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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: 2018 Financial Literacy Commission Report

DATE: January 8, 2018

Pursuant to 9 V.S.A. § 6003, the Financial Literacy Commission (FLC) presents its 2018 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 2017 there were no disbursements made from the Financial Literacy Commission Fund. The fund earned $127.53 interest. After fee expenses, the fund carried a balance of $12,144.58.

FLC is a 12-member panel that was enacted in 2015 to "measurably improve the financial literacy and financial capability of Vermont's citizens." FLC has convened 21 meetings and collected numerous testimonials to formulate strategies to help Vermonters develop the skills and proficiency to take control of their financial lives.

FLC issued its first report on January 15, 2017. The 2017 report found that "[f]inancial 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." The report before you builds upon the body of research collected by FLC, highlights areas for improvement, and puts forth several new recommendations for policy makers' consideration.

To date, the following stakeholder groups have participated or provided testimony to FLC:

- Association of Retired Persons-VT
- Association of Vermont Independent Colleges
- 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
- 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
- Winooski High School

We wish to acknowledge the hard work and commitment of current members of the Commission, as well as past members Justin Brown and Martha Reid.

We hope that you find the information contained in the report informative and useful in developing the policies that can move us forward. We urge you to act on these recommendations so all Vermonters can achieve financial well-being

FINANCIAL LITERACY COMMISSION
2018 REPORT

Office of the State Treasurer
January 8, 2018

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FINANCIAL LITERACY COMMISSION 2018 REPORT

CONTENTS

ACT NOW TO ADVANCE THESE IMPORTANT POLICIES

The Vermont Financial Literacy Commission (FLC) has identified a persistent and urgent need to make financial literacy education easily accessible and readily available to Vermonters. We conclude 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 FLC issued an initial series of recommendations to materially increase the financial knowledge of all Vermont citizens in its January 15, 2017 report.[1] Several of FLC's recommendations were subsequently enacted into law or are currently being considered by policy makers (see page 13 for a summary).

After additional testimony and discussion, FLC offers this updated set of recommendations in its 2018 report. The data, and recommended action steps that follow, were formed after 21 meetings and numerous testimonials and based upon a strong belief that a more financially sophisticated citizenry will improve the lives of families and the Vermont economy in the years ahead.

<u>RECOMMENDATIONS FOR IMMEDIATE ACTION in 2018:</u> We urge the attention of the Governor and General Assembly to these initial steps to promote responsibility, affordability, and sustainability for the financial well-being of all our citizens:

1. ***Robust education standards are important to ensure Vermont youth access to financial education in school classrooms. Policy makers should update Vermont's existing personal finance-related standards to reflect highly regarded national financial literacy standards, and provide recognized tools to supervisory unions, schools, and educators to offer or expand personal finance education.***

2. ***Ambitious goals have been set for 70 percent of Vermonters to complete an industry recognized credential or degree by 2025 so Vermont citizens can maximize their personal and financial success. Collaborative efforts, such as initiatives to increase FAFSA completion and the development of model Personalized Learning Plans, should be instituted to help Vermonters become better consumers of higher education and training prior to, and during, their enrollment in postsecondary education.***

3. ***Almost 80% of Vermont adults have indicated that have not participated in financial education in school, college, or at work. The State and partners should launch a "Vermont Saves" financial wellness campaign with America Saves, to educate our citizens, where they are, about the importance of financial***

education, credit worthiness, savings, investing, and to direct them to existing reputable personal finance resources.

FLC applauds the efforts of stakeholders, state government, financial institutions, and community for- and non-profit partners who, in 2017, enhanced policy offerings so more Vermonters have the skills and proficiency to achieve financial independence and success. Recent progress is notable and commendable. These successes notwithstanding, FLC's continued analysis has identified persistent and troubling patterns that need to be addressed by action. We ask the Governor and General Assembly to join us and implement our recommendations.

