



**National Association of Federal Credit Unions**

3138 10th Street North • Arlington, VA 22201-2149

(703) 522-4770 • (800) 336-4644 • Fax (703) 524-1082

www.nafcu.org • nafcu@nafcu.org

July 5, 2005

Office of Participant Assistance  
Employee Benefits Security Administration  
U.S. Department of Labor  
Room N-5623  
200 Constitution Avenue, NW  
Washington, DC 20210  
Attn: 2006 National Summit on Retirement Savings

Dear Sir or Madam:

I am writing on behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions, in response to the Department of Labor's request for comments for the purpose of developing a comprehensive agenda for the third National Summit on Retirement Savings, tentatively to be held in March of 2006.

In view of the current economic environment, the high level of national debt, an aging population and the rising costs of health care, it will be nearly impossible for today's younger generations to rely on social security alone to provide for them during their retirement. Moreover, it is believed that only one third of the next generation to retire - the baby boomer generation - has saved responsibly for retirement. Therefore, the issue of retirement savings is of vital importance to all individuals and to the welfare of the nation as a whole.

NAFCU believes that a national strategy is necessary to remedy the low rate of retirement savings and that the agenda for the 2006 National Summit on Retirement Savings should focus on this strategy. The strategy should focus on three financial literacy goals: (1) financial education in our nation's schools and low-income areas; (2) consumer education about the importance of budgeting, saving, and retirement planning; and (3) consumer awareness about the responsible use of credit and the effects of bankruptcy. While these are broad goals, public and private efforts such as the National Summits and the activities of financial institutions, including credit unions, have identified a host of opportunities to educate Americans about the need for retirement savings.

The credit union mission has always been to encourage savings, and credit union organizers, volunteers and employees were some of the first financial educators in America. In addition to being among the first to place an emphasis on financial literacy, today credit unions are also among the finest at offering their members sound financial management advice. Credit unions nationwide have implemented financial literacy programs at the local and national level.

Based on credit union experiences, NAFCU would recommend that the 2006 Agenda include consideration of ways to support and improve upon several existing savings initiatives. For example, the success of Individual Development Accounts and Internal Revenue Service split-return accounts warrants further development and expansion. NAFCU also would recommend the expansion of successful financial literacy programs such as MoneySmart<sup>1</sup> and Banking on Our Future.<sup>2</sup> The 2006 Agenda should also include consideration of school-based, student operated credit unions in schools as mechanisms to educate youth and actually create new student savers.

NAFCU also recommends that the 2006 Agenda include consideration of the unique financial needs of military service personnel. Many of these men and women are very young when they begin their military careers and have not had the opportunity to learn the basics of personal finance and saving for retirement. Unfortunately, some entities have used this to their advantage, and young military personnel are often a target for certain speculative investment and savings products. For this reason, NAFCU recommends that the 2006 Agenda include consideration and support for financial education initiatives to provide unbiased financial information and guidance to the nation's military men and women.

There are many credit unions that have had successes in financial education and encouraging their members to save for retirement. NAFCU would be happy to assist in identifying specific credit union programs to be included in the 2006 National Summit and specific credit union leaders that might serve as discussion leaders or presenters at the 2006 Summit, and NAFCU would hope to participate in the upcoming Summit ourselves as we have in the past.

NAFCU would like to thank you for this opportunity to share its views on the agenda for the 2006 National Summit on Retirement Savings. Should you have any questions or require additional information, please call me or Gwen Baker, NAFCU's Director of Regulatory Affairs, at (703) 522-4770 or (800) 336-4644 ext. 266.

Sincerely,



Fred R. Becker, Jr.  
President/CEO

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<sup>1</sup> <http://www.fdic.gov/consumers/consumer/moneysmart/>

<sup>2</sup> <http://www.bankingonourfuture.org/master.cfm/main/home>