**The Role of Financial Literacy in Retirement Security**

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1. What is retirement security? How has that concept changed over time?
   1. Consumer Financial Protection Bureau’s definition of financial well-being is security and freedom of choice. In the short-term, control over day-to-day, month-to month finances and freedom to make choices to enjoy life. In the long term, capacity to absorb a financial shock and being on track to meet financial goals. (<https://www.consumerfinance.gov/practitioner-resources/financial-well-being-resources/>)
   2. In the last 25 years, planning for retirement has changed with decreased likelihood of a guaranteed income, higher expenses (especially for health care), more sophisticated knowledge required to invest, and a reduced importance of housing as a component of retirement security. Overall, the affluent have gained an advantage while low- and middle-income Americans have struggled. (“11 Ways Retirement Has Changed Over the Last 25 Years” [https://www.moneycrashers.c1om/retirement-changes/](https://www.moneycrashers.com/retirement-changes/)); “The Decade in Retirement Security” <https://www.nytimes.com/2019/12/14/business/retirement-social-security-recession.html>)
2. Retirement security vs. financial security in later life
3. The promise and limitations of financial education (knowledge, attitudes, and behaviors). <https://files.consumerfinance.gov/f/documents/201706_cfpb_SUMMARY_five-principles-financial-well-being.pdf>
4. The importance of being just-in-time with education. <https://www.consumerfinance.gov/data-research/research-reports/measuring-financial-skill/>
5. Financial education in the public schools (Council on Economic Education *Survey of the States*. <https://www.councilforeconed.org/policy-and-advocacy/survey-of-the-states/>
   1. 45 states include personal finance in their education standards
   2. 38 states require the standards to be implemented
   3. 24 states require that high school courses that teach personal finance be offered
   4. 19 states require students to take courses that teach personal finance
   5. 7 states require that students are tested after taking courses that teach personal finance
6. What is taught in public schools?
   1. The Council on Economic Education outlines a curriculum that covers (https://www.councilforeconed.org/wp-content/uploads/2013/02/national-standards-for-financial-literacy.pdf):
      1. Earning Income
      2. Buying Goods and Services
      3. Saving
      4. Using Credit
      5. Financial Investing
      6. Protecting and Insuring
   2. The Benchmark knowledge in Protecting and Insuring for Grade 4 is:
      1. Risk is the chance of loss or harm.
      2. Risk from accidents and unexpected events is an unavoidable part of daily life
      3. Individuals can either choose to accept risk or take steps to protect themselves by avoiding or reducing risk.
      4. One method to cope with unexpected loss is to save for emergencies.
   3. The Benchmark knowledge in Protecting and Insuring for Grade 12 includes 14 items. Six are specific to insurance:
      1. An insurance contract can increase the probability or size of a potential loss because having the insurance results in the person taking more risks. Policy features such as deductibles and copayments are cost-sharing features that encourage the policyholder to take steps to reduce the potential size of a loss (claim).
      2. People can lower insurance premiums by behaving in ways that show they pose a lower risk.
      3. Health insurance provides funds to pay for health care in the event of illness and may also pay for the cost of preventive care. Large health insurance companies can often negotiate with doctors, hospitals, and other health care providers to obtain lower health care prices for their policyholders.
      4. Disability insurance is income insurance that provides funds to replace income lost while an individual is ill or injured and unable to work.
      5. Property and casualty insurance (including renters insurance) pays for damage or loss to the insured’s property and often includes liability coverage for actions of the insured that cause harm to other people or their property.
      6. Life insurance benefits are paid to the insured’s beneficiaries in the event of the policyholder’s death. These payments can be used to replace wages lost when the insured person dies.
   4. The state of Georgia’s personal financial literacy standards for the personal finance component of a required semester of economics are (<https://www.georgiastandards.org/Georgia-Standards/Documents/Social-Studies-K-12-Georgia-Standards.pdf>)
      1. Evaluate various sources of income and analyze variables that affect a person’s income.
      2. Describe how budgeting and actively reviewing finances can be used to allocate scarce income.
      3. Evaluate different methods for paying for goods and services.
      4. Evaluate alternatives for life after high school including college, technical school, internships, working, military, doing nothing, traveling, or other options.
      5. Describe the importance of credit and having a favorable credit score.
      6. Analyze the purpose and functions of various financial institutions.
      7. Explain how interest rates affect various consumer decisions.
      8. Evaluate reasons for and various methods of investment.
      9. Describe how insurance and other risk management strategies protect against financial loss (Describe various types of insurance including auto, health, life, disability, and property); review and describe the basic components of a sample auto, health, and property insurance policy; analyze different methods for obtaining health insurance including through an employer, private purchase, COBRA, and health insurance exchanges; analyze the costs and benefits associated with different types of insurance including co-pays, deductibles, premiums, shared liability, and asset protection; define insurability and explain why insurance rates can vary).
      10. Describe how government taxing and spending decisions affect consumers.
      11. Explain and evaluate various forms of consumer protection.
      12. Explain sources of and protection against identify theft.
7. The principle of just-in-time suggests most financial education **related to retirement planning** may be more effective AFTER high school.
   1. While there are few formal requirements, many universities and colleges offer financial education in various ways.
      1. National Endowment for Financial Education’s *Cash Course* is one free resource some use (<https://www.cashcourse.org/>)
      2. There are many other financial education programs aimed at college students that compete for audiences but at a cost.
   2. Human Resources professionals are actively engaged
      1. International Foundation of Employee Benefit Plans (<https://www.ifebp.org/bookstore/whatsworking/Pages/workplace-financial-education.aspx>)
      2. The Society of Human Resource Professionals (<https://www.shrm.org/>)
   3. Culturally contextualized curriculum
      1. National Financial Centers: Financial Capability for Native American Youth and Young Adults (https://forms.aises.org/)
8. Opportunities for insurance regulators to partner with others.
   1. You bring an expertise about the current marketplace that many educators don’t have.
   2. The National Conference of State Legislatures’ website (<https://www.ncsl.org/research/financial-services-and-commerce/financial-literacy-2019-legislation.aspx>) is a good resources on state legislation related to financial literacy. According to their website and KidsMoney.org (http://www.kidsmoney.org/org\_sgov\_comm.htm), the following states have state coalitions, typically called Financial Literacy Councils: North Carolina, Kentucky, Nevada, Florida, Tennessee, Wisconsin
   3. Your most important role as insurance regulators appears to ensure that insurance markets are stable and competitive, especially the markets for products that consumers may use to secure their financial futures in later life.

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