The case for financial literacy is clear: Financial literacy is linked to positive outcomes like successfully managing credit, building assets, and planning for retirement. Illiteracy can lead Vermonters into costly traps, like fraudulent scams, poor use of credit, expensive financing and loans, and crushing debt.[2]

- Action is necessary because Vermonters face increasingly complex financial products and decisions. 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.[1]

- Delaying action is not an option. A review of data finds that a small percentage of Vermont High Schools require students to take a personal finance course offering to graduate.[3] Vermont received a grade D for student loan debt[4], and according to one study, Vermonters miss out on $5.5 million each year (approximately $3,546 per eligible student) by failing to complete the FAFSA.[5]

- Only 22 percent of Vermont adults report that they have participated in financial education in school, college, or at work.[6] Close to half of Vermont adults do not have access to a workplace retirement plan.[7] An alarming number of Vermonters (29 percent) make just minimum monthly payments on their credit cards.[6]

Examples of recent progress: While these data paint an unnerving picture, our recommendations and the subsequent action of policy makers hold promise to reverse the trend. Examples of recent progress include pockets of excellence occurring in classrooms and education settings across the state, as well as new laws passed during the 2017 legislative session.

- The Governor and Treasurer convened a Financial Literacy Working Group to evaluate state programming and whether existing outreach efforts can be improved to maximize the delivery of personal finance education to Vermonters.[8]

- On August 30, 2017, the Vermont Board of Education (BOE) authorized the Agency of Education (AOE) to research and propose nationally recognized financial literacy education standards for Vermont's K-12 schools. As part of this process, the AOE has surveyed educators, principals, and curriculum directors to collect data to present to the BOE at a future meeting regarding the standards that these educators think is best for Vermont (the two standards under review were created by the JumpStart Coalition and the Council for Economic Education).[3]

- A final decision on whether Vermont should replace its 17-year-old personal finance standards with more comprehensive and robust national standards is expected to occur at the BOE's January/February meetings. If new standards are approved, Vermont's grade in a national report on state efforts to increase financial literacy in high school would increase from its current D grade.[4]

- The Vermont Student Assistance Corporation (VSAC) set aggressive goals to improve the percentage of Vermont students who complete FAFSA forms, which yielded a one-year increase of over 3 points, from 57.6 percent to 61.2 percent – a 5 percent increase – despite a smaller senior class (see page 11 of this report). Additionally, the 70x2025vt initiative was launched to double the current number of Vermonters earning college degrees and credentials each year to reverse the trend of a decreasing workforce and increase these residents' earning potential.[9]

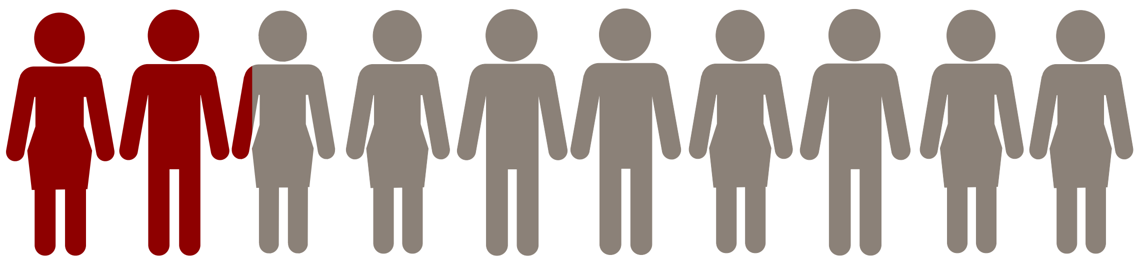
- The Governor and General Assembly acted to remove barriers to saving, addressing benefit cliffs in the Reach Up program that prevented Vermonters from building assets (Act 29 of 2017).[10] The Green Mountain Secure Retirement Plan was created, authorizing the Treasurer to create a retirement savings plan for the 45% (104,000) of Vermont employees who currently lack access to an employer-sponsored retirement plan at their place of work (Act 69 of 2017).[11] The Treasurer's Office completed implementation of the Vermont-ABLE program to help Vermonters who experience a qualifying disability save in tax-advantaged accounts that exceed previous asset limits.

