Elizabeth A. Pearce
State Treasurer

Retirement Division
Tel: (802) 828-2305
Fax: (802) 828-5182

Unclaimed Property Division
Tel: (802) 828-2407

Accounting Division
Tel: (802) 828-2301
Fax: (802) 828-2884

STATE OF VERMONT
Office of the State Treasurer

TO: Hon. Governor Phil Scott
House Committee on Commerce and Economic Development
House Committee on Education
House Committee on Government Operations
House Committee on Human Services
Senate Committee on Education
Senate Committee on Economic Development, Housing and General Affairs
Senate Committee on Government Operations
Senate Committee on Health and Welfare

FROM: Beth Pearce, Co-Chair
John Pelletier, Co-Chair

RE: 2017 Financial Literacy Commission Report

DATE: January 17, 2017

Pursuant to 9 V.S.A. § 6003, the Financial Literacy Commission (FLC) presents its 2017 report. FLC was created to "measurably improve the financial literacy and financial capability of Vermont's citizens." Additionally, a special fund (9 V.S.A. § 6004) was enacted to support financial literacy projects. In calendar year 2016 there were no disbursements made from the Financial Literacy Commission Fund. The balance is $12,000.00. FLC will evaluate potential uses for the fund prior to reporting back to the General Assembly in January 2018.

FLC held a preliminary planning meeting on November 30, 2015. Eleven meetings were convened in 2016. From January 4 to April 4, 2016, stakeholders were invited to provide testimony. Representatives of the following entities provided testimony to the Commission:

- Burlington High School
- Capstone Community Action
- Champlain College
- Champlain Valley Office of Economic Opportunity
- Colchester High School
- Community College of Vermont
- Green Mountain United Way
- NeighborWorks of Western Vermont
- Opportunities Credit Union
- University of Vermont
- Vermont-NEA
- Vermont Student Assistance Corporation
- Winooski High School

From May 4 to August 8, 2016, FLC held meetings to review testimony and author a plan for report drafting. Topical subgroups were formed to develop recommendations. A variety of stakeholders participated in the subgroup meetings, including:

- Association of Retired Persons-VT
- Association of Vermont Independent Colleges
- University of Vermont
- Vermont Agency of Education
- Vermont Businesses for Social Responsibility
- Vermont Business Roundtable
- Vermont Low Income Advocacy Council
- Vermont-NEA
- Vermont Principals' Association
- Vermont School Boards Association
- Vermont State Colleges
- Vermont Superintendents Association

The report on the following pages draws from information gathered at FLC meetings and through the stakeholder process convened throughout the fall. It expands on the work of the Financial Literacy Taskforce’s 2014 report, *Vermont’s Financial Literacy Action Plan*, by organizing its recommendations into the areas of K-12, higher education, and adult personal finance education.

We wish to acknowledge the hard work and commitment of the members who serve on the Commission:

- **Beth Pearce**, State Treasurer, Co-Chair
- **John Pelletier**, Champlain College Director of the Center for Financial Literacy, Co-Chair
- **Mark Perrin**, member State Board of Education
- **Martha Reid**, Vermont State Librarian
- **Courtney Poquette**, Business Educator, Winooski High School
- **Justin Brown**, Assistant Principal, Colchester High School
- **Sabina Haskell**, Director of Public Affairs, designee of the Vermont Student Assistance Corporation
- **Lisa Falcone**, Working Bridges Director, United Way of Northwest Vermont
- **Mary Niebling**, Director of Community Economic Development, Capstone Community Action
- **Thomas Leavitt**, President and CEO of Northfield Savings Bank
- **Yvonne Garand**, Senior Vice President, VSECU
- **Linda Tarr-Whelan**, Consultant, Tarr-Whelan & Associates

We welcome your feedback as you review the report.

FINANCIAL LITERACY COMMISSION 2017 REPORT

Office of the State Treasurer
January 17, 2017

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2017 REPORT

CONTENTS

INTRODUCTION

VERMONT'S ECONOMY REQUIRES A FINANCIALLY CAPABLE CITIZENRY

THE CURRENT SITUATION:

Financial literacy—the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being—is crucial for the economic growth and prosperity of Vermont and Vermonters. Too many Vermonters struggle with personal finance and have not learned basic concepts from their parents, in schools, or through their workplace. Vermont must provide its citizens with access to financial literacy essentials to ensure that consumers are ready for the complex world of credit, savings, spending, and financial security.

Why does it matter that Vermonters are financially literate? The reason is simple. Financial literacy is linked to positive outcomes like having rainy day funds, wealth accumulation, stock market participation, and smart retirement planning. Illiteracy may lead to falling into expensive traps like auto title loans, paying only the minimum amount owed on credit cards, paying higher interest rates on mortgages, credit cards and auto loans, and having higher overall debt and delinquency levels. In addition, many state priorities such as decreasing poverty and increasing the proportion of young Vermonters continuing their education beyond secondary school rest on our citizens having the financial tools they need for a better future.

The number of financial decisions Vermonters face continues to intensify as the variety and complexity of financial products grow. Individuals often do not fully understand debit and credit cards, mortgages, banking, investment and insurance products and services, retirement planning, and an array of other financial topics.

Financial literacy education is a building block for the future that will give individuals the knowledge and skills that will aid them for their entire lives. The Commission believes strongly that Vermont can do more to take action to advance the financial literacy of its citizens by building on successful programs and more efficiently utilizing existing resources.

Here are a few examples of how the lack of personal finance knowledge and skills impact the lives of our citizens and, ultimately, our entire state economy:

- ***EDUCATION IS ONE OF THE MOST POWERFUL TOOLS WE HAVE TO END GENERATIONAL POVERTY AND REVERSE SOCIAL INEQUITIES:*** A report from the U.S. Census Bureau points to education as the single-most important factor in determining a person's income. Those with a bachelor's degree earn a median income twice that of those with only a high school degree. Public Assets Institute reports that over 20 percent of Vermonters without a high school degree live in poverty as compared to less than 4 percent of Vermonters with college degrees.

