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Empower States to Expand National Efforts to Promote Investor Education

- *Regulators, particularly state securities regulators, the U.S. Securities and Exchange Commission (“SEC”), and the Commodity Futures Trading Commission (“CFTC”), communicate about and agree on many issues. However, more can be done on the regulatory coordination front, including with respect to the preparation and delivery of investor education resources.*
- *Federal agencies should seek input from state securities regulators more regularly. The insights and opinions of state regulators reflect their positions on the frontlines of protecting Main Street investors and engaging with small business owners. To that end, Congress should amend the enabling statute for the Financial Literacy and Education Commission (“FLEC”) led by the U.S. Department of the Treasury (“Treasury Department”) to include a representative of state securities regulators.*

Background on the Financial Literacy and Education Commission

Generally, people associate investor education with retirement planning and wealth accumulation. Most households in the United States make a variety of financial decisions when planning for retirement, including which tax-advantaged accounts to use, how much to save each year, and which investments to choose. Making those decisions can be challenging. Indeed, nearly 60% of non-retirees with self-directed retirement savings reported a low level of comfort with making retirement investment decisions.¹

In support of helping Americans make these decisions, the federal government established FLEC in 2003. The commission has representation from 24 federal government agencies and offices, including the SEC, the CFTC, the Federal Trade Commission, and the U.S. Department of Education. The Secretary of the Treasury Department serves as the chair. FLEC sets strategic direction for policy, education, practice, research, and coordination so that all Americans make informed financial decisions. FLEC develops and refreshes a national strategy on financial education and holds regular meetings open to the public on various topics, including ones related to investing.

Since 2003, FLEC has faced significant challenges in its role among other reasons due to a lack of resources and authorities.² Nevertheless, to become more effective, FLEC has adopted various recommendations by the U.S. Government Accountability Office (“GAO”) such as the formation of an executive committee and working groups and steps to better coordinate and partner with state, nonprofit, and private sector organizations.³

Ways to Further Improve the Financial Literacy and Education Commission

State securities regulators are committed to investor education. Respectfully, we believe that additional reforms to FLEC are necessary to make it easier for Americans to learn how to save and invest. We offer a

¹ See Congressional Research Service, [Financial Literacy and Financial Education Policy Issues](#) (Oct. 18, 2021).

² See GAO, [Financial Literacy: The Federal Government's Role in Empowering Americans to Make Sound Financial Choices](#) (Apr. 12, 2011).

³ See FLEC, [U.S. National Strategy for Financial Literacy 2020](#) (2020).

handful of ideas on how to strengthen FLEC yet remain eager to learn and hear from our state and federal peer regulators, members of Congress, financial services firms, and other stakeholders on ways to strengthen FLEC and investor education more generally.

First, Congress should amend the enabling statute for FLEC to add a representative of state securities regulators. As the entities on the frontlines of protecting and helping Main Street investors and businesses, state securities regulators would contribute a unique perspective to advancing investor education and likely help to reduce the overall cost of educating Americans.

Second, Congress should direct the Treasury Department or FLEC, or both, to undertake additional study regarding the effectiveness of various communication channels for reaching American households. Based on our experience, we think the federal government would be able to cast a wider net for its investor education resources and ultimately be more effective in its efforts if FLEC were to invest in additional communication channels that are more commonly used by digitally native Americans.⁴

Third, Congress should direct the Treasury Department or FLEC, or both, to undertake additional study regarding the value of translating more investor education resources into languages other than English. The United States is home to more than 380 spoken languages. Sixty-eight (68) million people speak a language other than English at home. More than 25 million people in the United States have limited English proficiency.⁵ Currently, the SEC and the Consumer Financial Protection Bureau (“CFPB”), among other federal and state agencies, offer investor and consumer education resources in languages other than English. With the click of a button, the CFPB’s website can be viewed in eight different languages. We believe there is more opportunity to reach Americans through the same or similar translation tools.

Key Points

- *FLEC is missing the key voice of state securities regulators. As the entities on the frontlines of protecting and helping Main Street investors and businesses, state securities regulators would contribute a unique perspective to advancing investor education and likely help to reduce the overall cost of educating Americans.*
- *Congress should direct the FLEC to study the pros and cons of new communication and translation tools and develop recommendations on whether and how to make changes to present practices.*

⁴ See Baranidharan Subburayan et al., [The Role of Social Media in Empowering Digital Financial Literacy](#) (Sept. 25, 2023). Presently, a website called MyMoney.gov is the federal government’s website that serves as the one-stop shop for federal financial literacy and education programs, grants, and other related information. MyMoney.gov is available in English and Spanish. Research may show that other communication tools are now more effective than websites at reaching households.

⁵ See Migration Policy Institute, [Top 10 Languages Spoken by Limited English Proficient U.S. Residents and LEP Share](#) (2013); U.S. Census Bureau, [What Languages Do We Speak in the United States?](#) (Dec. 6, 2022); U.S. Census Bureau, [Language Spoken at Home by Ability to Speak English for the Population 5 Years and Over](#) (2020).