This progress represents several important steps forward and now we have the opportunity to build on this beginning. There is more work to do. As stated in the 2017 report, "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."[1]

Conclusion: As we celebrate our 2017 successes, the Financial Literacy Commission calls attention to areas of pressing need and opportunities for improvement. We are confident that these recommendations can improve the financial literacy of Vermonters, which the State can then 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. The FLC stands ready to provide any additional information which would be useful for your deliberations.

K-12 EDUCATION:

STUDENTS NEED MORE OPPORTUNITIES TO LEARN CRITICAL MONEY SKILLS



Only 22% of Vermonters have participated in financial education in school, college or at work[6]

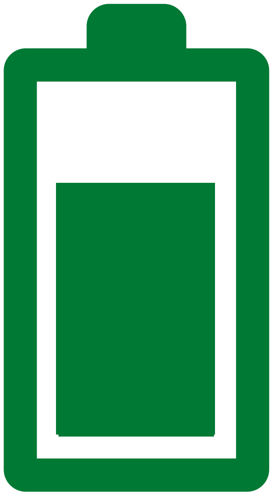
Vermont earned a **D grade** for its modest State personal finance education graduation standards[4]

Vermont ranks in the **bottom 3rd** of states in terms of offering personal finance education[4]

Half of Vermont high school seniors did not file a FAFSA form, causing them to miss out on **$5.5 million** in free federal aid (approximately **$3,546 per eligible student**)[5]

K-12 EDUCATION:

STUDENTS SUCCEED WHEN THEY ACCESS PERSONAL FINANCE COURSES



75% OF 62 SURVEYED VERMONT HIGH SCHOOLS OFFER STUDENTS A PERSONAL FINANCE ELECTIVE OR REQUIRED COURSE[3]

IN 2014 ONLY 7 VERMONT HIGH SCHOOLS REQUIRED STUDENTS TO COMPLETE A PERSONAL FINANCE COURSE TO GRADUATE[13]

TODAY 14 VERMONT SCHOOLS[3] HAVE A REQUIREMENT:

- Burlington High School
- Canann Memorial High School
- Fair Haven Union High School
- Lamoille Union High School
- Milton Senior High School
- Missisquoi Valley Union High School
- Mount Abraham Union High School
- Otter Valley Union High School
- Richford Junior/Senior High School
- Spaulding High School
- Union 32 High School
- Vergennes Union High School
- Williamstown High School
- Winooski High School

If the State Board of Education acts in early 2018 to incorporate robust financial literacy standards into the State's education standards, Vermont's national report card ranking for financial literacy will rise from a grade D to a grade C[3]

–

HIGHER EDUCATION:

STUDENTS NEED FINANCIAL SKILLS AS THEY PURSUE HIGHER EDUCATION

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 [14]

Just 35% of Vermont parents have set aside any funds for their child's college education [2]

65% of Vermont graduates have student loan debt that average $29,000 [2]

The U.S. Census Bureau finds that many students fail to consider the earning potential of a particular course of study [15]

HIGHER EDUCATION:

NEW INITIATIVES WILL HELP STUDENTS PLAN FOR POST-SECONDARY EDUCATION

MORE VERMONTERS ARE COMPLETING FAFSA FORMS

During the 2016-2017 school year, FAFSA completions grew by over 3 points, from **57.6% to 61.2%** (5 percent increase)

During the 2016-2017 school year, **39** (out of 65) Vermont high schools saw an increase in FAFSA completions

