

112TH CONGRESS
2D SESSION

H. R. 5946

To direct the Undersecretary of Defense (Comptroller) to carry out a pilot program to develop innovative consumer financial products that encourage savings and wealth-creation among active-duty servicemembers.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2012

Mr. MARKEY (for himself, Ms. TSONGAS, and Mr. ANDREWS) introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To direct the Undersecretary of Defense (Comptroller) to carry out a pilot program to develop innovative consumer financial products that encourage savings and wealth-creation among active-duty servicemembers.

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 Savings Act
5 of 2012”.

1 **SEC. 2. CONSUMER FINANCIAL PRODUCTS PILOT PRO-**
2 **GRAM.**

3 (a) IN GENERAL.—The Undersecretary of Defense
4 (Comptroller) shall carry out a 5-year pilot program to
5 develop innovative consumer financial products that en-
6 courage savings and wealth-creation among active-duty
7 servicemembers.

8 (b) OBJECTIVES.—Financial products developed
9 under this section may seek to—

10 (1) increase the rate of savings among active-
11 duty servicemembers by providing automatic deposit
12 into a savings account of special pay and allowances
13 received by a servicemember, including special pay
14 and allowances received on account of the service-
15 member's deployment;

16 (2) reduce the need for high-cost short-term
17 lending services by providing alternatives to service-
18 members, such as financial institutions providing an
19 option for servicemembers to receive advances on
20 their salary payments, such that servicemembers re-
21 ceive pay in more frequent installments, and where
22 any interest or fees on such advances shall not ex-
23 ceed the rate described in section 987(b) of title 10,
24 United States Code and shall adhere to the Afford-
25 able Small Dollar Lending Guidelines of the Federal
26 Deposit Insurance Corporation;

1 (3) address obstacles to traditional consumer
2 banking and lending for servicemembers with limited
3 credit history; and

4 (4) otherwise encourage savings and wealth-cre-
5 ation among active-duty servicemembers.

6 (c) NO EXACERBATION OF CREDIT OVEREXTEN-
7 SION.—The pilot program carried out under this section
8 shall be carried out in such a way that it does not exacer-
9 bate the incidence of credit overextension among
10 servicemembers.

11 (d) IMPLEMENTATION.—

12 (1) SELECTION OF MILITARY INSTALLA-
13 TIONS.—The Undersecretary shall choose at least 10
14 military installations on which to implement the
15 pilot program.

16 (2) INCORPORATION INTO OPERATING AGREE-
17 MENTS.—With respect to a military installation cho-
18 sen by the Undersecretary under paragraph (1), a fi-
19 nancial institution seeking to begin operating on
20 such installation, or seeking to renew an agreement
21 to operate on such installation, shall—

22 (A) agree to offer the consumer financial
23 products developed under this section; and

24 (B) notify servicemembers that are cus-
25 tomers of the institution about the availability

1 of the consumer financial products developed
2 under this section.

3 (e) CONSULTATION.—In developing consumer finan-
4 cial products under this section, the Undersecretary shall
5 consult with Federal banking regulators with expertise in
6 depository institutions, Federal agencies with experience
7 regulating financial products, and consumer and military
8 service organizations with relevant financial expertise.

9 (f) INDEPENDENT EVALUATION.—

10 (1) IN GENERAL.—Not later than the end of
11 the 2-year period beginning on the date of the enact-
12 ment of this Act, and annually thereafter until the
13 end of the pilot program, the Undersecretary shall
14 contract for an independent evaluation of the pilot
15 program carried out under this section. Such evalua-
16 tion—

17 (A) shall include the degree to which the
18 pilot program succeeded in the goals of increas-
19 ing usage of savings products, programs, and
20 tools; and

21 (B) shall be conducted by a contractor
22 with knowledge of consumer financial products
23 and experience in the evaluation of such prod-
24 ucts.

1 (2) REPORT.—After each evaluation carried out
2 pursuant to paragraph (1), the Undersecretary shall
3 issue a report to the Committees on Armed Services
4 and Financial Services of the House of Representa-
5 tives and the Committees on Armed Services and
6 Banking, Housing, and Urban Affairs of the Senate
7 containing all findings and conclusions made by the
8 contractor in carrying out such evaluation.

9 (g) EXPANSION OF PILOT PROGRAM.—Notwith-
10 standing subsection (a), the Undersecretary may expand
11 the pilot program, including extending the duration of the
12 program and expanding the program to make it a nation-
13 wide program, to the extent determined appropriate by the
14 Undersecretary, if the Undersecretary determines that
15 such expansion is expected to—

16 (1) improve the rates of savings among service-
17 members and their families; or

18 (2) decrease the need for servicemembers and
19 their families to rely on payday lenders without ex-
20 acerbating credit overextension.

21 (h) FINANCIAL INSTITUTION DEFINED.—For pur-
22 poses of this section, the term “financial institution”
23 means an insured depository institution (as defined under

- 1 section 3(c)(2) of the Federal Deposit Insurance Act (12
- 2 U.S.C. 1813(c)(2))) or a credit union.

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