- ***VERMONT STUDENTS ARE LEAVING VALUABLE SUPPORT FOR THEIR COLLEGE EDUCATION ON THE TABLE:*** The cost of education and training after high school is an investment in a person's future and nearly seven out of 10 Vermonters have student debt of about $29,000. Filling out the FAFSA, or Free Application for Federal Student Aid, is a necessity to receiving financial and institutional aid. According to NerdWallet.com, half of Vermont seniors did not file a FAFSA and missed out on $5.5 million in free federal aid – or about $3,546 per eligible student.
- ***UNBANKED OR UNDERBANKED CITIZENS ARE AT FINANCIAL RISK:*** The FDIC notes that many adults in Vermont (14.3 percent) are either unbanked or underbanked. Unbanked individuals do not use banks or banking institutions in any capacity. Unbanked persons generally pay for things with cash or money orders. Underbanked individuals have a bank account but also use at least one of the following alternative costly financial services from non-bank providers: money orders, check cashing, remittances, and payday loans. Some may have irregular income or could be living paycheck to paycheck with little or no savings. A financial emergency could result in job loss, homelessness, and/or inability to meet other basic needs. Financial success or misfortune impacts these families but also costs the state in increased need for services and holds back our economy.
- ***LOW CREDIT SCORES ARE COSTLY AND LIMIT OPPORTUNITY:*** Your credit score matters when you apply for a credit card or purchase a home or car. It is also used in other everyday situations, like renting an apartment, buying insurance, signing up for certain utilities, and even getting a new job. The key point is that your credit score and borrowing history impacts your daily life. While it is well recognized that having access to credit is important, less well-known is the cost of having a weak credit score versus a strong credit score over a lifetime. For example, according to Credit.com's Lifetime Cost of Debt Calculator, a 25-year-old woman with poor credit who lives in Vermont may face an estimated $484,680 in lifetime interest costs--double that of the same person with excellent credit rating. Paying less in credit expense allows individuals to save and/or spend more in our communities.
- ***LACK OF SAVINGS FOR EMERGENCIES AND RETIREMENT PUT VERMONTERS AT RISK:*** Saving for future needs is necessary to financial independence. Individuals who have adequate savings are more likely to weather unforeseen financial challenges, like the loss of employment or unplanned medical expenses. A Finra study found that 55 percent of Vermont survey respondents do not have an emergency fund. Likewise, a large share of Vermont's population has not saved for long-term goals like retirement. A 2015 study by AARP's Public Policy Institute found that 45 percent of Vermont's private sector workforce lack access to an employer-sponsored retirement plan. Individuals who can access a savings plan are more likely to build assets. When Vermonters have financial security, they buy goods and services that support Vermont's economy and its continued prosperity.

There has been recent publicity about a report issued in December 2016 that gave our state a B grade for adult financial literacy as evidence that Vermont is doing well compared to other states. We wish that this pointed to a good situation. However, closer reading shows that the report used a relative grading system and a grading curve, and is clear about the room for improvement. The report notes that:

- Only 22 percent of Vermont adults have participated in financial education in school, college or at work;
- Less than 37 percent of Vermonters are spending less than their income (i.e. they are saving);
- Vermont has a grade D for student loan debt;
- Close to half of Vermont adults do not have access to a workplace retirement plan.

Vermont looks relatively better than some states due to: the implementation of protective consumer protection polices (e.g. prohibition of payday lending, etc.); having higher median household income; and having the second highest average age of citizens (older individuals tend to be statistically more financially secure than their younger counterparts).

We can do better. Vermonters need the skills and proficiency to take control of their financial lives. When they graduate, Vermont high school students should, at a minimum, understand how credit works, how to budget, and how to save, and invest. College graduates should understand those concepts in addition to the connection between income and careers, and the implications of student loans on their financial futures. Vermont adults need increased understanding of the critical importance of managing credit and building adequate rainy day/emergency and retirement funds.

After a year of study, testimony, and discussion, the Vermont Financial Literacy Commission offers a series of recommendations. We believe the recommendations, once implemented, will materially increase the financial knowledge of all our citizens and enable them to make positive changes in their personal and professional lives. We believe a more financially sophisticated citizenry will help improve Vermont's economy and, potentially, stretch state dollars now needed for services for Vermonters.

We ask the Governor and General Assembly to join us to implement our recommendations. We are confident that we can increase the financial literacy and capability of all Vermonters and reap the positive economic benefits of more financially literate citizens and their families. We hope that you find the information contained in the report informative and useful in developing the policies that can move us forward.

RECOMMENDATIONS

TAKE ACTION NOW TO ADVANCE THESE IMPORTANT INITIATIVES

The Vermont Financial Literacy Commission met 11 times in 2016 and focused its attention on understanding the current state of financial literacy in Vermont. We reviewed data and received information about some excellent examples of existing successful programs. In addition, we listened to testimony from citizens who said financial literacy education is inconsistent and not readily available. We concluded that a lack of financial knowledge and skill is hurting the financial well-being of many Vermont students, consumers, workers, retirees, entrepreneurs, and businesses. The Commission's primary goal is to promote innovative and intentional policies that value financial literacy as an important tool to promote the financial well-being of Vermont's citizens and our state economy.

We call the attention of the Governor and General Assembly to these initial steps that can be taken right now to promote responsibility, affordability, and sustainability for financial well-being of all our citizens:

1. ***Promote expanded financial literacy education at the primary, secondary, and postsecondary levels.***

2. ***Increase access to available state resources by appointing an interagency task force to evaluate current programs and to coordinate and improve the effectiveness of existing outreach efforts to our schools, colleges, and with citizens.***

3. ***Launch a financial health campaign to educate our citizens about the importance of basic financial education, credit worthiness, saving, investing, and to direct them to existing reputable personal finance resources.***

K-12

K-12 RECOMMENDATIONS

Goal of the Vermont Financial Literacy Commission's K-12 Recommendations: Increase the number of Vermont K-12 students that are receiving quality personal finance education in our schools prior to entering college or the workforce.

Background: Financial sophistication is an essential 21st century life skill, yet recent studies and surveys show that our youth have not mastered these topics. The basics of personal financial planning have not been taught in school or at home. Without improved financial literacy, the next generation of Vermont leaders, job creators, entrepreneurs, and taxpayers will not have the skills to navigate an increasingly complex financial world.

"Based on a 2015 survey, only 22 percent of Vermont adults indicated that they were offered and participated in financial education in school, college or the workplace."

Based on Finra's 2015 National Financial Capability Study survey, only 22 percent of Vermont adults indicated that they participated in financial education in school, college or the workplace. Not surprisingly, that same survey indicated that Vermont adults averaged a D grade on a financial literacy quiz consisting of six basic questions. Many Vermont children are learning about personal finance not in school or at home, but through trial and error. In fact, a Charles Schwab survey indicated that parents are nearly as uncomfortable talking to their children about money as they are about sex education. Our modest educational standards on the topic of financial literacy resulted in Vermont receiving a "D" grade in a 2015 national report card on state efforts to improve financial literacy in high schools.

Current Vermont education standards require schools to teach certain personal finance concepts to all students, but progress has been slow. An increased emphasis on implementation is needed. We believe that financial education is important at all K-12 levels. A variety of excellent resources already exists that can be integrated into social studies, math, economics, business education, and other areas of the curriculum.

We applaud the passionate teachers who are working on a class-by-class basis to teach personal finance. However, this approach does not reach the entire student population. The integration of curriculum materials is not occurring at a sufficient pace.

Where opportunities for personal finance instruction do happen, teachers report that students are positively engaged. Innovation is occurring. For example, a dual enrollment program exists for a personal finance course between Winooski High School and Community College of Vermont. Pockets of excellence in financial literacy education take place across our state, thanks to smart educators, administrators, and school boards. Our challenge is to spread these important educational practices to all Vermont K-12 students.

