial education program models through webinar presentations and other trainings for interested stakeholders. OEE should help these educators adopt effective practices that will help students navigate financial decisions before, during, and after college.

⁶⁴ ——. n.d. *Worcester Polytechnic Institute*. <https://www.wpi.edu/offices/fa/financial-literacy.html>.

⁶⁵ "The Center for Financial Independence." n.d. *Northeastern University*. <http://www.northeastern.edu/cfi/>.

⁶⁶ "Financial Literacy." n.d. *Mount Wachusett Community College*. <http://mwcc.edu/advising/workshops/financialliteracy/>.

ADULT SUBCOMMITTEE

BACKGROUND

The adult population in our state confronts numerous harmful trends, making it challenging for them to be financially successful. As the primary customers of financial products, they are responsible for achieving their own short- and long-term financial goals, and often those of their children and other family members. To complicate these matters further, adults face many obstacles when it comes to meeting major financial objectives: saving for retirement, financing higher education for their children, and supporting older family members.

Many adults do not have access to the earning power, information, and services they need to effectively plan and save for retirement. For example, 45 percent of working-age American households do not own any retirement account assets, either through an employee-sponsored 401(k) type plan or an individual retirement account (IRA). The median retirement account balance for all working-age households is \$2,500.⁶⁷ Nearly half of Americans working in private industry still do not have access to retirement benefits through their employers. Among part-time workers, this number drops to 37 percent.⁶⁸ In today's economic environment, many adults, who are living longer than prior generations, are not saving enough money to retire.

Increased college enrollment rates⁶⁹ coupled with the increasing cost of higher education⁷⁰ means adults are taking on more student loan debt than ever before. In addition, many families are not introduced to tax-advantaged financial products that make it easier for them to save early (such as 529 plans, or "college savings accounts"), and many are not provided timely and informative strategies regarding college financing options. Many parents also must balance these financial responsibilities with their own student loan payments.

Due to seniors' lack of retirement savings and access to early financial education concepts, many adults find themselves managing the financial affairs of their parents and older family members and/or providing them with monetary support. Many other specific demographic groups face unique financial education access issues including low- to moderate-income families, first-generation immigrants, women, and veterans.

Finally, all of these financial obstacles divert and delay adults' own short- and long-term savings goals. A 2012 state-by-state survey by the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation found that 48 percent of Massachusetts adults reported not having

⁶⁷ Rhee, Nari, and Ilana Boivie. 2015. "The Continuing Retirement Savings Crisis." National Institute on Retirement Security. <http://laborcenter.berkeley.edu/pdf/2015/RetirementSavingsCrisis.pdf>.

⁶⁸ "Employee Benefits in the United States - March 2015." 2015. Bureau of Labor Statistics. <http://www.bls.gov/news.release/pdf/ebs2.pdf>.

⁶⁹ "The Condition of Education: Undergraduate Enrollment." 2015. National Center for Education Statistics. http://nces.ed.gov/programs/coe/indicator_cha.asp.

⁷⁰ "Fast Facts: Tuition Costs of Colleges and Universities." 2015. National Center for Education Statistics. <https://nces.ed.gov/fastfacts/display.asp?id=76>.

emergency funds and 57 percent of adults in non-retired households have not yet determined their retirement savings needs.⁷¹

The survey showed the following summary of key financial health indicators for Massachusetts adults:⁷²

	Massachusetts	United States
Spending more money than income	17%	19%
Unpaid medical bills	17%	26%
Do not have emergency funds	48%	56%
Paid the minimum credit card payment only	32%	34%

While Massachusetts adults scored slightly better on these four indicators as compared to the rest of the country, the survey shows the significant challenges that persist for many adults in our state.

Many of these challenges stem from adults being “unbanked,” or not having a bank account. According to data from the Federal Deposit Insurance Corporation (FDIC), approximately 7.7 percent of households or 9.6 million families did not have a bank account in 2013.⁷³ These households must resort to using alternative financial services – such as check cashing and money orders for bill payment – that negatively impact their ability to save, build a positive credit history, and develop assets. “Underbanked” individuals – those that have a bank account but also use nontraditional financial services – are similarly at risk. Those with no credit or poor credit histories experience additional obstacles in accessing traditional banking services, which often leads them to turn to high-interest loan products. That is why this Subcommittee believes that connecting Massachusetts residents with financial education earlier in life will help to improve access to and awareness of traditional banking services, and increase the likelihood of asset building behaviors.

