

109TH CONGRESS
2^D SESSION

S. 3866

To establish a grant program to enhance the economic and financial literacy of midlife and older Americans so as to enhance their retirement security and to reduce financial abuse and fraud among such Americans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 7 (legislative day, SEPTEMBER 6), 2006

Mr. AKAKA (for himself, Mr. LAUTENBERG, Ms. STABENOW, Mr. SARBANES, and Mr. BAUCUS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To establish a grant program to enhance the economic and financial literacy of midlife and older Americans so as to enhance their retirement security and to reduce financial abuse and fraud among such Americans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Education for Retirement Security Act of 2006”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Improving economic and financial literacy is
2 a critical and complex task for Americans of all
3 ages.

4 (2) Low levels of savings and high levels of per-
5 sonal and real estate debt are serious problems for
6 many households nearing retirement.

7 (3) Historically, Americans are living longer
8 than ever before. However, most Americans are re-
9 tiring before the age of 65.

10 (4) Research suggests that many Americans are
11 not prepared to plan for their retirement and may
12 have to work far longer than they expect in order to
13 be financially secure in retirement.

14 (5) In 2005, only 42 percent of workers or their
15 spouses calculated the amount they needed to save
16 for retirement, down from 53 percent in 2000.

17 (6) Only 53 percent of working Americans have
18 any form of pension coverage. Three out of 4 women
19 aged 65 or older receive no income from employer-
20 provided pensions.

21 (7) The limited timeframe that midlife and
22 older individuals and families have to assess the re-
23 alities of their individual circumstances, to recover
24 from counterproductive choices and decisionmaking
25 processes, and to benefit from more informed finan-

1 cial practices, has immediate impact and near-term
2 consequences for Americans nearing or of retirement
3 age.

4 (8) Research indicates that there are now 4
5 basic sources of retirement income security. Those
6 sources are social security benefits, pensions and
7 savings, healthcare insurance coverage, and, for an
8 increasing number of older individuals, necessary
9 earnings from working during one's retirement
10 years.

11 (9) Over the next 30 years, the number of older
12 individuals in the United States is expected to dou-
13 ble, from 35,000,000 to nearly 75,000,000, and
14 long-term care costs are expected to skyrocket.

15 (10) Financial exploitation is the largest single
16 category of abuse against older individuals and this
17 population comprises more than $\frac{1}{2}$ of all tele-
18 marketing victims in the United States.

19 (11) The Federal Trade Commission (FTC)
20 Identity Theft Data Clearinghouse has reported that
21 incidents of identity theft targeting individuals older
22 than the age of 60 increased from 1,821 victims in
23 2000 to 21,084 victims in 2004, an increase of more
24 than 11 times in number.

1 **SEC. 3. DEFINITIONS.**

2 In this Act:

3 (1) ALASKA NATIVE CORPORATION.—The term
4 “Alaska Native Corporation” has the same meaning
5 as the term “Native Corporation” under section 3 of
6 the Alaska Native Claim Settlement Act (43 U.S.C.
7 1602).

8 (2) ECONOMIC AND FINANCIAL EDUCATION.—
9 The term “economic and financial education” means
10 education that—

11 (A) promotes an understanding of con-
12 sumer, economic, and personal finance concepts,
13 including—

14 (i) basic economic concepts such as
15 supply and demand and opportunity cost;
16 and

17 (ii) basic financial literacy concepts
18 such as the importance of budgeting and
19 money management, saving, retirement
20 planning, and maintaining good credit;

21 (B) includes information regarding preda-
22 tory lending and financial abuse schemes; and

23 (C) is based on recognized economic and
24 financial education standards.

25 (3) ELIGIBLE AREA ENTITY.—The term “eligi-
26 ble area entity” means an entity that is—

1 (A) a State agency, area agency on aging,
2 Indian tribal organization, Alaska Native Cor-
3 poration, or Native Hawaiian organization;

4 (B) a nonprofit organization with a proven
5 record of providing—

6 (i) services to midlife and older indi-
7 viduals;

8 (ii) consumer awareness programs; or

9 (iii) supportive services to low-income
10 families; or

11 (C) a partnership comprised of 2 or more
12 entities described in subparagraph (A) or (B).