These "success stories" are overshadowed by the fact that only eight out of 65 Vermont high schools currently have graduation requirements, or plans to roll out graduation requirements by a date certain, for financial literacy (Burlington, Fair Haven Union, Missisquoi Valley, Mount Abraham Union, Spaulding, U-32, and Vergennes Union, Winooski). Incremental progress is being made--this number has increased from only two high schools in 2011.

The school districts with financial literacy graduation requirements have provided the course offerings leveraging existing educators at modest or no cost to the school district. Many more schools offer electives. But, based on 2011 survey data, it is estimated that more than two-thirds of graduating seniors do not enroll in a financial literacy class for a variety of scheduling reasons. We also know that personal finance electives are unavailable to students at some high schools.

The Commission believes that financial literacy education is not the responsibility of schools alone. Success in this arena requires the creation of partnerships among parents, schools, state government, nonprofit entities, and the business community.

The Commission believes there are some clear opportunities to move forward.

RECOMMENDATIONS:

We believe there is urgent need to change the picture. We recommend a multi-pronged approach to systematically advance the level of personal finance proficiency for students graduating from Vermont schools. Through improvement in personal finance educational standards, universal access to these topics for all Vermont students and provision of appropriate tools and incentives, educators will have the resources they need to succeed in implementing personal finance education.

1. *Update Vermont's existing education standards on personal economics and career choices to reflect highly regarded national and international financial literacy standards.*

Current Vermont standards are not adequately specific. Personal finance and personal economics educational standards are included in the fall 2000 *Framework of Standards and Learning Opportunities* (Framework). The Framework will ultimately be replaced by other curriculum content standards. The Vermont Board of Education should ensure that existing Framework financial literacy standards are made more robust as incorporated into the ongoing revision of the K-12 social studies standards. As changes occur, it should be made clear that business education, family and consumer sciences, and mathematics high school educators can continue to teach personal finance courses, as they currently do today.

2. *Provide personal finance training opportunities to K-12 educators.*

Studies and surveys show that educators often lack confidence in their ability to teach personal finance due to their own lack of training on this topic. We also know that when educators receive intensive training, confidence levels increase measurably. We recommend that the Vermont Agency of Education, school boards, professional organizations, superintendents, and principals ensure that educators are offered opportunities for financial literacy training.

3. *Expand assistance to supervisory unions, schools, and educators interested in providing quality personal finance education to their students.*

The following are actions that should be taken by the Agency of Education to help promote personal finance education for all Vermont K-12 students:

- Appoint an individual to the role of coordination and implementation of the K-12 financial literacy initiatives described herein. The AOE has indicated that staffing is not currently available for this activity. We request that the new administration and legislature consider making personnel resources available to the AOE for this important work.
- Provide school districts with models that incorporate elements of personal finance into the Personalized Learning Plans that are required of all students. Include career and college/major exploration and how to pay for and finance a college education.
- Provide all school districts with models of Proficiency-Based Graduation Requirements that are currently being used by Vermont schools that require financial literacy as a graduation requirement.
- Partner with financial literacy educators and nonprofit experts to provide school districts with access to quality personal finance education resources, such as nationally recognized, age-appropriate financial literacy standards; curriculum; lesson plans; resources; games; tools; videos; applications; calculators; activities; projects; books; articles; public speakers; and model PLPs and PBGRs with personal finance concepts.
- Partner with mathematics educators and financial literacy nonprofit experts, to provide school districts with models and lesson plans on how personal finance problem-solving can be incorporated into the K-12 common core mathematics instruction.
- Encourage school districts to provide access to a high school personal finance elective course. Smaller high schools could offer students existing online courses that are currently available.

- Gather data on how personal finance education is currently being provided to students in our Vermont K-12 schools, particularly at the high school level. This would help identify best practices that could be shared with all school districts through the Weekly Field Memo.

4. *Provide incentives to supervisory unions, schools, and educators to offer or expand personal finance education.*

Public, nonprofit, and business entities should partner together to create incentives for the provision of financial literacy education in our schools. The following are some examples of incentives that could be created:

- Provide funding for K-12 educator training on personal finance topics.
- The Vermont Business Roundtable should consider adding personal finance instruction as a criterion in the Public School Medallion Program.
- Provide modest college scholarships for every high school student who successfully completes a personal finance course in high school.
- Provide economic incentives, like grants, to encourage supervisory unions and schools to offer personal finance instruction.
- Create financial literacy excellence awards for supervisory unions, schools, and educators.
- Promote existing competitions that reward personal finance student knowledge. Encourage creation of new competitions advancing the same objectives.

HIGHER EDUCATION

HIGHER EDUCATION

Goal of the Vermont Financial Literacy Commission's Higher Education Recommendations: Increase Vermont students' understanding of financial aid, loans, debt, credit, and budgeting so they become better consumers of higher education.

Background: A healthy 21st-century economy depends on a well-educated workforce. With demographic shifts posing challenges to our state, Vermont must fully develop the potential of all of its citizens. Postsecondary education is one of the most important investments a person can make to assure a future of promise.

"...of the 11.6 million jobs created since the Great Recession, all but 100,000 went to workers who had at least some college education."

A Georgetown University study found that, of the 11.6 million jobs created since the Great Recession, all but 100,000 went to workers who had at least some college education. Other research suggests that Bachelor's degree and Associate's degree recipients earn on average 66 percent and 24 percent more respectively than those with only a high school diploma and 53 percent and 11 percent more than those with some college but no degree.

The majority of Vermont college students borrow to finance their education. Two-thirds of Vermont college students take loans to finance their education expenses. They often do so without fully understanding how much debt is appropriate for their education. Likewise, research by the U.S. Census Bureau has shown that many fail to consider the earning potential of a particular course of study.

Students continue their education and training without adequate knowledge of financial aid, credit, inflation, and budgeting. Case in point: A Nerdwallet.com study finds that Vermonters miss out on $5.5 million each year (approximately $3,546 per eligible student) by failing to complete the FAFSA, or Free Application for Federal Student Aid.

Compounding the financial challenges Vermont college students face, only 35 percent of parents in Vermont have set aside funds for their child's postsecondary education. As a result, many students borrow amounts that can become a significant burden, risking future default on their student loans and credit score damage.

The Financial Literacy Commission supports Vermont's ongoing efforts to improve access and affordability in postsecondary education, leading to a more financially knowledgeable and economically stable citizenry.

RECOMMENDATIONS:

We believe there is an urgent need to make sure Vermonters have the know-how and resources to achieve their educational goals.

1. *Promote savings by helping Vermont families build funds for higher education in the Vermont Higher Education Investment Plan, the state's 529 college savings plan.*

Children from low-to-moderate income families with college savings of less than $500 are three times more likely to attend college and four times more likely to graduate than similar children with no savings at all. College savings accounts are a powerful tool to increase participation in education and training.