Increasing the financial capability of all adults in our state is certainly a challenging undertaking. The adult population is large and diverse, and our research therefore led us toward identifying particularly vulnerable subgroups.⁷⁴ After much contemplation, our Subcommittee narrowed this focus to five distinct at-risk groups: low to moderate income families, first-generation immigrants, women, seniors, and veterans. Although the following research, strategies, and recommendations are informed by these selections, this Subcommittee is keenly aware of the other numerous and disparate adult subgroups who face unique obstacles in achieving financial well-being.

⁷¹ FINRA Investor Education Foundation. 2012. “Summary of Selected Findings: Massachusetts.” FINRA Investor Education Foundation. http://www.usfinancialcapability.org/downloads/tables/Massachusetts_2012.pdf.

⁷² Ibid.

⁷³ Burhouse, Susan, Karyen Chu, Ryan Goodstein, Joyce Northwood, Yazmin Osaki, and Dhruv Sharma. 2014. “2013 FDIC National Survey of Unbanked and Underbanked Households.” Federal Deposit Insurance Corporation. <https://www.fdic.gov/householdsurvey/2013report.pdf>.

⁷⁴ Beard, Martha P. 2010. “In-Depth: Reaching the Unbanked and Underbanked.” Federal Reserve Bank of St. Louis. <https://www.stlouisfed.org/Publications/Central-Banker/Winter-2010/Reaching-the-Unbanked-and-Underbanked>.

Low- to Moderate-Income Households

According to the FDIC's "National Survey of Unbanked and Underbanked Households," about 28 percent of U.S. households earning less than \$15,000 don't have bank accounts, and approximately 22 percent are underbanked.⁷⁵ In Massachusetts, 5.8 percent of residents are unbanked and 17.2 percent are underbanked. The 2014 Assets & Opportunity Scorecard produced by CFED, based on Census data, showed the 35.3 percent of Massachusetts households were without sufficient liquid assets to subsist at the poverty level for three months without income (defined as liquid asset poverty).⁷⁶

First-Generation Immigrants

It is challenging for first-generation immigrants to become acclimated to a new monetary system. Immigrants who originate from countries with untrustworthy banking systems are often skeptical of embracing traditional products, and critical consumer information is not always made readily available in multiple languages.⁷⁷

Women

Women face an alarming gender pay gap and wealth gap in our state. In Massachusetts, women earn on average 82 percent of what their male counterparts earn.⁷⁸ This gap is worse for African American women at 60 cents and Latina women at 55 cents for every dollar earned by white, non-Hispanic men.⁷⁹ Over time, this pay gap leads to a wealth gap, especially as it pertains to assets and retirement savings. Women are also more likely than men to interrupt their careers to care for family members which consequently results in fewer years of retirement contributions.⁸⁰ This causes women to rely more on their Social Security benefits, which are smaller on average than men's.⁸¹

⁷⁵ Burhouse, Susan, Karyen Chu, Ryan Goodstein, Joyce Northwood, Yazmin Osaki, and Dhruv Sharma. 2014. "2013 FDIC National Survey of Unbanked and Underbanked Households." Federal Deposit Insurance Corporation. <https://www.fdic.gov/householdsurvey/2013report.pdf>.

⁷⁶ 'Assets & Opportunity Scorecard'. 2015. <http://scorecard.assetsandopportunity.org/latest/state/ma>.

⁷⁷ Durana, Jamie. 2010. "Financial Literacy Programs for Immigrants." National League of Cities Municipal Action Guide. <http://www.nlc.org/documents/Find%20City%20Solutions/Research%20Innovation/Immigrant%20Integration/financial-literacy-immigrants-mag-10.pdf>.

⁷⁸ "The Gender Pay Gap: Massachusetts: Massachusetts." 2014. American Association of University Women. <http://www.aauw.org/files/2014/09/Massachusetts-Pay-Gap-2014.pdf>.

