

108TH CONGRESS  
1ST SESSION

# S. 386

To establish a grant program to enhance the financial and retirement literacy of mid-life and older Americans and to reduce financial abuse and fraud among such Americans, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 13, 2003

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

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## A BILL

To establish a grant program to enhance the financial and retirement literacy of mid-life and older Americans 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 2003”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

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

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

6           (3) Only 53 percent of working Americans have  
7 any form of pension coverage. Three out of four  
8 women aged 65 or over receive no income from em-  
9 ployer-provided pensions.

10          (4) The more limited timeframe that mid-life  
11 and older individuals and families have to assess the  
12 realities of their individual circumstances, to recover  
13 from counter-productive choices and decisionmaking  
14 processes, and to benefit from more informed finan-  
15 cial practices, has immediate impact and near term  
16 consequences for Americans nearing or of retirement  
17 age.

18          (5) Research indicates that there are now 4  
19 basic sources of retirement income security. Those  
20 sources are social security benefits, pensions and  
21 savings, healthcare insurance coverage, and, for an  
22 increasing number of older individuals, necessary  
23 earnings from working during one's "retirement"  
24 years.

1           (6) The \$5,000,000,000,000 loss in stock mar-  
2           ket equity values since 2000 has had a significantly  
3           negative effect on mid-life and older individuals and  
4           on their pension plans and retirement accounts, af-  
5           fecting both individuals with plans to retire and  
6           those who are already in retirement.

7           (7) Although today's older individuals are gen-  
8           erally thought to be doing well, nearly  $\frac{1}{4}$  (24 per-  
9           cent) of such individuals had annual incomes of less  
10          than 14,000 (or 150 percent of the Federal poverty  
11          line) between 1998 and 2000.

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

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

20          (10) The Federal Trade Commission (FTC)  
21          Identity Theft Data Clearinghouse has reported that  
22          incidents of identity theft targeting individuals over  
23          the age of 60 increased from 1,821 victims in 2000  
24          to 5,802 victims in 2001, a threefold increase.

1 **SEC. 3. GRANT PROGRAM TO ENHANCE FINANCIAL AND RE-**  
2 **TIREMENT LITERACY AND REDUCE FINAN-**  
3 **CIAL ABUSE AND FRAUD AMONG MID-LIFE**  
4 **AND OLDER AMERICANS.**

5 (a) **AUTHORITY.**—The Secretary is authorized to  
6 award grants to eligible entities to provide financial edu-  
7 cation programs to mid-life and older individuals who re-  
8 side in local communities in order to—

9 (1) enhance financial and retirement knowledge  
10 among such individuals; and

11 (2) reduce financial abuse and fraud, including  
12 telemarketing, mortgage, and pension fraud, among  
13 such individuals.

14 (b) **ELIGIBLE ENTITIES.**—An entity is eligible to re-  
15 ceive a grant under this section if such entity is—

16 (1) a State agency or area agency on aging; or

17 (2) a nonprofit organization with a proven  
18 record of providing—

19 (A) services to mid-life and older individ-  
20 uals;

21 (B) consumer awareness programs; or

22 (C) supportive services to low-income fami-  
23 lies.

24 (c) **APPLICATION.**—An eligible entity desiring a grant  
25 under this section shall submit an application to the Sec-  
26 retary in such form and containing such information as

1 the Secretary may require, including a plan for continuing  
2 the programs provided with grant funds under this section  
3 after the grant expires.

4 (d) LIMITATION ON ADMINISTRATIVE COSTS.—A re-  
5 cipient of a grant under this section may not use more  
6 than 4 percent of the total amount of the grant in each  
7 fiscal year for the administrative costs of carrying out the  
8 programs provided with grant funds under this section.

9 (e) EVALUATION AND REPORT.—

10 (1) ESTABLISHMENT OF PERFORMANCE MEAS-  
11 URES.—The Secretary shall develop measures to  
12 evaluate the programs provided with grant funds  
13 under this section.

14 (2) EVALUATION ACCORDING TO PERFORMANCE  
15 MEASURES.—Applying the performance measures  
16 developed under paragraph (1), the Secretary shall  
17 evaluate the programs provided with grant funds  
18 under this section in order to—

19 (A) judge the performance and effective-  
20 ness of such programs;

21 (B) identify which programs represent the  
22 best practices of entities developing such pro-  
23 grams for mid-life and older individuals; and

24 (C) identify which programs may be rep-  
25 licated.

1           (3) ANNUAL REPORTS.—For each fiscal year in  
2           which a grant is awarded under this section, the  
3           Secretary shall submit a report to Congress con-  
4           taining a description of the status of the grant pro-  
5           gram under this section, a description of the pro-  
6           grams provided with grant funds under this section,  
7           and the results of the evaluation of such programs  
8           under paragraph (2).

9   **SEC. 4. NATIONAL TRAINING AND TECHNICAL ASSISTANCE**  
10                           **PROGRAM.**

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

13                   (1) create and make available instructional ma-  
14                   terials and information that promote financial edu-  
15                   cation; and

16                   (2) provide training and other related assist-  
17                   ance regarding the establishment of financial edu-  
18                   cation programs to eligible entities awarded a grant  
19                   under section 3.

20           (b) ELIGIBLE ENTITIES.—An entity is eligible to re-  
21           ceive a grant under this section if such entity is a national  
22           nonprofit organization with substantial experience in the  
23           field of financial education.

24           (c) APPLICATION.—An eligible entity desiring a grant  
25           under this section shall submit an application to the Sec-

1   retary in such form and containing such information as  
2   the Secretary may require.

3       (d) BASIS AND TERM.—The Secretary shall award a  
4   grant under this section on a competitive, merit basis for  
5   a term of 5 years.

6   **SEC. 5. DEFINITIONS.**

7       In this Act:

8           (1) FINANCIAL EDUCATION.—The term “finan-  
9       cial education” means education that promotes an  
10      understanding of consumer, economic, and personal  
11      finance concepts, including saving for retirement,  
12      long-term care, and estate planning and education  
13      on predatory lending and financial abuse schemes.

14          (2) MID-LIFE INDIVIDUAL.—The term “mid-life  
15      individual” means an individual aged 45 to 64 years.

16          (3) OLDER INDIVIDUAL.—The term “older indi-  
17      vidual” means an individual aged 65 or older.

18          (4) SECRETARY.—The term “Secretary” means  
19      the Secretary of Health and Human Services.

20   **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

21      (a) AUTHORIZATION.—There are authorized to be ap-  
22      propriated to carry out this Act, \$100,000,000 for each  
23      of the fiscal years 2004 through 2008.

24      (b) LIMITATION ON FUNDS FOR EVALUATION AND  
25      REPORT.—The Secretary may not use more than

1 \$200,000 of the amounts appropriated under subsection  
2 (a) for each fiscal year to carry out section 3(e).

3 (c) LIMITATION ON FUNDS FOR TRAINING AND  
4 TECHNICAL ASSISTANCE.—The Secretary may not use  
5 less than 5 percent or more than 10 percent of amounts  
6 appropriated under subsection (a) for each fiscal year to  
7 carry out section 4.

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