13 (4) ELIGIBLE ENTITY.—The term “eligible enti-
14 ty” means a national organization with substantial
15 experience in the field of economic and financial edu-
16 cation.

17 (5) MIDLIFE.—The term “midlife”, when used
18 with respect to an individual, means an individual
19 aged 45 to 64 years.

20 (6) NATIVE HAWAIIAN ORGANIZATION.—The
21 term “Native Hawaiian organization” means any or-
22 ganization that—

23 (A) serves and represents the interests of
24 Native Hawaiians; and

1 (B) has as a primary and stated purpose
2 the provision of services to Native Hawaiians.

3 (7) OLDER.—The term “older”, when used with
4 respect to an individual, means an individual aged
5 65 or older.

6 (8) SECRETARY.—The term “Secretary” means
7 the Secretary of Health and Human Services.

8 **SEC. 4. PURPOSE AND GOALS.**

9 (a) PURPOSE.—The purpose of this Act is to promote
10 economic and financial literacy among midlife and older
11 individuals, and to reduce financial abuse and fraud
12 among such individuals, through providing assistance to
13 organizations for economic and financial education pro-
14 grams.

15 (b) GOALS.—The goals of this Act are—

16 (1) to increase the knowledge of economic and
17 financial literacy among midlife and older individuals
18 to enable the individuals to make informed financial
19 decisions; and

20 (2) to reduce the amount of financial abuse and
21 fraud among midlife and older individuals.

1 **SEC. 5. GRANT PROGRAM TO ENHANCE ECONOMIC, FINAN-**
2 ******CIAL, AND RETIREMENT LITERACY AND RE-******
3 ******DUCE FINANCIAL ABUSE AND FRAUD AMONG******
4 ******MIDLIFE AND OLDER AMERICANS.******

5 (a) PROGRAM AUTHORIZED.—From amounts appro-
6 priated under section 8, the Secretary is authorized to
7 award a grant to a national entity to enable the national
8 entity to carry out the subgrant program for economic and
9 financial education under section 6.

10 (b) APPLICATION.—A national entity desiring a grant
11 under this section shall submit an application to the Sec-
12 retary at such time, in such form, and containing such
13 information as the Secretary may require, including a plan
14 for continuing to carry out the program under this section
15 after the grant expires.

16 (c) LIMITATION ON ADMINISTRATIVE COSTS.—A na-
17 tional entity receiving a grant under this section may not
18 use more than 5 percent of the total amount of the grant
19 for each fiscal year for the administrative costs of carrying
20 out the program under this section.

21 (d) EVALUATION.—The Secretary shall evaluate the
22 programs that receive grant funds under this section in
23 order to judge the performance of such programs.

24 (e) REPORT.—For each fiscal year for which grants
25 are awarded under this section, the Secretary shall pre-
26 pare and submit to Congress a report on the program

1 under this section, which report shall include information
2 from the evaluation under subsection (d) and the evalua-
3 tions under section 6(e).

4 **SEC. 6. SUBGRANT PROGRAM TO ENHANCE ECONOMIC, FI-**
5 **NANCIAL, AND RETIREMENT LITERACY AND**
6 **REDUCE FINANCIAL ABUSE AND FRAUD**
7 **AMONG MIDLIFE AND OLDER AMERICANS.**

8 (a) SUBGRANTS AUTHORIZED.—A national entity
9 that receives a grant under section 5 shall use grant funds
10 to award subgrants to eligible area entities to enable the
11 eligible area entities to deliver economic and financial edu-
12 cation programs to midlife and older individuals who re-
13 side in local communities, in order to—

14 (1) enhance financial and retirement knowledge
15 among such individuals; and

16 (2) reduce financial abuse and fraud, including
17 telemarketing, mortgage, and pension fraud, and
18 identity theft among such individuals.