⁷⁹ Fact Sheet: Massachusetts Women and the Wage Gap. 2015. National Partnership for Women & Families. <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/9-2015-ma-wage-gap.pdf>.

⁸⁰ "Women, Men and the New Economics of Marriage." 2010. Pew Research Center. <http://www.pewsocialtrends.org/files/2010/11/new-economics-of-marriage.pdf>.

⁸¹ "How the Wage Gap Hurts Women and Families." 2015. National Women's Law Center. http://www.nwlc.org/sites/default/files/5.11.15_how_the_wage_gap_hurts_women_and_families.pdf.

In light of these sobering statistics, women must be given the tools and strategies they need to strengthen their economic security and stability. Specifically, this Subcommittee believes that these skills can be taught through targeted financial education programming. Women and men should also be provided equal access to the “wealth escalator,” or tools that help translate income into wealth more effectively, such as paid family leave, health insurance, retirement plan options, and unemployment insurance.⁸²

Seniors

Due to increases in costs of living, many seniors face an “asset gap” that develops over their lifetimes. This is especially true for women who have children and are close to retirement age. 63 percent of senior households in Massachusetts are considered “economically insecure,” which means they do not have enough income to meet their basic needs. That number jumps to 91 percent for Hispanic senior households, and 81 percent for African American senior households.⁸³

Veterans

Military personnel, veterans, and their families face unique personal financial challenges, and studies have repeatedly shown that this population is in need of targeted services and training.

Specifically, FINRA has identified the following information in its research:⁸⁴

- Military families are in debt to credit card issuers, with over one in four respondents reporting more than \$10,000 in credit card debt;
- One in four service members with checking accounts reported overdrawing their accounts, which typically incurs significant fees; and
- Only 50 percent of military respondents have a "rainy day" fund for unanticipated financial emergencies.

These challenges are amplified by the demands of a military career, and by the relative youth and fiscal inexperience of service members. In addition, an issue that is unique to members of the military, when personnel experience severe money management problems it can jeopardize their security clearances, and result in the loss of income or employment in selective departments.

⁸² Chang, Mariko. 2015. “Women and Wealth: Insights for Grantmakers.” Asset Funders Network. http://www.mariko-chang.com/AFN_Women_and_Wealth_Brief_2015.pdf.

⁸³ Horning, Jessica, and Shawn McMahon. 2014. “Living Below the Line: Economic Insecurity Among Massachusetts’ Elders.” Wider Opportunities for Women. <http://www.wowonline.org/wp-content/uploads/2013/05/Living-Below-the-Line-Economic-Insecurity-Among-Massachusetts-Elders-Report-WOW-MAOA-2014.pdf>.

⁸⁴ “Financial Capability in the United States: Military Survey - Executive Summary.” 2010. FINRA Investor Education Foundation. <http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p122257.pdf>.

SETTING THE STRATEGY

Recommendations from the Adult Subcommittee are based on a single objective: *to enhance the financial capability of current and future adult subgroups by providing a Financial Foundation Framework.*

What is the Financial Foundation Framework?

The Financial Foundation Framework is based on the My Money Five categories of earning, borrowing, saving and investing, and spending and protecting and the Council on Economic Education's National Standards on Financial Literacy.^{85,86}

The Adult Subcommittee believes that the Framework plays a critical role in promoting financial capability and financial well-being with the goal of asset development. Through the Financial Foundation Framework, Massachusetts residents will obtain the financial education and skills they need to make informed decisions about their finances and be able to respond to asset-building opportunities and unpredictable life events.⁸⁷

Earning

- Key Concept: A gain or recurrent benefit paid as wages and salaries and derived from labor or capital; and
- Key Action: Make the most of what you earn by understanding your pay, benefits, and educational and workforce training opportunities.

Borrowing

- Key Concept: Using credit to purchase goods and services today with the expectation of future payment with interest; and
- Key Action: Have the ability to make payments in the future and build a good credit history because higher-risk borrowers are charged higher interest rates and lower-risk borrowers are charged lower interest rates.