- Develop a program to encourage more Vermont families to save for higher education through VHEIP.
- Direct VSAC to create a pilot program of child savings accounts using Vermont's existing 529 college savings plan targeted at low- and moderate-income families in Vermont counties that have the lowest level of high school graduates moving on to college or other postsecondary educational institutions.

2. *Guide Vermonters to become better consumers of postsecondary education and training prior to and during their enrollment.*

State government and higher education institutions should assist with the goal of connecting prospective students with resources to understand how financial decisions impact their opportunities for success.

- Support policies to increase the number of FAFSA completions so students can access federal student aid.
- Refer more Vermont students to easy-to-use online tools and counseling so that they can compare financial acceptance packages before they commit to attend a specific college.

3. *Increase Vermonters' understanding of the relationship between postsecondary education, fields of study, and higher earnings.*

More focus should be placed on assisting key cohorts, like working-age Vermonters with some college education but no degree or credential, and the needs of first-generation, low-income Vermont high school students, so they can achieve educational goals and financial well-being.

- Support the 70x2025vt.org initiative to ensure 70 percent of Vermonters hold a degree or credential of value by 2025.
- Encourage postsecondary institutions to focus on both access *and* retention so students who are attempting to complete their degree or credential can achieve educational success and the increased earnings potential that accompanies degree completion.

4. *Partner with Vermont postsecondary institutions to create, implement, and measure a robust financial literacy education plan.*

Providing access to robust financial literacy educational opportunities is a critically important step to help Vermont students reach their educational goals. Vermont institutions of higher education should consider the needs of students from entry to graduation when creating and delivering an integrated and comprehensive set of financial literacy opportunities.

- Financial aid, career services, or student life departments should partner with local professionals and community organizations that offer reputable personal finance education to deliver financial education to students.
- Develop peer-to-peer training programs to help students improve their financial capability and knowledge of higher education finance.
- Encourage the use of online learning programs and electronic resources to foster an understanding of financing higher education.

ADULT

ADULT RECOMMENDATIONS

Goal of the Vermont Financial Literacy Commission's Adult Recommendations: Enhance the ability of adults of all income and age categories to access information and resources to manage credit, help save for future needs, increase earning capacity, and support a lifetime of security and opportunity.

Background: Too many Vermont adults face challenges as they try to manage credit and set aside savings for future needs. A number of residents lack fundamental skills to effectively manage their money. Whether one examines data related to personal saving habits, debt and credit management, or availability of financial education, the Commission finds that many Vermonters are not aware of opportunities to improve their personal finance knowledge and achieve financial security.

"59% of Vermonters have not assessed their retirement savings needs, while greater than half of Vermonters do not have an emergency fund."

Finra's 2015 US Financial Capability Study found that 22 percent of Vermonters spend more than the income they generate; 59 percent of Vermonters have not assessed their retirement savings needs, while more than half of Vermonters do not have an emergency fund. Many workers cannot access a long-term retirement savings option: According to AARP, 104,000 of Vermont's private-sector workers (45 percent) do not have access to an employer-sponsored retirement plan.

Too many Vermont adults are struggling to effectively manage debt and credit. Champlain College's National Report Card on Adult Financial Literacy found that 65 percent of graduates carry student loans, with an average debt balance of $29,000. Nearly 35 percent of Vermonters carry home mortgage payments with outstanding principal balances that exceed 30 percent of their annual income. About 40 percent of Vermonters carry vehicle debt. On top of this, FINRA found that an alarming number of Vermonters (29 percent) make just minimum monthly payments on their credit cards.

Finra Data suggests that Vermonters, like their counterparts in other states, do not have adequate skills and/or tools to manage their money. The good news is that a growing number of organizations, including state and federal government, nonprofits, and for-profit entities are working to educate Vermonters about how they can take control of their financial future. The Commission acknowledges the hard work of practitioners who have developed curriculum and engaged Vermonters in financial education and one-to-one counseling to increase comprehension of personal finance concepts. This work is vital to delivering financial literacy opportunities in different environments.

Successes notwithstanding, the fact remains that a 2015 survey found that only 22 percent of Vermonters participated in financial education opportunities in school, college, or through the workplace. The Commission recommends that policies be developed to increase outreach to citizens so they obtain skills to manage their money, save for future needs, and effectively utilize credit.

RECOMMENDATIONS:

We believe there is an urgent need to take action and provide more opportunities for Vermonters to manage their finances and credit, and save for future needs.

1. *Create an interagency task force to review and evaluate current state policies and programs and coordinate new outreach to promote these efforts.*

While there are many personal finance education tools available to Vermonters, state government can play a larger role in making these resources easily accessible. To facilitate these initiatives, an intergovernmental effort should be convened to change how state agencies and departments are currently providing personal finance education and to unite existing efforts to increase referrals to private and community personal finance resources.

- Develop a central clearinghouse website to collect and share reputable personal finance resources and the various Vermont-based groups currently providing financial literacy programs and information to Vermonters.
- Create and maintain a calendar of relevant financial literacy events and promote them with public service announcements or other forms of outreach.
- Inventory existing state personal finance education initiatives to improve delivery of financial literacy resources.
- Review current state special funds and trust funds that are related to personal finance education to utilize the funds more efficiently and maximize investment returns.

2. *Develop and share financial literacy resources in the workplace and in accessible public institutions.*

Delivering personal finance education in the workplace and in easily accessible community institutions is an effective way to reach larger audiences and increase workplace productivity and health. The General Assembly should give the Financial Literacy Commission the authority to review existing programs that incorporate personal finance development opportunities, including saving for future needs, and managing credit, and determine ways to disseminate proven resources to more Vermont workplaces and community institutions like public libraries.

- Develop an annual award to recognize private and community employers that make an extraordinary effort to provide their employees with opportunities for personal finance development in the workplace.
- Review what incentives can be deployed to private, public, and nonprofit employers that incorporate personal finance education in the workplace, and make a recommendation on how they could be provided.
- The State Treasurer's Office and Department of Libraries should identify common, age-specific financial literacy topics and partner with community organizations to hold issue forums at public libraries, with an aim to increase awareness and interest in personal finance.
- State government should consider implementing a program to share personal finance resources with the state employee workforce.

3. *Work with public and private sources to help Vermonters develop their credit.*

Vermonters who successfully manage their credit are more likely to achieve financial security and independence. To increase the number of Vermonters who are taking steps to proactively manage their credit, the General Assembly should support policies to provide credit management educational resources where individuals are most likely to access information.

- Provide more credit management resources in public libraries, workplaces, and for income-disadvantaged individuals to build a broader understanding of the fundamentals of credit and how it relates to personal financial well-being.
- Create linkages with community-action agencies and other nonprofit organizations to provide more sustainable, long-term, personal finance programming.

4. *Develop new structures that encourage Vermonters to save.*

The Vermont State Treasurer's Office has proposed new structures that could enable more Vermonters to save for future needs. The General Assembly should review these models and act on them, where necessary, to ensure all Vermonters have access to systems to build assets.