42 Vermont high schools (out of 65) experienced FAFSA completion rates of **60 percent or better**

18 Vermont high schools (out of 65) saw **70 percent** or more of their seniors complete a FAFSA form

Data Courtesy of the Vermont Student Assistance Corporation

THE 70x2025 INITIATIVE IS BUILDING PARTNERSHIPS SO MORE STUDENTS ACCESS POST-SECONDARY TRAINING[9]

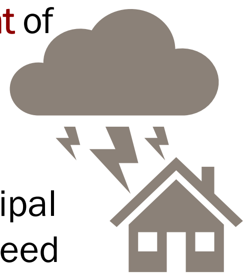
ADULT EDUCATION:

VERMONT ADULTS ARE STRUGGLING TO KEEP UP WITH FINANCIAL NEEDS

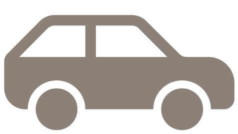
PERCENT

A 2015 survey found that 59% of Vermonters haven't assessed their retirement savings needs, while half of Vermonters do not have an emergency fund[6]

Another study found that 104,000 of Vermont's private-sector workers (45%) do not have access to an employer-sponsored retirement plan, preventing savings opportunities[7]

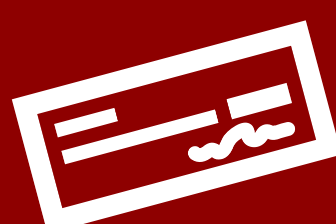


Almost 35 percent of Vermonters carry home mortgage payments with outstanding principal balances that exceed 30 percent of their income[6]



40 percent of Vermonters carry vehicle debt and an alarmingly high number of Vermonters (29 percent) make just minimum monthly payments on their credit cards[6]

TOO MANY VERMONTERS (14.3%) ARE EITHER UNBANKED OR UNDERBANKED[16]



ADULT EDUCATION:

VERMONT ADULTS CAN ACHIEVE FINANCIAL SUCCESS WITH NEW TOOLS

THE GREEN MOUNTAIN SECURE RETIREMENT PLAN WILL LAUNCH IN 2018,[12] GIVING MORE VERMONT RESIDENTS OPTIONS TO SAVE AND INVEST TO ACHIEVE FINANCIAL WELL-BEING

ABLE:

SINCE VERMONT-ABLE WAS LAUNCHED IN JANUARY 2017, 116 QUALIFYING VERMONTERS WHO EXPERIENCE A DISABILITY ARE SAVING WITHOUT THE FEAR OF EXCEEDING BENEFIT CLIFFS[11]

VERMONT-ABLE ASSETS UNDER MANAGEMENT:

$352,000

($3,800 average account balance, which amounts to $1,800 per individual over previous benefit cliff level)[11]

The Vermont State Treasurer's Office and Department of Financial Regulation have convened a work group to evaluate State financial literacy outreach to better connect Vermonters with valuable financial tools[8]