Saving and Investing

- Key Concept: The excess of income over consumption that people choose to set aside for future uses;
- Key Action (Saving): Deposit money in protected accounts with the understanding of a safe rate of return; and

⁸⁵ "My Money Five." n.d. Financial Literacy and Education Commission.

<http://www.mymoney.gov/mymoneyfive/Pages/mymoneyfive.aspx>.

⁸⁶ "National Standards for Financial Literacy." 2013. Council for Economic Education.

<http://www.councilforeconed.org/wp/wp-content/uploads/2013/02/national-standards-for-financial-literacy.pdf>.

⁸⁷ "Asset Development: Removing Barriers, Building Futures." 2009. Massachusetts Asset Development Commission. <http://www.massassets.org/sites/default/files/adcfinalreport.pdf>.

- Key Action (Investing): Commit money or capital to an endeavor (a business, project, real estate, etc.) with the understanding of a rate of risk and the expectation of obtaining a potential income, profit, or loss.

Spending

- Key Concept: Allocating money to goods and services; and
- Key Action: Improve economic well-being by making informed purchasing decisions, which entail collecting information, planning, and budgeting.

Protecting

- Key Concept: The act of reducing financial risk of lost income, assets, health, or identity with insurance; and
- Key Action: Choose to transfer the risk by having the right insurance. Take precautions about your financial situation and accumulating emergency savings.

Guiding Principles

The underlying principles guiding the Adult Subcommittee’s recommendations include:

Asset Development: Strategies that increase the stock of wealth in a household, such as savings, a home, or a college education.⁸⁸

It is important to address the Financial Education needs of adults in three distinct ways: expansion of access to **Basic Financial Education**, **Transactional Financial Education**, and **Advanced Financial Coaching**.

Inclusiveness: Reach all present and future adult subgroups, particularly those most in need of financial guidance.

Engagement: Help all consumers appreciate the importance of financial knowledge and understand the long-term benefits of making better financial decisions in all life stages.

Diversity: Deliver learning that recognizes the different ways people learn and allows all consumers to participate.

Knowledge and Empowerment: Provide consumers with access to independent and reliable information, tools, and ongoing support.

Improving Outcomes: Combine education and application of financial products to achieve better results. Information alone is not enough to change practices.

⁸⁸ “Asset Building FAQ.” n.d. Corporation for Enterprise Development. http://cfed.org/about/asset_building_faq/.

Partnerships: Build on existing relationships and identify gaps from non-profit organizations and other partnerships.

Measurement: Track the effective application and financial tenets to establish the appropriate financial foundation.

ADULT RECOMMENDATIONS

1) Create public/private partnerships to expand access to Basic Financial Education in budgeting, banking, use of credit, and consumer education with an emphasis on low-to-moderate income residents:

The Adult Subcommittee sees an opportunity for OEE to further connect the public in new and innovative ways with consumer friendly resources. For example, the office should work with Massachusetts Community Banking Council to expand awareness off its Basic Banking Tool that identifies state-chartered banks that provide low-cost banking products. Similarly, we suggest partnering with Massachusetts Office of Consumer Affairs and Business Regulation to target low- to moderate-income communities about the free 18/65 bank accounts for residents 18 years or younger and over the age of 65.

2) Identify and mobilize volunteer networks to provide financial education in communities and places of employment with a particular focus on low income residents, first-generation immigrants, women, veterans, and seniors:

The Adult Subcommittee would like to see OEE create a plan to expand access to consumer education, develop additional strategies on managing finances, and strengthen existing resources offered through neighborhood cultural centers, veteran service offices, one-stop financial stability centers, workforce development providers, community action agencies, and MassSaves Coalition's network of providers.

One particular vision for mobilizing efforts is to create a Financial Literacy Volunteer Corps that provides one-on-one personal assistance on budgeting, credit, saving, investing and basic planning. This can be done in collaboration with banks, credit unions, credit counseling agencies, professional trade associations, and other financial institutions to develop an aligned unit of volunteers to ensure consistency of message and resource distribution. Additionally, this Subcommittee recommends modeling web interactions with volunteer resources by looking to proven models like Delaware's "Stand By Me" program.⁸⁹ This model should be used to develop an online list of non-profit financial coaching programs that are available to Massachusetts residents.