- In accordance with the work of the Public Retirement Study Committee, develop a retirement option that is available to all Vermonters.
- Complete implementation of the Achieving a Better Life Experience program to create saving incentives for individuals who experience a disability, and spread awareness of the option with promotion and financial education.

5. *Work with public and private sources to assist low-income, unbanked, and Vermonters with no or low credit scores to improve their ability to access and manage credit, save, and build assets.*

Economically disadvantaged individuals have limited opportunities to build credit and assets. The General Assembly should review barriers to saving to determine if current policies inadvertently discourage saving, and whether policy changes should be made to help low-income Vermonters manage credit and build assets.

- Increase utilization of the Earned Income Tax Credit (EITC) to ensure low- and moderate-income working Vermonters take advantage of the credit.
- Review state programming to determine whether benefit cliffs and asset tests impact saving behaviors, and whether changes could be made consistent with state resources.

CONCLUSION

TAKE ACTION NOW

We call the attention of the Governor and General Assembly to these initial steps that can be taken right now to promote responsibility, affordability, and sustainability for financial well-being of all our citizens. We welcome the opportunity to discuss next steps for implementing these priorities and increasing the financial well-being of Vermonters.

1. ***Promote expanded financial literacy education at the primary, secondary, and postsecondary levels.***

2. ***Increase access to available state resources by appointing an interagency task force to evaluate current programs and to coordinate and improve the effectiveness of existing outreach efforts to our schools, colleges, and with citizens.***

3. ***Launch a financial health campaign to educate our citizens about the importance of basic financial education, credit worthiness, saving, investing, and to direct them to existing reputable personal finance resources.***

COMMISSION MEMBERSHIP

MEMBERSHIP

Beth Pearce, State Treasurer, Co-Chair

John Pelletier, Director of the Center for Financial Literacy, Champlain College, Co-Chair, Governor's appointment from the Vermont State Colleges, University of Vermont or an independent Vermont college

Courtney Poquette, Business Educator, Winooski High School, appointed by the Vermont-NEA

Justin Brown, Assistant Principal, Colchester High School, Governor's appointment based on nominations from the Vermont School Board Association, Vermont Superintendents Association and the Vermont Principals Association

Lisa Falcone, Working Bridges Director, United Way of Northwest Vermont, Governor's appointment from a nonprofit entity

Linda Tarr-Whelan, Consultant with Tarr-Whelan & Associates, Governor's appointment representing the public

Mary Niebling, Director of Community Economic Development, Capstone Community Action, appointed by the Office of Economic Opportunity

Mark Perrin, State Board of Education, designee of the Agency of Education

Martha Reid, Vermont State Librarian, Governor's appointment representing the Executive Branch

Sabina Haskell, Director of Public Affairs, designee of Vermont Student Assistance Corporation

Thomas Leavitt, President and CEO of Northfield Savings Bank, appointed by the Vermont Bankers Association

Yvonne Garand, Senior Vice President at VSECU, appointed by the Association of Vermont Credit Unions

COMMISSION PROCESS

MEETING STRUCTURE AND PROCESS

The Financial Literacy Commission held a preliminary planning meeting on November 30, 2015. Eleven meetings were convened in 2016.

FLC SCHEDULE:

- November 30, 2015
- January 4, 2016
- February 1, 2016
- March 7, 2016
- April 4, 2016
- May 2, 2016
- June 6, 2016
- August 8, 2016
- September 19, 2016
- October 24, 2016
- November 21, 2016
- December 19, 2016
- January 9, 2017

TESTIMONY PROVIDED TO FLC BY:

- Burlington High School
- Capstone Community Action
- Champlain College
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- Community College of Vermont
- Green Mountain United Way
- NeighborWorks of Western Vermont
- Opportunities Credit Union
- University of Vermont
- Vermont-NEA
- Vermont Student Assistance Corporation
- Winooski High School

From January 4 to April 4, 2016, stakeholders were invited to provide testimony to the full Commission. Participants in these preliminary sessions included representatives with expertise in the areas of K-12 education, higher education, and adult personal finance education. All meetings were open to the public for observation and comment.

From May 4 to August 8, 2016, the Commission held meetings to review testimony discuss and identify opportunities to enhance financial literacy, and to initiate report drafting. Topical subgroups were formed to develop recommendations for Commission review and approval. A variety of stakeholders participated in the different subgroups' processes, including those listed below.

K-12 SUBGROUP:

- Agency of Education
- Vermont-NEA
- Vermont Principals' Association
- Vermont School Boards Association
- Vermont Superintendents Association

HIGHER ED SUBGROUP:

- Association of Vermont Independent Colleges
- Community College of Vermont
- Vermont State Colleges
- University of Vermont
- Southern Vermont College

ADULT SUBGROUP:

- AARP-VT
- Vermont Business Roundtable
- Vermont Businesses for Social Responsibility
- Vermont Low Income Advocacy Council

SOURCES

SOURCES USED

INTRODUCTION

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https://trends.collegeboard.org/sites/default/files/education-pays-2013-full-report-022714.pdf

Corporation for Enterprise Development, Investing in Hope: A Two-Generation Approach to Asset Building, 2013:
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Georgetown University Center on Education and the Workforce, America's Divided Recovery, College-Haves and Have-Notes, 2016:
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http://www.ablenrc.org/about/what-are-able-accounts

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http://www.usfinancialcapability.org/downloads/tables/Vermont_2015.pdf

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APPENDIX

DATA EXHIBITS

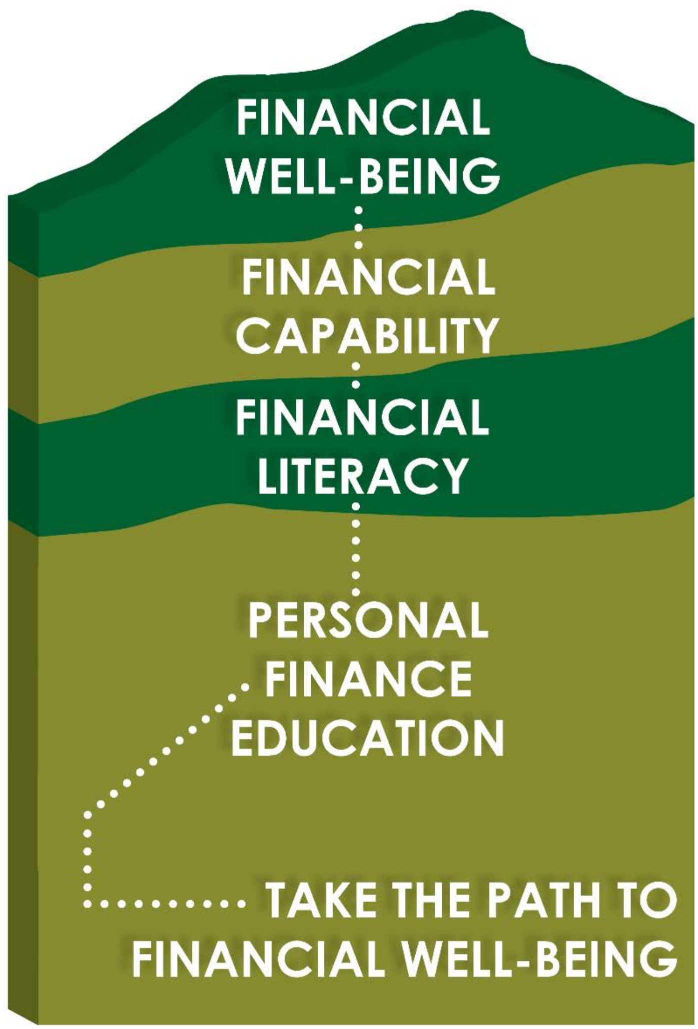
1. Take the Path to Financial Well-Being
2. 2016 National Report Card VT Fact Sheet
3. FINRA US Financial Capability Study: Vermont
4. AARP-VT Fact Sheet: Vermont