2017 Report Recommendations	Progress to Date	Requests for Specific Action
1. Update Vermont's existing education standards on personal economics and career choices to reflect highly regarded national and international financial literacy standards.	The Agency of Education (AOE) and State Board of Education (SBE) have been working to revise portions of the education standards framework. The AOE will soon issue its recommended approach to update personal finance standards. The BOE is expected to take action on a recommendation at its January or February 2018 meeting.	FLC advocated for robust personal finance education standards at its October 17, 2017 meeting, sharing information with AOE Secretary Rebecca Holcombe. FLC indicated that the current 17 year old frameworks include personal finance education and that these should be enhanced and continue to be applicable to all school districts.
2. Provide personal finance training opportunities to K-12 educators.	In 2017, the Center for Financial Literacy at Champlain College hosted a summer institute (a graduate level course) for 31 Vermont educators to learn personal finance educational instruction (a total of 128 VT educators have completed this training so far). The Vermont Jump$tart Coalition also hosted its annual educator conference for Vermont educators.	Form partnerships with existing community organizations and financial institutions to develop free instructional resources for educators.
3. Expand assistance to supervisory unions, schools and educators interested in providing quality personal finance education to their students.	FLC shared with AOE Sec. Rebecca Holcombe information about existing personal finance curricula developed by Next Gen Personal Finance, the Jump$tart Coalition, and the Council for Economic Education.	As stated above in recommendation #2, consider whether existing resources or collaborations can be expanded to develop personal finance curricula for use by educators.
4. Provide incentives to supervisory unions, schools and educators to offer or expand personal finance education.	Members of FLC have had communications with the Vermont Business Roundtable regarding the addition of personal finance instruction to the criterion for the Public School Medallion Program. FLC thinks that there may be a role for the private sector (e.g., financial services companies) in helping provide school districts with assistance in this area.	An award system could be created by a private or nonprofit organization, General Assembly, the Administration and/or the Treasurer that on an annual basis publicly recognizes the exceptional work of certain schools, school districts, educators and community members that bring finance education to our youth in Vermont K-12 schools.
5. 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.	The Vermont Universal Children's Savings Account Program Program Fund Advisory Committee recently issued a series of recommendations to amend the 529 college savings account law to allow for smaller and local pilot programming of college savings accounts.	Review recommendations provided by the Vermont Universal Children's Savings Account Program Program Fund Advisory Committee.
6. Guide Vermonters to become better consumers of higher education and training prior to and during their enrollment in postsecondary education.	VSAC in October 2017 piloted a mentorship program at Winooski High School to encourage more seniors to continue their education after graduation. VSAC counselors will work individually with seniors and their families to map out career opportunities and the educational pathways needed for success. Additionally, VSAC continues to partner with post-secondary education institutions to increase the number of Vermonters completing FAFSA forms, reducing the amount of student loan debt students take on.	How to complete the FASFA, finance college and budget for college should be taught in Vermont high schools.
7. Increase Vermonters' understanding of the relationship between higher education, fields of study, and higher earnings.	The 70x2025 initiative launched in October 2017 to increase the economic and civic vitality of Vermont by helping 70 percent of working-age Vermonters obtain a postsecondary degree or credential of value.	Vermont middle and high schools should teach students about the relationship between higher education, fields of study, and higher earnings.
8. Partner with Vermont postsecondary institutions to create, implement, and measure a robust financial literacy education plan.	Many colleges in Vermont offer students seminars on the topics of personal finance. The University of Vermont (UVM) has offered a personal finance elective for the past few academic years. The Community College of Vermont (CCV) has offered an online, free, non-credit hour personal finance course to the public. Champlain College requires all undergraduate students to take personal finance training as a graduation requirement.	Vermont colleges should take proactive steps to offer personal finance instruction to their student body.

