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<http://www.regulations.gov>

Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Docket No. CFPB-2018-0015; Request for Information Regarding Bureau Financial Education Programs

I am writing on behalf of the membership of the National Reverse Mortgage Lenders Association (“NRMLA”) in response to the Bureau of Consumer Financial Protection’s (Bureau or BCFP) Request for Information regarding the Bureau’s Financial Education Programs. Thank you for allowing us this opportunity to comment upon this very important matter.

NRMLA is the national voice of the reverse mortgage industry. With over 300 member companies and over 2,400 member delegates, NRMLA serves as an educational resource, policy advocate, and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage industry. Our mission includes educating industry participants on best practices, regulatory requirements, and market dynamics; providing helpful information to consumers about reverse mortgages; enforcing our Code of Ethics and Professional Responsibility; and offering insight to policymakers working on reverse mortgage matters and related issues.

On April 9, 2018, the Bureau issued a request seeking comments and information from interested parties to assist the Bureau in assessing the overall efficiency and effectiveness of its consumer financial education programs (“RFI”).¹ Comments responding to this RFI are due on July 9, 2018. We appreciate the opportunity to comment upon this RFI. Please find below our comments in response to the RFI on behalf of our membership.

Overview of Rulemaking Process RFI

The Consumer Financial Protection Act of 2010 (“Act”) lists conducting financial education programs as one of six primary functions of the Bureau. One of the Bureau’s statutory objectives under the Act is to ensure that, with respect to consumer financial products and services, consumers are provided with timely and understandable information to make responsible decisions about financial transactions. The Act directs the Bureau to develop and implement initiatives intended to educate and empower consumers to make better informed financial decisions. Pursuant to the Act, the Bureau develops programs to serve the general public, as well as specific populations, including servicemembers, veterans and their families, older Americans, students, and traditionally underserved consumers.

The Bureau conducts various financial education programs covering a range of financial topics. Currently, the Bureau offers information directly to Americans through the Bureau’s website and indirectly through community channels, such as libraries and social service agencies. The Bureau’s outreach covers several topics. The Bureau also provides financial educators with tools, research,

¹ 83 Fed. Reg. 15131 (Apr. 9, 2018).

webinars, training, and tips on delivering financial education and on ways to measure and increase the financial well-being of the people served through financial education. The Bureau has contracted with outside entities to support specific elements of the Bureau's financial education work.

The Bureau uses various metrics to measure the reach and effectiveness of its financial education work, including the number of consumers and financial educators using the Bureau's information and tools, qualitative user feedback, increased understanding of certain topics, and user satisfaction ratings. The Bureau has also developed an evidence-based scale to measure financial well-being as an outcome of financial education programs. The Bureau has used this scale to conduct a National Financial Well-being Survey. The scale and underlying research are also available for financial educators to use as they measure their own programs.

The Bureau is a member of the federal Financial Literacy and Education Commission (FLEC), and the Bureau's Director is the Vice-Chair of FLEC. The Bureau has coordinated with other Federal agencies to deliver financial education, such as cooperating with the Federal Deposit Insurance Corporation (FDIC) to create Money Smart for Older Adults.

The Bureau is using this RFI to seek public input regarding the efficiency and effectiveness of the Bureau's financial education programs, including its focus on various topics, programs, delivery channels and methods, the use of technology, and the use of the procurement process to support its work.

Questions for Commenters

The Bureau requests that, where possible, comments include specific suggestions regarding ways to:

- Improve the Bureau's existing programs and delivery mechanisms;
- Better measure and evaluate the effectiveness of the Bureau's financial education work; and
- Eliminate or minimize the duplication of the Bureau's financial education work with work performed by other entities, including federal, state, and local agencies.

The following list of general questions represents a preliminary attempt by the Bureau to identify elements of Bureau financial education programs that are of the greatest interest to the public. This non-exhaustive list is meant to assist in the formulation of comments and is not intended to restrict the issues that may be addressed. The Bureau is seeking feedback on all aspects of its consumer financial education programs, including but not limited to the following topics:

1. The Bureau's focus on specific financial education topics and delivery channels, and use of technology and contractors.
 - a. Are the Bureau's financial education programs focusing on the right topics and areas to educate and empower consumers to make better informed financial decisions?
 - b. What financial education topics should the Bureau address?
 - c. What delivery channels should the Bureau use to conduct financial education programs?