ATTACHMENT 1: TAKE THE PATH TO FINANCIAL WELL-BEING

To understand how Vermonters can develop the wherewithal to successfully manage resources to meet current and ongoing needs, and achieve personal stability and fulfillment, consider the steps it takes to achieve financial well-being:

SKILL SET: First, it takes personal finance education to improve knowledge, understanding and appropriate usage of financial products and services that exist, and also to make informed decisions. Students of all ages can access information in the classroom. Adults can develop understanding by accessing publicly available resources, through public libraries, community organizations, online resources, community workshops, and seminars.

BEHAVIOR: Second, it takes financial literacy to use knowledge and skills to manage financial resources effectively. Accumulating knowledge enables the processing of information that leads to increased opportunities to maximize dollars.



OUTCOME: Third, to achieve financial capability, one combines knowledge, financial concepts, access to financial products, and management skills to effectively grow assets. Successfully managing financial resources is a prerequisite for the final objective.

SELF-REALIZATION: the fourth and ultimate objective achieves financial well-being and the personal stability to live a fulfilling life. Individuals who develop these skills are more likely to enjoy the peace of mind that their needs will be comfortably met so they can pursue personal interests.

ATTACHMENT 2: 2016 NATIONAL REPORT CARD VT SHEET

STATE FACT SHEET

CHAMPLAIN COLLEGE
Center for Financial Literacy

Vermont

OVERALL GRADE: B

FINANCIAL KNOWLEDGE* — Category Weighting: 15%

Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Mean Number of Correct Answers on Six Financial Knowledge Questions	3.16	C-	3.66	A
Offered and Participated in Financial Education	20.84%	D+	22.14%	C
Quality and Availability of High School Financial Literacy Education	76%	C	65%	D
Financial Knowledge Category Grade	**NA**	C-	**NA**	**B**

CREDIT — Category Weighting: 30%

Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
GENERAL CREDIT — Subcategory Weighting: 15%				
Average Vantage Credit Scores	666	C-	700	A
On Time Payers	79.2%	C+	83.3%	B+
Prime Credit	48.9%	B-	59.8%	A+
Inclusion in Credit Economy	92.5%	C	95.3%	B
Access to Revolving Credit	67.9%	B	71.4%	A-
Low Credit Use (use less than 30%)	36.9%	B-	39.9%	B
Bankruptcy Rate (per 1,000 people)	2.9	B-	1.1	A
Past Due Debt	5.3%	B	4.5%	A-
Debt Past Due and in Collections as a Percent of Household Income	7.2%	B-	6.7%	B
Highest Tier Credit	81%	C+	85%	B+
General Credit Subcategory Grade	**NA**	**C+**	**NA**	**A**
HOUSING CREDIT — Subcategory Weighting: 30%				
Average Loan to Value Ratio on Mortgage	82%	C+	66%	A+
Equity Rich Mortgages	22.54%	C	31.50%	A-
Homeownership Rate	63.1%	C+	70.0%	A
Mortgage Delinquency Rate	2.25%	B	1.92%	B+
Foreclosure Rate	2.09%	B+	2.60%	B
Homeowners with a Mortgage	57.28%	C	59.95%	C-
High Cost Homeowners (30% or more of income)	30.8%	C	35.5%	D
High Cost Renters (30% or more of income)	51.8%	D+	51.1%	C-
Seriously Underwater Mortgages	11.5%	B-	5.7%	A
Mortgage Balance as a Multiple of Household Income	3.58	B-	2.71	A
Housing Credit Subcategory Grade	**NA**	**C**	**NA**	**B**
AUTO CREDIT* — Subcategory Weighting: 15%				
Auto Loan Balance as a Percent of Household Income	33.8%	B-	29.0%	B+
Auto Loan Delinquency Rate	1.12%	B	0.79%	A
Percent with Auto Loans	30.42%	B-	39.60%	D-
Increase in Auto Insurance Premiums Due to Bad Credit	53%	B-	30%	B+
Auto Credit Subcategory Grade	**NA**	B-	**NA**	**B+**
CREDIT CARD — Subcategory Weighting: 15%				
Always Pay in Full	52.44%	C	53.44%	C+
Carried Balance with Interest Charged	47.08%	C+	47.18%	C+
Made Only Minimum Monthly Payments	32.37%	C	29.29%	B
Credit Card Delinquency Rate	1.47%	B-	1.03%	A
Credit Card Balance as a Percent of Household Income	9.71%	C	9.02%	B
Credit Card Subcategory Grade	**NA**	**C**	**NA**	**B**

VERMONT FACT SHEET 1 OF 2

*Most category and subcategory grades were calculated by equal weighting each data point grade. However, data points were not equal weighted for the Financial Knowledge category grade and Auto Credit subcategory grade. See the Methodology section of this Report Card for the data point weighting used for all category and subcategory grades.

ATTACHMENT 2: 2016 NATIONAL REPORT CARD VT SHEET

STATE FACT SHEET

CHAMPLAIN COLLEGE
Center for Financial Literacy

Vermont (continued)

CREDIT				Category Weighting: 30%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
STUDENT LOANS				Subcategory Weighting: 15%
Graduates with Student Loan Debt	69%	D	65%	**C-**
Average Debt Balance	$28,950	D+	$29,060	**D+**
Figured Monthly Payments Before Getting Loan	38.00%	B	32.80%	**C+**
Never Made a Late Payment on Student Loans	35.59%	C	42.11%	**B**
Student Loans Subcategory Grade	**NA**	**D-**	**NA**	**D**
OTHER CREDIT				Subcategory Weighting: 10%
Unpaid Medical Bills	20.78%	C	17.07%	**B-**
Using One or More Non-Bank Borrowing Methods in the Past 5 Years	25.51%	C	15.15%	**A+**
Took a Loan from Retirement Account	13.39%	B-	9.61%	**A-**
Delinquency Rates for Unsecured Personal Loans	3.53%	B	1.96%	**A**
Unsecured Personal Loan Balance as a % of Median Household Income	14.13%	B+	16.86%	**C**
Other Credit Subcategory Grade	**NA**	**C+**	**NA**	**A-**
Credit Category Grade	**NA**	**C**	**NA**	**A**