2017 Report Recommendations	Progress to Date	Requests for Specific Action
9. Create an interagency task force to review and evaluate current state policies and programs and coordinate new outreach to promote these efforts.	The Treasurer's Office and Department of Financial Regulation have formed a Working Group to evaluate current State personal finance education initiatives, including: 1. if State agencies and departments currently provide personal finance education; 2. how State agencies and departments utilize Vermont's network of reputable private and community-based groups that provide financial education services; 3. whether there are unutilized or underutilized outreach efforts that could be refined or redeveloped to deliver easily accessible personal finance education resources; and 4. if State special funds and trust funds that are related to personal finance are properly arranged and whether these resources, and the funds contained therein, should be managed differently to maximize investment returns.	The State Financial Literacy Working Group should continue its review of how the State Department of Human Resources and other State agencies and departments provide information to, and interact with, workplace and accessible public institutions.
10. Develop and share financial literacy resources in the workplace and in accessible public institutions.	The State Financial Literacy Working Group is conducting a review of how Vermonters access State and non-state personal finance education resources.	Several initiatives should be developed and implemented, including: 1. launch of the Green Mountain Secure Retirement Plan; 2. the development of a Vermont Saves financial wellness campaign to coincide with the America Saves initiative; 3. development of resources for workplace financial wellness campaigns and strategies, such as the Working Bridges Employer Collaborative, and other similiar initiatives; and 4. creation of a State program that acknowledges employers who provide exceptional personal finance and financial wellness opportunities in the workplace.
11. Work with public and private sources to help Vermonters develop their credit.	Various state agencies, financial institutions and non-profit entities individually highlight, promote and offer access to educational information through online resources and workshops to help improve consumer creditworthiness. An average Vantage Score released by Experian in October 2017, indicates the average Vermont credit score is 713, exceeding the national average credit score of 682.	The State Financial Literacy Working Group should evaluate whether existing State credit education resources can be updated, and assess if additional resources, such as those available from the Consumer Financial Protection Bureau (CFPB) and other reputable entities, can be integrated across relevant State websites to make a more consistent credit education experience.
12. Develop new structures that encourage Vermonters to save.	The Treasurer's Office in February 2017 implemented Vermont-ABLE, a tax-preferred savings program for qualified disabled Vermonters to save beyond previously available limits (over 100 individuals have begun saving through the program). The Governor and General Assembly enacted Act 69 of 2017 (S.135), authorizing the Treasurer to create the Green Mountain Secure Retirement Plan, a program for employers of 50 or fewer employees who wish to establish a retirement savings program for their workers.	Implement the Green Mountain Secure Retirement Plan to reduce the number of Vermonters who do not currently have access to an employer-sponsored retirement savings plan. Launch a Vermont Saves campaign to encourage good saving habits.
13. 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.	The Governor and General Assembly enacted Act 29 of 2017 (H.326), which addressed and eliminated asset tests within the Reach Up, Reach Ahead and Child Care Services programs, so more Vermonters can build assets without fear of losing critical resources.	Consistent with State resources, the General Assembly should study whether there are additional policy changes that could enable more low-income Vermonters to build assets without losing critically important resources.
14. Launch a financial health campaign to educate our citizens about the important of basic financial education, credit worthiness, savings, investing, and to direct them to existing reputable personal finance resource.	The State Financial Literacy Working Group is reviewing options to partner with organizations to launch a Vermont Saves financial awareness campaign.	Work with community partners and financial institutions to launch a Vermont Saves financial wellness campaign in conjunction with America Saves.
15. Financial Literacy Commission July 1, 2018 sunset.*		FLC will meet in March to discuss July 1, 2018 sunset.
16. Financial Literacy Commission Fund balance.*		FLC will review and develop a plan to deploy fund resources.

COMMISSION MEMBERSHIP

Beth Pearce, State Treasurer, Co-Chair

John Pelletier, Champlain College Director of the Center for Financial Literacy, 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

Vacant, Governor's appointment based on nominations from the Vermont School Board Association, Vermont Superintendents Association and the Vermont Principals Association

Lisa Falcone, Working Bridges Project Director for the 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, Capstone Community Action, appointed by the Office of Economic Opportunity

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

Scott Murphy, Vermont State Librarian, Governor's appointment representing the Executive Branch

Sabina Haskell, Designee of the President and CEO of the 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

SOURCES

1: Vermont Financial Literacy Commission (2017); 2017 Report

2: Champlain College's Center for Financial Literacy (2016); 2016 National Report Card on Adult Financial Literacy

3: Vermont Financial Literacy Commission (2017); October 2017 Meeting Minutes

4: Champlain College's Center for Financial Literacy (2017); 2017 National Report Card on State Efforts to Improve Financial Literacy in High Schools

5: Nerdwallet (2016); How Students Missed Out on $2.7 Billion in Free FAFSA College Aid

6: Finra Investor Education Foundation (2016); National Financial Capability Study

7: AARP Public Policy Institute (2015); Fact Sheet: Vermont, Workplace Retirement Plans Will Help Workers Build Economic Security

8: Office of the Vermont State Treasurer (2017); Press Release: Governor Scott and Treasurer Pearce Create Financial Literacy Working Group to Increase the Financial Well-being of Vermonters

9: 70x2025.org (2017); What is 70x2025vt?

