Extension Financial Security for All
Community of Practice -- Webinar

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1. Retirement
2. Student Debt
3. Shifts in the Workplace
4. Payday Lending
5. Housing
6. Disasters
7. Healthcare
8. Technology
9. Innovations
10. Financial Stacking
RETIREMENT
Auto IRA and related state retirement savings programs are designed to increase retirement security. Ten states are moving forward with their own auto-IRA programs and another 20 are debating proposals this year. Such programs would allow employees to be auto-enrolled and fund auto-IRAs through payroll deductions.
Oregon became the first state to set up a Roth IRA program – giving workers the option to contribute after-tax dollars to an investment account. The accounts contain:

- Limited choices
- A unique stair-step default investment program
In the Netherlands, Canada and the UK, a new kind of pension emerging. A Defined Ambition (DA) plan has target benefits based on salary and years of service like a DB plan, but differs (like a DC plan) when asset values and longevity change.

Would underfunded state and local government pension plans consider this as a reform initiative?
A new retirement bill with bipartisan support would:

- Make it easier for small businesses to band together to offer retirement plans (MEPs)
- Provide annuities
- Project future income
- Increase the age for RMDs from 70 ½ to 72
- Allow part-time workers to participate in auto-enrollment
Older working Americans still have payroll taxes that cover FICA and Medicare, withheld even after they receive Social Security retirement benefits. Eliminating the first $50,000 of earned income after age 65 is an idea offered by Charles Schwab, Founder and Chairman of Charles Schwab Corp.
STUDENT DEBT

www.nefe.org
Growing pressure from various business interests such as real-estate agents, architects and benefits administrators are pushing for legislation to forgive or reduce what consumers and workers owe on student loans. Some employers are offering to pay for college, while others are offering to pair 401(k) contributions to student debt payments.
Ideas to mitigate student debt include:

- Limits on federal student loans, as well as approved guidance to students regarding their likely ability to fulfill repayment obligations

- Allow parents to take out loans equal to the difference between the cost of attendance and the amount of financial aid a child receives

- Fixed repayment plan with equal monthly payments over 10 years OR base repayments on 10% of income capped at 20 years
SHIFTS IN THE WORKPLACE
Some companies are offering **matching student loan payments** as an extra benefit and using it as a recruiting tool. A few employers are offering **529 plan benefits** with workers allowed to fund these college-savings plans with automated payroll deductions. As an employee benefit offering, some companies are matching 529 contributions as well.
A new employee benefit allows people (i.e. hourly workers) to access much of their net pay for each day’s work through a payday app. Daily work might become a de facto emergency fund.
PAYDAY LENDING
Alternatives in the form of:

1. Emergency savings as a side car “rainy day” paired with a retirement account
2. Emergency savings as debt mitigation/alternative
3. Emergency savings as supplemental/complementary with loan product(s)
4. Emergency savings as prize-linked

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HOUSING
Young people without college degrees face more hurdles on the path to homeownership than many college graduates. A 20% down payment takes from 5-20 years, depending on circumstances.
Rent Control Ramp-Up?

The idea of rent control is to promote affordability in certain municipalities. The idea poses many challenges such as:

- Minimizing market competition
- Limiting landlord incentives to invest in their properties
- Limiting developers incentive to develop

Other factors are rent stabilization and controlling rent inflation over time. Uncontrolled rent is a real challenge for those on fixed income and/or older Americans.
DISASTERS

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Climate change is causing the repricing of risk and informing mitigation by insurers and governments. FEMA seeks to shift risk pricing through reforms to the insurance marketplace using big data and geolocation.
Post flood disaster debates and Congressional hearings on insurance reforms and a brutal assessment of costs have begun. In Houston some reports indicate that 80% of the damaged homes from Hurricane Harvey had no flood insurance. Seniors frequently drop flood insurance once they have paid off their mortgage.
Mortgage modification or forbearance for damaged or destroyed homes seem to work better when handled through FEMA or emergency servicing rather than through tradition mortgaging services.
Opioid painkillers are being blamed for:

- Shortened life expectancy
- Increased demand on the foster care system
- Liquidation of parental/grandparental retirement savings accounts or other children’s college funds
- Stresses on police, fire and emergency medical services, and social services/Medicaid safety net
Elements to discuss/deconstruct:

1. De-linkage of health care from employers/portability

2. A culture of prevention → better outcomes and lower costs over time

   “There is more to be gained from preventing illness than from spending enormous amounts of money after the illness strikes”

   Robert M. Kaplan, ”More Than Medicine”

3. Plan types (variety)
4. Linking price and cost transparency (high deductibles, marketplace, competition)

5. Programs offered across state lines

6. Expansion of existing government programs (Medicaid, Medicare)

7. Preexisting conditions (risk pools)
CASH OR CASHLESS?

Philadelphia became first major U.S. city to ban cashless stores in order to protect all citizens’ access to the marketplace. The Mercedes-Benz Stadium in Atlanta will be the first NFL stadium to go fully cashless, claiming faster transactions and a reduction in lines.
Blockchain technology, which can eliminate many fees, disrupt identity theft and enable online buying and selling, has the potential to aid the unbanked who do not use payment cards or bank accounts because of costs, inconvenience, or lack of an address. Skeptics remain.
A small but active coalition is supporting the introduction of banking services within the United States Postal Service (USPS). Responsibilities could include:

- Check cashing
- Small dollar loans (payday lending)
- Savings
- Transactional accounts
Universal basic income experiments are planned or commencing in parts of Europe, Canada and South America for a government guaranteed annual stipend of several thousand dollars with little or no strings attached.

The National Academy of Social Insurance is researching a historical concept called Assured Income. Progressives and Conservatives have different views on this concept.
Financial Stacking: A Modern American Burden
FINANCIAL STACKING

Tackle the Stack in Steps

Step 1: Weigh and Thin
Step 2: Sort and Sequence
Step 3: Choose and Let Go
Step 4: Fund and Act
Step 5: Learn and Repeat
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