SAVING AND SPENDING				Category Weighting: 25%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Spending Less Than Income	40.48%	C+	36.54%	**D-**
Does Not Have an Emergency Fund	49.57%	C+	51.80%	**C**
Unbanked	7.7%	C+	3.1%	**A**
Underbanked	20.00%	B-	16.20%	**B+**
Saving for Children's College Education	41.02%	C+	35.19%	**D+**
Overdraws Checking Account Occasionally	18.90%	C	14.71%	**B+**
Could Come Up with $2000 in an Emergency	39.43%	C	49.23%	**A**
Household has a Budget	56.03%	C	52.98%	**D**
Made a Hardship Withdrawal from Retirement Account	10.47%	C+	0.91%	**A+**
Saving and Spending Category Grade	**NA**	**B-**	**NA**	**B+**

RETIREMENT READINESS AND OTHER INVESTING				Category Weighting: 20%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Access to a Retirement Plan	58%	C+	66%	**A-**
Take Up Rate of Retirement Plans	84.5%	C+	84.8%	**C+**
Tried to Figure Out How Much is Needed for Retirement	39.33%	C	38.01%	**C-**
Estimated Percentage of Income Replaced During Retirement	60.27%	C+	57.47%	**C-**
Relies on Social Security for 90% or More of Retirement Income	22.8%	B-	23.3%	**B-**
Invest Outside of Retirement Plans	30.12%	C-	35.37%	**B-**
Retirement Readiness and Other Spending Category Grade	**NA**	**D+**	**NA**	**C**

PROTECT AND INSURE				Category Weighting: 10%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Population without Health Insurance	11.7%	C	5.0%	**A**
Average Life Insurance Policy as a Multiple of Household Income	2.56	C	2.24	**C-**
Percent Uninsured Motorists	12.6%	B-	8.5%	**A-**
Protect and Insure Category Grade	**NA**	**C**	**NA**	**B**
Final Grade	**NA**	**C**	**NA**	**B**

FINRA Investor Education FOUNDATION

USFinancialCapability.org

Results from the FINRA Investor Education Foundation US Financial Capability Study

Summary of Selected Findings: Vermont

	State	Nation	Region	
Making Ends Meet				
Difficulty covering expenses and paying bills				
Very difficult	10%	11%	11%	
Somewhat difficult	40%	39%	37%	
Not at all difficult	49%	48%	49%	
Spending vs. saving				
Spending less than income	37%	40%	43%	
Spending about equal to income	40%	38%	37%	
Spending more than income	22%	18%	16%	
Overdraw checking account occasionally	15%	19%	16%	*Respondents with checking accounts*
Have unpaid medical bills	17%	21%	16%	
Number of times mortgage payments have been late				
Once	8%	7%	5%	*Respondents with mortgages*
More than once	8%	9%	8%	
Have taken a loan from retirement account in past year	10%	13%	10%	*Respondents with self-directed employer plan or non-employer plan*
Have taken a hardship withdrawal from retirement account in past year	1%	10%	7%	
Have experienced large unexpected drop in income in past year	20%	22%	19%	
Planning Ahead				
Have emergency funds	45%	46%	48%	
Do not have emergency funds	52%	50%	47%	
Have tried to figure out retirement savings needs	38%	39%	39%	*Non-retired respondents*
Have not tried to figure out retirement savings needs	59%	56%	57%	
Have set aside money for children's college education	35%	41%	43%	*Respondents with financially dependent children*
Have not set aside money for children's college education	63%	56%	54%	
Retirement Accounts				
Have employer-provided retirement plan (e.g., pension, 401(k))	60%	53%	57%	*Non-retired respondents*
Have non-employer retirement plan (e.g., IRA, Keogh, SEP, etc.)	34%	28%	31%	
Regularly contribute to self-directed retirement account	76%	79%	79%	*Respondents with self-directed employer plan or non-employer plan*

	State	Nation	Region	
Stocks, Bonds, and Mutual Funds				
Invest in stocks, bonds, mutual funds, or other securities outside of retirement account	35%	30%	33%	
Managing Financial Products				
Banking				
Have checking account	93%	91%	93%	
Have savings account, money market account, or CDs	79%	75%	79%	
Credit Cards				
Credit card behaviors in past year				
Always paid credit cards in full	53%	52%	54%	
Carried over a balance and was charged interest	47%	47%	45%	
Paid the minimum payment only	29%	32%	29%	*Respondents with credit cards*
Charged a late fee for late payment	15%	14%	12%	
Charged an over the limit fee for exceeding credit line	5%	8%	6%	
Used the cards for a cash advance	9%	11%	10%	
Other Payment Methods				
Use reloadable prepaid debit cards	13%	24%	20%	
Use mobile payment methods	16%	22%	22%	
Mortgages				
Have mortgage	60%	57%	61%	*Homeowners*
Have home equity loan	21%	16%	20%	
Home "underwater" (negative equity)	4%	9%	9%	*Homeowners*
Other Debt				
Have student loan	27%	26%	27%	
Have auto loan	40%	30%	31%	
Non-Bank Borrowing				
Non-bank borrowing methods used in past 5 years				
Auto title loan	6%	10%	7%	
Short term 'payday' loan	5%	12%	8%	
Pawn shop	5%	16%	12%	
Rent-to-own store	7%	10%	8%	
Used one or more non-bank borrowing methods in past 5 years	15%	26%	20%	

	State	Nation	Region
Financial Knowledge & Decision-Making			
Financial Literacy			
Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?			
More than $102 (correct answer)	86%	75%	77%
Exactly $102	5%	8%	7%
Less than $102	3%	5%	5%
Don't know	6%	12%	11%
Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?			
More than today	8%	10%	9%
Exactly the same	5%	10%	10%
Less than today (correct answer)	70%	59%	61%
Don't know	16%	20%	19%
If interest rates rise, what will typically happen to bond prices?			
They will rise	21%	19%	17%
They will fall (correct answer)	29%	28%	31%
They will stay the same	3%	5%	5%
There is no relationship between bond prices and the interest rate	8%	9%	8%
Don't know	39%	38%	38%
Suppose you owe $1,000 on a loan and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?			
Less than 2 years	2%	4%	2%
At least 2 years but less than 5 years (correct answer)	40%	33%	34%
At least 5 years but less than 10 years	30%	29%	28%
At least 10 years	6%	8%	9%
Don't know	21%	25%	25%
A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.			
True (correct answer)	84%	75%	78%
False	6%	8%	7%
Don't know	10%	16%	15%
Buying a single company's stock usually provides a safer return than a stock mutual fund.			
True	6%	10%	7%
False (correct answer)	56%	46%	49%
Don't know	38%	44%	43%
Mean number of correct quiz answers	3.66	3.16	3.31
Mean number of incorrect quiz answers	1.03	1.25	1.14
Mean number of "don't know" quiz answers	1.30	1.54	1.50

	State	Nation	Region	
Comparison Shopping				
Compared credit cards	36%	35%	35%	Respondents with credit cards
Did not compare credit cards	59%	58%	58%	

Notes:

Region = New England Census Division (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont).

