

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1028

To amend title 10, United States Code, to enhance the protection of members of the Armed Forces and their spouses from unscrupulous financial services sales practices through increased consumer education, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

MAY 12, 2005

Mrs. CLINTON (for herself and Ms. COLLINS) introduced the following bill;  
which was read twice and referred to the Committee on Armed Services

---

## A BILL

To amend title 10, United States Code, to enhance the protection of members of the Armed Forces and their spouses from unscrupulous financial services sales practices through increased consumer education, 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 “Military Personnel Fi-  
5       nancial Services Education Act of 2005”.

1 **SEC. 2. CONSUMER EDUCATION FOR MEMBERS OF THE**  
2 **ARMED FORCES AND THEIR SPOUSES ON IN-**  
3 **SURANCE AND OTHER FINANCIAL SERVICES.**

4 (a) EDUCATION AND COUNSELING REQUIRE-  
5 MENTS.—

6 (1) IN GENERAL.—Chapter 50 of title 10,  
7 United States Code, is amended by adding at the  
8 end the following new section:

9 **“§ 992. Consumer education: financial services**

10 “(a) REQUIREMENT FOR CONSUMER EDUCATION  
11 PROGRAM FOR MEMBERS.—(1) The Secretary concerned  
12 shall carry out a program to provide comprehensive edu-  
13 cation to members of the armed forces under the jurisdic-  
14 tion of the Secretary on—

15 “(A) financial services that are available under  
16 law to members;

17 “(B) financial services that are routinely of-  
18 fered by private sector sources to members;

19 “(C) practices relating to the marketing of pri-  
20 vate sector financial services to members;

21 “(D) such other matters relating to financial  
22 services available to members, and the marketing of  
23 financial services to members, as the Secretary con-  
24 siders appropriate; and

25 “(E) such other financial practices as the Sec-  
26 retary considers appropriate.

1       “(2) Training under this subsection shall be provided  
2 to members as—

3               “(A) a component of the members’ initial entry  
4 training;

5               “(B) a component of each level of the members’  
6 professional development training that is required  
7 for promotion; and

8               “(C) a component of periodically recurring re-  
9 quired training that is provided for the members at  
10 military installations.

11       “(3) The training provided at a military installation  
12 under paragraph (2)(C) shall include information on any  
13 financial services marketing practices that are particularly  
14 prevalent at that military installation and in the vicinity.

15       “(b) COUNSELING FOR MEMBERS AND SPOUSES.—

16 (1) The Secretary concerned shall provide counseling on  
17 financial services to each member of the armed forces  
18 under the jurisdiction of the Secretary.

19       “(2) The Secretary concerned shall, upon request,  
20 provide counseling on financial services to the spouse of  
21 any member of the armed forces under the jurisdiction of  
22 the Secretary.

23       “(2) The Secretary concerned shall provide coun-  
24 seling on financial services under this subsection as fol-  
25 lows:

1           “(A) In the case of members, and the spouses  
2 of members, assigned to a military installation to  
3 which at least 750 members of the armed forces are  
4 assigned, through a full-time financial services coun-  
5 selor at such installation.

6           “(B) In the case of members, and the spouses  
7 of members, assigned to a military installation other  
8 than an installation described in subparagraph (A),  
9 through such mechanisms as the Secretary considers  
10 appropriate, including through the provision of coun-  
11 seling by a member of the armed forces in grade E-  
12 7 or above, or a civilian, at such installation who  
13 provides such counseling as a part of the other du-  
14 ties performed by such member or civilian, as the  
15 case may be, at such installation.

16          “(3) Each financial services counselor under para-  
17 graph (2)(A), and each individual providing counseling on  
18 financial services under paragraph (2)(B), shall be an in-  
19 dividual who, by reason of education, training, or experi-  
20 ence, is qualified to provide helpful counseling to members  
21 of the armed forces and their spouses on financial services  
22 and marketing practices described in subsection (a)(1).  
23 Such individual may be a member of the armed forces or  
24 an employee of the Federal Government.