3) Expand access to specific Transactional Financial Education (or "Just in Time") and Advanced Individual Financial Coaching for individuals with complex financial issues:

The Adult Subcommittee has identified two general categories that OEE should acknowledge and support: one is transaction focused and the other is crisis prevention focused. Both categories call for trusted guidance and interpretation of unfamiliar terminology. **Transactional Financial Education** should occur when adults are near the point of making a significant decision, such as home buying, credit repair, auto financing, higher education financing, accessing benefits (private and public), and short-term pre-retirement decisions. It is important to start early to prepare for such transactions, but often personal finance lessons will have a greater impact on the consumer when utilized at a time when they are most relevant. On the other hand, there are

⁸⁹ "Stand By Me." n.d. *Stand By Me*. <http://standbymede.org/>.

individuals experiencing a crisis such as bankruptcy prevention and intervention, debt management, or catching up on retirement planning. In these scenarios, this Subcommittee believes that adults should seek **Advanced Individual Financial** coaching. Some innovative models to closely review are the United Way’s six Financial Stability Centers across the state, and The Midas Collaborative’s MassSaves Remote Financial Coaching Program.⁹⁰

4) *Work with the Office of Refugees and Immigrants (ORI) to connect their constituency with reliable financial education, resources and services:*

A hallmark of self-sufficiency is the capacity to make informed fiscal decisions, but the complexity of the American banking system can serve as a barrier for first-generation immigrants. OEE should collaborate with ORI to foster more culturally and linguistically appropriate training content that will enable newcomers to make informed personal finance decisions early during their resettlement.

5) *Promote financial education for women to enhance economic standing with a focus on wage equality and the tools they need to be financially successful:*

The Adult Subcommittee recognizes the immediate and long-term effects of the pay disparity between genders, and believes that the Massachusetts State Treasury must continue to promote and advocate for wage equality across the Commonwealth. OEE should also continue to form public-private partnerships to expand access to salary negotiation strategies and workshops, and disseminate information to employees about the retirement gap between men and women.

We recommend advocating for programs in which women are provided direct strategies aimed at increasing asset ownership and capability through coaching. Programs should also improve participants’ understanding of employment-related fringe benefits, tax advantages, and pursuit of other valuable government assistance.

6) *Increase opportunities for non-profit organizations, public agencies, and colleges to provide financial education to the Military, Veteran, Family and Survivor Community (MVFSC):*

The Adult Subcommittee recommends identifying best practices in program models that are currently serving veterans, including programming provided by the Financial Planning Association of Massachusetts (FPA of MA) and the Economic Empowerment Trust Fund (formerly Massachusetts Financial Literacy Trust Fund).

In 2012, members of the Financial Planning Association of Massachusetts established a pro-bono program for military veterans in partnership with a non-profit organization that builds homes for wounded veterans returning from deployment. Presentations and materials offered veterans an initial understanding of what to expect when they meet one-on-one with a planner and before they take custody of the house. Since then, the program has expanded nationally and volunteer Certified Financial Planners are assigned across the country in the states where the homes are

⁹⁰ “Lifting Families from Poverty.” n.d. United Way of Massachusetts Bay and Merrimack Valley.
<http://supportunitedway.org/what-we-do/stabilizing-families/>.

being built. Assigned volunteer planners then assist in defining personal economic goals, creating budgets, establishing savings plans, and ensuring that those participating in this free program receive full advantage of their employee and military benefits. In most cases, the FPA volunteer will meet with individuals to ensure that the house budget, cash flow, and other issues are going according to plan. Additionally, FPA MA pro-bono volunteers have partnered with the Massachusetts National Guard's Personal Financial Counselor to provide a free tax preparation program. In 2012, this program completed 1,563 federal and state tax returns, saved servicemembers and their families \$239,000 in tax preparation fees. Moreover, this program generated over \$2.1 million federal and state refunds for service-members.⁹¹ In Massachusetts, the program helped counsel 260 servicemembers and families.