10: Office of Legislative Council (2017); Act No. 29 of 2017

11: Office of the Vermont State Treasurer (2018); 2017 Annual Report

12: Office of the Vermont State Treasurer (2017); Green Mountain Secure Retirement Plan: Draft Implementation Timeline (2017 – 2020)

13: Vermont Financial Literacy Task Force (2014); Vermont Financial Literacy Action Plan

14: Georgetown University Center on Education and the Workforce (2016); America's Divided Recovery, College-Haves and Have-Nots

15: U.S. Census Bureau (2002) The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings

16: Federal Deposit Insurance Corporation (2015); 2015 FDIC National Survey of Unbanked or Underbanked Households

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STATE OF VERMONT
OFFICE OF THE STATE TREASURER

TO: Hon. Governor Phil Scott
House Committee on Commerce and Economic Development
House Committee on Education
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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**
- **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 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

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K-12 RECOMMENDATIONS

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APPENDIX

DATA EXHIBITS

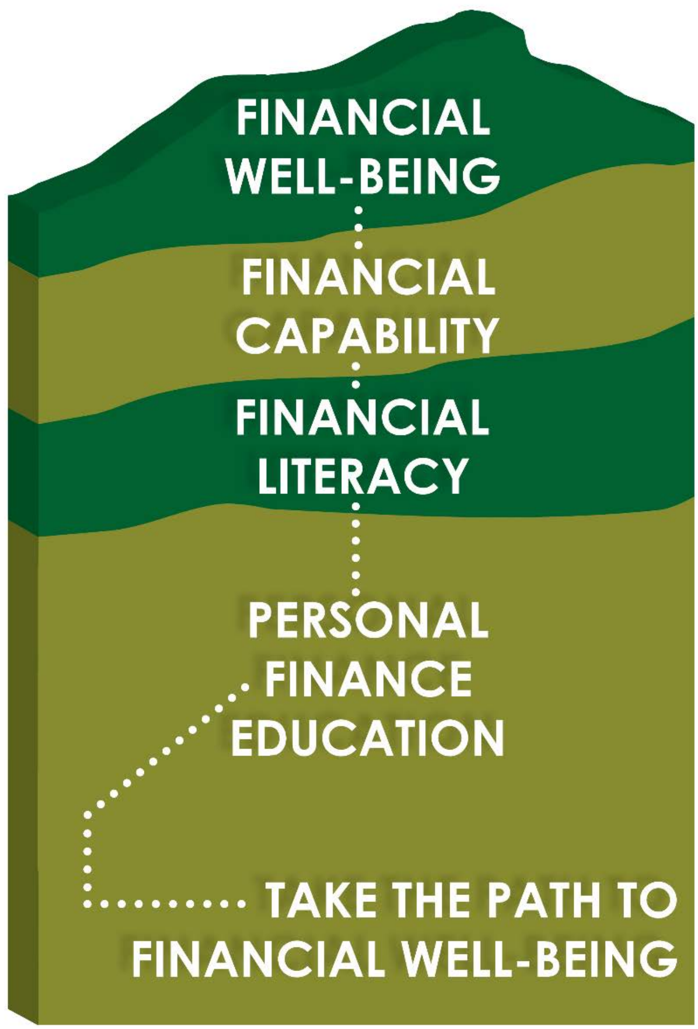
1. Take the Path to Financial Well-Being
2. 2016 National Report Card VT Fact Sheet
3. FINRA US Financial Capability Study: Vermont
4. AARP-VT Fact Sheet: Vermont

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

CHAMPLAIN COLLEGE
Center for Financial Literacy

STATE FACT SHEET

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.

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**

VERMONT FACT SHEET 2 OF 2

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

Vermont 2015 - 1

	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

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

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