19 (b) APPLICATION.—An eligible area entity desiring a
20 subgrant under this section shall submit an application to
21 the national entity awarding the subgrants at such time,
22 in such form, and containing such information as the na-
23 tional entity may require, including a plan for continuing
24 the programs assisted with subgrant funds under this sec-
25 tion after the subgrant expires.

1 (c) AWARD BASIS.—In awarding subgrants under
2 this section, a national entity shall—

3 (1) give special consideration to eligible area en-
4 tities that are partnerships described in section
5 3(3)(C); and

6 (2) give priority to programs previously funded
7 by a subgrant under this section that the Secretary
8 judges effective under the evaluation described in
9 subsection (e)(2)(A).

10 (d) LIMITATION ON ADMINISTRATIVE COSTS.—An el-
11 igible area entity receiving a subgrant under this section
12 may not use more than 5 percent of the total amount of
13 the subgrant in each fiscal year for the administrative
14 costs of carrying out the program under this section.

15 (e) EVALUATION AND REPORT.—

16 (1) ESTABLISHMENT OF PERFORMANCE MEAS-
17 URES.—A national entity awarding subgrants under
18 this section shall develop measures to evaluate the
19 programs that receive subgrant funds.

20 (2) EVALUATION ACCORDING TO PERFORMANCE
21 MEASURES.—Applying the performance measures
22 developed under paragraph (1), a national entity
23 awarding subgrants under this section shall evaluate
24 the programs that receive subgrant funds in order
25 to—

1 (A) judge the performance and effective-
2 ness of such programs;

3 (B) identify which programs represent the
4 best practices of entities developing such pro-
5 grams for midlife and older individuals;

6 (C) identify which programs may be rep-
7 licated; and

8 (D) assess any behavioral change, as well
9 as asset accumulation, made by program par-
10 ticipants.

11 (3) SUBMISSION TO CONGRESS.—For each fis-
12 cal year for which a national entity awards sub-
13 grants under this section, the national entity shall
14 submit to the Secretary a report containing—

15 (A) a description of the status of the
16 subgrant program under this section;

17 (B) a description of the programs provided
18 with subgrant funds under this section; and

19 (C) the results of the evaluation of such
20 programs under paragraph (2).

21 **SEC. 7. NATIONAL TRAINING AND TECHNICAL ASSISTANCE**
22 **PROGRAM.**

23 (a) AUTHORITY.—The Secretary is authorized to
24 award a grant to 1 or more eligible entities to—

1 (1) create and make available instructional ma-
2 terials and information that promote economic and
3 financial education; and

4 (2) provide training and other related assist-
5 ance regarding the establishment of economic and fi-
6 nancial education programs to eligible area entities
7 awarded a subgrant under section 6.

8 (b) APPLICATION.—An eligible entity desiring a grant
9 under this section shall submit an application to the Sec-
10 retary at such time, in such form, and containing such
11 information as the Secretary may require.

12 (c) BASIS AND TERM.—The Secretary shall award a
13 grant under this section on a competitive, merit basis for
14 a term of 3 years.

15 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS.**

16 (a) AUTHORIZATION.—There are authorized to be ap-
17 propriated to carry out this Act, \$100,000,000 for each
18 of the fiscal years 2007 through 2010.

19 (b) LIMITATION ON FUNDS FOR EVALUATION AND
20 REPORT.—The Secretary may not use more than
21 \$500,000 of the amounts appropriated under subsection
22 (a) for each fiscal year to carry out section 6(e).

23 (c) LIMITATION ON FUNDS FOR TRAINING AND
24 TECHNICAL ASSISTANCE.—The Secretary may not use
25 less than 5 percent or more than 10 percent of the

- 1 amounts appropriated under subsection (a) for each fiscal
- 2 year to carry out section 7.

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