Another MVFSC targeted model to analyze was created by the former Massachusetts Financial Literacy Trust Fund, now known as the Massachusetts Economic Empowerment Trust Fund.⁹² This entity hosted two statewide annual Operation Money Wise events that served over 400 individuals, comprised of veterans, service members, and their families. In 2014, 86 percent of attendees either "Strongly Agreed" or "Agreed" that as a result of attending the conference, they felt confident about managing their money. This program could be replicated throughout the state.

7) *Activate public/private partnerships to support local senior meeting places to strengthen their reach into the community and support the education and counseling that best serve at-risk elders:*

The Adult Subcommittee recognizes at-risk seniors that are often economically insecure, cognitively impaired, and/or victims of exploitation. In light of data showing that 63 percent of Massachusetts senior households are economically insecure,⁹³ OEE should work collaboratively with the large publicly funded programs, including Area Agencies on Aging (AAA's), Aging Services Access Points (ASAP's), and Councils on Aging to build on effective initiatives, materials, and resources.

8) *Advance financial capability by coordinating with related federal and state agency efforts:*

The Massachusetts State Treasury's Office of Economic Empowerment is uniquely positioned as an employer to integrate best practices into its own workplace through pilot programs with affiliated agencies. For example, the Treasurer oversees the State Board of Retirement and the Deferred Compensation Plans Unit. Through these departments, the Office of the State Treasurer and Receiver General has an opportunity to connect retired and active state employees with valuable educational resources. Other workplace-based pilot programs could include teaching

⁹¹ Estabrook, Hal. n.d. "A Summary of Our Military Pro Bono Activity for 2012." Financial Planning Association of Massachusetts. <https://www.fpama.org/2012/08/a-summary-of-our-military-pro-bono-activity-for-2012/>.

⁹² "Economic Empowerment Trust Fund." n.d. mass.gov. <http://www.mass.gov/treasury/empowerment/trustfund/>.

⁹³ Horning, Jessica, and Shawn McMahon. 2014. "Living Below the Line: Economic Insecurity Among Massachusetts' Elders." Wider Opportunities for Women. <http://www.wowonline.org/wp-content/uploads/2013/05/Living-Below-the-Line-Economic-Insecurity-Among-Massachusetts-Elders-Report-WOW-MAOA-2014.pdf>.

employees lessons around saving for retirement or investing in a child’s post-secondary education. Outcomes from these pilots—combined with the latest data analytics and behavioral science research—could be used to establish a comprehensive employee financial wellness program that OEE could encourage employers across the state to adopt.

The Task Force has also recognized the need to advance programs, such as the U.S. Treasury’s myRA program.⁹⁴ This initiative is designed to make saving for retirement easy for people who need it most – especially for workers who don’t have access to a retirement savings plan through their employer or lack other options to save.

⁹⁴ US Department of the Treasury. n.d. “myRA.” *myRA*. <https://myra.gov/>.

CHAIR OF THE FINANCIAL LITERACY TASK FORCE, BARBARA ANTHONY



I want to thank Treasurer Goldberg for convening this prestigious group of experts to look at the state of financial literacy in Massachusetts. Having a diverse group representing both the public and private sectors to examine an issue as complex as financial education helped to produce the best possible report.

The 22 recommendations are the result of seven months of work and approximately 600 hours of dedicated time. I cannot thank the Task Force members and Treasurer Goldberg's dedicated staff enough for their commitment to this vital issue.

These recommendations are just the first step to help all Massachusetts residents have a better understanding of their finances and make sound financial decisions. Some of these recommendations will take time to implement and evaluate, but there are many steps that can be taken right now. Treasurer Goldberg has made financial literacy a priority for her administration and has already expanded Credit for Life Fairs across the state and has announced plans to create College Savings Accounts for Massachusetts kindergarteners. As a member of the Economic Empowerment Trust Fund, I will continue to work with the Treasurer and the Office of Economic Empowerment to use these recommendations and promote robust financial literacy programs for all Massachusetts residents. By working together, engaging stakeholders, and creating public-private partnerships, we can make the Commonwealth a leader in this field.

Sincerely,

A handwritten signature in blue ink that reads "Barbara Anthony". The signature is fluid and cursive.

Barbara Anthony