- d. What technologies should the Bureau use to provide financial education?
 - e. How should the Bureau use contractors in its financial education work?
 - f. Should the Bureau's financial education work focus on other populations or audiences, in addition to the general population and those specific populations referenced in the statute?
2. Measuring the effectiveness of the Bureau's financial education programs.
- a. How should the Bureau measure the success of its financial education programs?
 - b. How should the Bureau measure return on investment of financial education programs?
 - c. How should the Bureau measure the benefit of its financial education work? Should the measures vary depending on the type of education, the topic, or the delivery channel?
 - d. Is there one set of metrics for program effectiveness that the Bureau could use across its financial education programs, or should it use different metrics depending on the type of program and delivery method (e.g., online versus through a community channel)?
 - e. How can the Bureau's financial well-being scale be used to measure the effectiveness of financial education programs?
 - f. Should the Bureau consider adopting any measures of success for financial education that are used by others? What are those measures?
3. Avoiding duplication in financial education between the Bureau and other federal agencies or other entities.
- a. Are there programs at other federal agencies that are similar to the Bureau's programs? Are these programs or aspects of these programs more or less effective than the Bureau's? If so, how and why?
 - b. Are there ways to improve coordination in financial education activities between the Bureau and other agencies?
4. Are there other perspectives or information that will assist the Bureau in its financial education work?

Comments

We appreciate the Bureau requesting information on its consumer financial education programs. In summary, our comments generally focus upon: (i) the areas of focus of the BCFP's education audiences, (ii) speaking or publishing in specialty areas only after first conferring with subject matter experts in those

areas, (iii) taking into account feedback from subject matter experts in measuring the success and/or effectiveness of the publication efforts on consumer education, (iv) leveraging information from other entities, especially subject matter experts in niche industries, and (v) taking into account other perspectives in considering creating and/or disseminating financial education content, especially the perspectives of subject matter experts from niche industries.

Area of Focus of the BCFP's Education Audiences

The BCFP should continue to focus upon, but place even more effort on educating seniors about their financial circumstances and educating seniors in ways that they can better plan for and execute on retirement plans. With seniors living longer and typically not having saved enough for retirement, and also with a great deal of the senior population's net worth being tied up in their home equity, home equity must be part of the conversation regarding senior's retirement plans and planning. One manner in which to access home equity is through the use of a reverse mortgage, but a reverse mortgage is not the only choice through which a senior might access their home equity. Seniors could sell their home and re-locate, or use a home equity line of credit. However, home equity must be part of the conversation regarding senior's retirement plans and planning, and the Bureau should further include this concept in its consumer education materials addressed and directed towards seniors.

Conferring with Subject Matter Experts

The Bureau should consult with subject matter experts prior to addressing issues in specialty areas. One past example where such an approach perhaps would have produced better results is as follows.

In August 2017, the CFPB issued an issue brief entitled, "*The costs and risks of using a reverse mortgage to delay collecting Social Security.*"² In this issue brief, the CFPB examined different scenarios and found that, *in general*, reverse mortgage loan costs exceed the cumulative increase in Social Security that homeowners would receive in their lifetime by delaying Social Security benefits (emphasis added).

This issue brief, however, was roundly criticized by well-recognized financial planning experts and academics that work with and in the reverse mortgage field.³ While we understand that reasonable minds can differ, the crux of this matter for NRMLA and its members is that neither former-Director Cordray nor any of his staff reached out to industry members prior to the CFPB publishing this very inaccurate and ill-informed issue brief. In this instance, we believe that proper and diligent consideration of other data, and reports issued by other agencies (such as the Social Security Administration) as well as information from third parties (such as those cited in footnote 3 herein), beforehand would have been immensely helpful to the CFPB in affording it a better understanding of the complexities and nuances of

² https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201708_cfpb_costs-and-risks-of-using-reverse-mortgage-to-delay-collecting-ss.pdf.

³ See, e.g., *CFPB Releases Misleading Report On Social Security Deferral Strategies* (Forbes, Aug. 28, 2017), by Jamie Hopkins, ("Consumer Financial Protection Bureau ... new report on Social Security and reverse mortgages ... is so limited in scope and riddled with inaccurate statements...") available at <https://www.forbes.com/sites/jamiehopkins/2017/08/28/cfpb-releases-misleading-report-on-social-security-deferral-strategies/#125875c63a1b>; and *New Government Report Distorts Facts and Costs of Home Equity Loans for Seniors*, (Investment News, Sept. 6, 2017), by Mary Beth Franklin, ("The CFPB ... report ... demonstrates little understanding of the nuances of Social Security claiming strategies and overstates the typical cost of a reverse mortgage in today's marketplace.") available at <http://www.investmentnews.com/article/20170906/BLOG05/170909967/reverse-mortgages-under-fire-again-32>.

social security and retirement planning. In the future, we urge the BCFP not to issue ill-informed and anecdotal reports or bulletins without a detailed study and outreach to industry members in order to gain a full understanding of the issues at hand prior to speaking or writing on such issues.