1       “(4) The Secretary concerned shall take such action  
2 as is necessary to ensure that each financial services coun-  
3 selor under paragraph (2)(A), and each individual pro-  
4 viding counseling on financial services under paragraph  
5 (2)(B), is free from conflicts of interest relevant to the  
6 performance of duty under this section and, in the per-  
7 formance of that duty, is dedicated to furnishing members  
8 of the armed forces and their spouses with helpful infor-  
9 mation and counseling on financial services and related  
10 marketing practices.

11       “(5) The Secretary concerned may authorize financial  
12 services counseling to be provided to members of a unit  
13 of the armed forces by unit personnel under the guidance  
14 and with the assistance of a financial services counselor  
15 under paragraph (2)(A) or an individual providing coun-  
16 seling on financial services under paragraph (2)(B), as ap-  
17 plicable.

18       “(c) LIFE INSURANCE.—(1) In counseling a member  
19 of the armed forces, or spouse of a member of the armed  
20 forces, under this section regarding life insurance offered  
21 by a private sector source, a financial services counselor  
22 under subsection (b)(2)(A), or an individual providing  
23 counseling on financial services under subsection  
24 (b)(2)(B), shall furnish the member or spouse, as the case  
25 may be, with information on the availability of

1 Servicemembers' Group Life Insurance under subchapter  
2 III of chapter 19 of title 38, including information on the  
3 amounts of coverage available and the procedures for  
4 electing coverage and the amount of coverage.

5       “(2)(A) A covered member of the armed forces may  
6 not authorize payment to be made for private sector life  
7 insurance by means of an allotment of pay to which the  
8 member is entitled under chapter 3 of title 37 unless the  
9 authorization of allotment is accompanied by a written  
10 certification by a commander of the member, or by a fi-  
11 nancial services counselor referred to in subsection  
12 (b)(2)(A) or an individual providing counseling on finan-  
13 cial services under subsection (b)(2)(B), as applicable,  
14 that the member has received counseling under paragraph  
15 (1) regarding the purchase of coverage under that private  
16 sector life insurance.

17       “(B) Subject to subparagraph (C), a written certifi-  
18 cation described in subparagraph (A) may not be made  
19 with respect to a member's authorization of allotment as  
20 described in subparagraph (A) until 7 days after the date  
21 of the member's authorization of allotment in order to fa-  
22 cilitate the provision of counseling to the member under  
23 paragraph (1).

1       “(C) The commander of a member may waive the ap-  
 2 plicability of subparagraph (B) to a member for good  
 3 cause, including the member’s imminent change of station.

4       “(D) In this paragraph, the term ‘covered member  
 5 of the armed forces’ means a member of the armed forces  
 6 in grades E–1 through E–4.

7       “(d) FINANCIAL SERVICES DEFINED.—In this sec-  
 8 tion, the term ‘financial services’ includes the following:

9           “(1) Life insurance, casualty insurance, and  
 10 other insurance.

11           “(2) Investments in securities or financial in-  
 12 struments.”.

13       (2) CLERICAL AMENDMENT.—The table of sec-  
 14 tions at the beginning of such chapter is amended  
 15 by adding at the end the following new item:

“992. Consumer education: financial services.”.

16       (b) CONTINUING EFFECT OF EXISTING ALLOTMENTS  
 17 FOR LIFE INSURANCE.—Subsection (c)(2) of section 992  
 18 of title 10, United States Code (as added by subsection  
 19 (a)), shall not affect any allotment of pay authorized by  
 20 a member of the Armed Forces before the effective date  
 21 of such section.

22       (c) EFFECTIVE DATE.—The amendments made by  
 23 this section shall take effect on the first day of the first

- 1 month that begins more than 120 days after the date of
- 2 the enactment of this Act.

○