State figures are weighted by age x gender, ethnicity and education.

National figures are weighted by age x gender, ethnicity, education and Census Division.

Census Division figures are weighted by age x gender, ethnicity, education and state.

Differences between groups may or may not be statistically significant.

Percentages may not add up to 100 because of missing or "don't know" responses.

Survey was conducted June - October 2015.

For additional findings and details, full survey results are available for download at http://usfinancialcapability.org/downloads/NFCS_2015_Full_Data_Tables.xls

AUGUST 2015

Fact Sheet: Vermont

Workplace Retirement Plans Will Help Workers Build Economic Security

David John and Gary Koenig
AARP Public Policy Institute

Access to an employer-based retirement plan is critical for building financial security later in life. Yet, about 45 percent of Vermont 's private sector employees—roughly 104,000—work for an employer that does not offer a retirement plan. Significant numbers of workers at all levels of earnings and education do not have the ability to use payroll deductions to save for retirement.

Currently in Vermont , workers of larger employers are more likely to have a retirement plan than workers of smaller employers. The probability of having a workplace retirement plan also differs considerably by workers' earnings level, education, and race and ethnicity. The lack of ability to participate in an employer-provided retirement plan, however, spans all levels of education and earnings, and cuts across all groups.

Vermont's Situation by the Numbers

About 45 percent of Vermont workers ages 18 to 64 in the private sector work for businesses that do not offer a retirement plan.

- **Small-business employees are less likely to have a plan:** Workers in Vermont businesses with fewer than 100 employees are much less likely to have access to a plan (61 percent) than workers in larger businesses (29 percent). In raw numbers, about 69,000 small-business employees do not have access to a retirement plan compared with about 35,000 in businesses with 100 or more workers.
- **Workers at all education levels do not have a plan:** About 63 percent of workers who did not have a high school degree did not have an employer-provided retirement plan—a much higher percentage than workers with some college (44 percent) or a bachelor's degree or higher (38 percent). But in raw numbers, workers with at least some college who did not have access to an employer plan exceeded those workers without a high school degree who did not have access to an employer plan (57,000 versus 9,000).
- **Workers at all earnings levels do not have a plan:** More than 79,000 of Vermont employees with annual earnings of $40,000 or less did not have access to a workplace plan. These workers represent about 76 percent of the 104,000 employees without an employer-provided retirement plan.
- **Access to a plan differs substantially by race and ethnicity:** About 56 percent of Hispanic workers and about 51 percent of African Americans lacked access to an employer-provided retirement plan. Minorities accounted for about 7 percent (7,000) of the roughly 104,000 employees without a workplace retirement plan.

Why Access to Payroll Deduction Retirement Savings Plans Is Important

- **Makes saving easier:** About 90 percent of households participating in a workplace retirement plan today report that payroll deductions are very important and make it easier to save.[1] Saving at work appears to be critical: Few households eligible to contribute to an Individual Retirement Account outside of their jobs regularly do so.[2]
- **Helps increase retirement income:** Social Security is essential to retirement security, but its

AARP Real Possibilities
Public Policy Institute

ATTACHMENT 4: AARP-VT FACT SHEET: VERMONT

average retirement benefit is only $1,300 a month. Most retirees will need additional resources. Providing workers with a convenient way to save is an important step to increase the amount of assets a person will have at retirement: A 2014 Employee Benefit Research Institute study found that about 62 percent of employees with access to a retirement plan had more than $25,000 in total savings and investments, and 22 percent had $100,000 or more. However, only 6 percent of those without access to such a plan had over $25,000 saved, and only 3 percent had $100,000 or more.[3]

- **Allows individuals to build their own economic security:** Retirement savings plans help workers achieve economic security through their own efforts. Greater access could also help improve economic mobility and reduce wealth disparity.

Vermont: Who is NOT Covered by a Workplace Retirement Plan?

(percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan)

Item	Group	%	Number
ALL	ALL	44.5%	104,408
Age	18–34 years	55.0%	48,419
	35–44 years	38.5%	19,347
	45–54 years	36.7%	18,382
	55–64 years	39.4%	18,260
Race & Ethnicity*	Hispanic	56.2%	1,831
	Asian (non-Hispanic)	45.9%	2,107
	Black (non-Hispanic)	51.0%	1,410
	White (non-Hispanic)	44.0%	96,929
Education	Less than high school	63.0%	8,844
	High school	50.2%	38,984
	Some college	44.2%	29,627
	Bachelor's or higher	37.5%	26,953
Gender	Male	43.6%	51,398
	Female	45.3%	53,010
Employer Size	Under 10	77.7%	30,394
	10–49	59.5%	29,255
	50–99	39.0%	9,770
	100–499	33.3%	12,791
	500–999	29.1%	4,540
	1,000+	26.2%	17,657
Earnings Quintile	$14,000 or less	70.7%	30,999
	$14,001 to $25,000	57.4%	27,167
	$25,001 to $40,000	40.9%	21,583
	$40,001 to $63,500	32.5%	17,375
	Over $63,500	19.5%	7,284

Source: U.S. Census Bureau's Current Population Survey, March Supplements 2012–2014.

Note: The results are based on three-year averages from 2011–2013. The sample includes workers whose longest-held job was in the private sector. Earnings quintiles are based on all wages and salary earned by U.S. workers, whether or not they were covered by a retirement plan.

** Other non-Hispanic category is not shown, so sum of race & ethinicity categories may not sum to total*

1 Jack VanDerhei, "The Impact of Modifying the Exclusion of Employee Contributions for Retirement Savings Plans from Taxable Income: Results from the 2011 Retirement Confidence Survey," Employee Benefit Research Institute (EBRI) Notes, March 2011. Available at http://www.ebri.org/pdf/notespdf/EBRI_Notes_03_Mar-11.K-Taxes_Acct-HP.pdf.

2 For workers earning between $30,000 and $50,000, about 72 percent participated in an employer-provided retirement savings plan when one was available, compared with less than 5 percent without an employer plan who contributed to an Individual Retirement Account. Unpublished estimates from EBRI of the 2004 Survey of Income and Program Participation Wave 7 Topical Module (2006 data).

3 2014 RCS Fact Sheet #6," EBRI. Available at http://ebri.org/pdf/surveys/rcs/2014/RCS14.FS-6.Prep-Ret.Final.pdf.

State Fact Sheet, August 2015

601 E Street, NW
Washington DC 20049

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AARP Real Possibilities

Public Policy Institute