Measuring the Success of Publication and Education Efforts

In addition to conferring with subject matter experts prior to publishing information, especially in specialty areas, in terms of measuring the effectiveness of consumer financial education outreach, the Bureau should consider responses to its publications from subject matter experts.

Leveraging Information from Other Entities

The Bureau should leverage off of information from other entities, especially subject matter experts in niche industries. NRMLA for instance has many publications regarding reverse mortgages, and the Bureau may wish to take a look at these in order to further inform in its own outreach efforts or possibly to refer seniors to such materials.⁴

Other Perspectives

⁴ Such materials include:

An Introduction to Housing Wealth: What is home equity and how can it be used?, accessible at:
https://www.reversemortgage.org/Portals/0/Users/089/89/89/What_Is_Home_Equity.pdf?ver=2017-03-21-073908-220.

A Toolkit for Real Estate Agents – Using a Reverse Mortgage To Buy A Home, accessible at:
<https://www.nrmlaonline.org/wp-content/uploads/2018/06/NRMLA-H4P-Realtor-Toolkit-0629-2018-Digital-Version.pdf>.

HECM for Purchase: A Homebuilder's Toolkit, accessible at:
<https://www.nrmlaonline.org/wp-content/uploads/2018/01/NRMLA-H4P-Homebuilders-Toolkit-0410-2018-Digital-Version.pdf>.

Recognizing Elder Abuse and Fraud, accessible at:
https://www.nrmlaonline.org/wp-content/uploads/2018/06/NRMLA_RecognizeReport_TriFold_Brochure.pdf.

Should I Stay or Should I Go? A Toolkit for Choosing the Right Home Environment, accessible at:
https://www.nrmlaonline.org/wp-content/uploads/2018/03/NRMLA_HomeToolkit_032218.pdf.

Reverse Mortgage Self-Evaluation: A Checklist of Key Considerations, accessible at:
https://www.reversemortgage.org/Portals/0/Users/089/89/89/NRMLA_Reverse%20Mortgage%20Self%20Evaluation_FINAL.pdf?ver=2016-11-08-114021-160.

What You Need to Know About Your HECM After Closing, accessible at:
<https://www.reversemortgage.org/Portals/0/Users/089/89/89/What%20You%20Need%20to%20Know%20After%20Closing-2018.pdf?ver=2018-05-11-151541-320>.

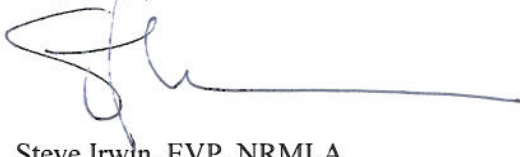
What Do I Do When My Loan Is Due?, accessible at:
<https://www.reversemortgage.org/Portals/0/Users/089/89/89/What%20Do%20I%20Do%20When%20My%20Loan%20is%20Due.pdf?ver=2016-11-11-093936-100>.

In undertaking consumer financial education and outreach in specialty areas, the Bureau should consider the perspectives of others, especially subject matter experts in those specialty areas. As outlined above, the use of home equity in retirement will become a more valuable tool as America continues to age. The Bureau should further review financial literature on the use of home equity in retirement and consider incorporating some of this information into its consumer education outreach for seniors.⁵

Conclusion

NRMLA appreciates your consideration of our comments herein. We trust that you will find our comments above helpful and informative.

Very truly yours,



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⁵ See, e.g., *Reverse Mortgages: How They Can Help In Retirement*, *Financial Advisor Magazine*, April 26, 2017, Wade D. Pfau, <https://www.fa-mag.com/news/reverse-mortgages--the-underlying-mechanisms-of-how-they-can-help-32455.html?section> (last accessed on July 5, 2018); *Reversing the Conventional Wisdom: Using Home Equity to Supplement Retirement Income*, *Journal of Financial Planning*, Barry H. Sacks, J.D., Ph.D., and Stephen R. Sacks, Ph.D., <https://www.onefpa.org/journal/Pages/Reversing%20the%20Conventional%20Wisdom%20Using%20Home%20Equity%20to%20Supplement%20Retirement%20Income.aspx> (last accessed July 5, 2018); *Financial Advisers Should Avoid Error by Omission and Consider Reverse Mortgages*, *Investment News*, Jamie Hopkins, <http://www.investmentnews.com/article/20180122/BLOG09/180129987/financial-advisers-should-avoid-error-by-omission-and-consider> (last accessed July 5, 2018).