



June 23, 2011

Elizabeth M. Murphy  
Secretary, Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: File Number 4-626

Dear Ms. Murphy:

In response to the notice of request for comments by the U.S. Securities and Exchange Commission (“the Commission”) dated April 19, AARP is pleased to provide the input below.

As an organization that operates investor education programs, we are submitting our views on the following questions:

**(1) Have you attended, or does your organization operate, organize, sponsor, promote, or host, any investor education programs?**

**Please describe the program, including its duration, target audience, and any measurable goals and objectives aimed at changing investor behavior.**

AARP has developed and supported a number of different programs aimed at protecting its members from investment fraud and abuse including:

**Free Lunch Monitor Program** - AARP developed the Free Lunch Monitor Program in 2008 with the North American Securities Administrators Association (NASAA) to help older Americans avoid being scammed out of their investments. “Free lunch” seminars are often used to attract older adults who are interested in learning how to invest their money for retirement. A year-long examination by regulatory agencies found that nearly one out of four advisers holding these seminars recommended investments that did not appear to be suitable for the client. Also according to an AARP report, nearly 6 million Americans age 55 and older have attended these types of seminars. The Free Lunch Monitor Program helps older Americans spot investment scam red flags and get involved in making the marketplace safer by becoming a “Free Lunch Monitor.” [www.aarp.org/nofreelunch](http://www.aarp.org/nofreelunch).

**Financial Freedom** – AARP’s Financial Freedom campaign has been in existence since 2009 and consists of state based events that target the African American and

Hispanic communities. The events offer information about trimming debt, increasing savings, managing finances, and living and retiring comfortably. The campaign also includes a website, [www.aarp.org/financialfreedom](http://www.aarp.org/financialfreedom), with finance related articles, videos, and a list of upcoming events. In 2011, the Financial Freedom campaign will reach over 200,000 consumers.

**State Offices** – AARP’s state offices have also been involved in investor protection activities. For example, Pennsylvania, Maine, Michigan and Wisconsin partnered with the Investor Protection Trust to run community projects helping consumers make informed investment decisions. Washington focused on a consumer fraud moneygram campaign.

**LifeTuner** – AARP’s LifeTuner, is an online personal finance community site born out of a growing recognition that young adults need to take a much more active role than previous generations in planning and preparing for their own financial security. It is a site that promotes financial literacy, which research has shown to have a strong link to retirement planning and readiness. It offers tools, tips, articles and more.

**Communications** - In addition to these programs, AARP regularly educates and conducts outreach to our more than 35 million members on investor protection through our communications channels such as AARP The Magazine (articles such as “How Money Messes with our Minds”), AARP Bulletin (articles such as “How Can I Spot a Scam ‘Winnings’ Check?”), AARP Viva En Espanol, various AARP TV programs (such as Inside E Street, Su Segunda Juventud, and my Generation), and Prime Time Radio. We have a vast, engaged website audience for [www.aarp.org](http://www.aarp.org) and social media such as Facebook and Twitter.

**Consumer Tools** - AARP also create tools that help our members understand their retirement and investment vehicles, such as our recently released ‘AARP 401(k) Fee Calculator’ that was delivered to our members via publications, on-line and through video. The calculator can be found at [www.aarp.org/401kfees](http://www.aarp.org/401kfees).

## **(2) What do you consider the most important characteristics of an effective investor education program?**

AARP believes, through analysis of our own programs and outreach measures that an effective investor education program encompasses a number of key characteristics, including:

**Research**—conducting research can help identify investor education issues and audiences not currently being addressed by other organizations.

**Focus**—the program should have clearly stated goals and objectives that directly meet the needs of investors as identified through research.

**Accessibility**—the content housed within the program should be in plain language and readily available to those who would benefit from it.

**Scalability**—the program should be designed in such a fashion that it can be expanded to meet the demands of more investors.

**Behavioral Change**—the program should ultimately lead to recognizable changes in behavior from investors.

**Social Marketing**—the program should employ marketing principles such as audience segmentation, message testing, and focused actions to illicit positive changes in personal finance outcomes.

### **(3) What programs do you view as most effective?**

Generally AARP has seen success in programs that are built upon the important characteristics mentioned above. We strongly believe in research-based program development designed to address specific problems in investor education. We also find it valuable to partner with other reputable organizations, such as the North American Securities Administrators Association (NASAA) and the Investor Protection Trust, in an effort to implement investor education programs. In addition, AARP relies heavily on the support of our state offices and volunteers in order to increase the accessibility and scale of our investor education programs.

The Campaign for Wise & Safe Investing is an example of a grant-funded investor education program on which AARP partnered. Through research and focus groups, the campaign developed investor education and protection information and materials for investors aged 50+. AARP collaborated with the grantor, the Investor Protection Trust, as well as 28 state AARP offices, the AARP Foundation and 35 state securities regulators to develop joint programming that reached 32,000 investors or potential investors at in-person events.

The integration of concepts such as sustained engagement, repetition, individual counseling and prevention can also improve financial outcomes. It is easier and more effective to reengage persons who have already shown interest in or taken steps to improve their financial situation. This audience is often more receptive to follow-up messages, information and tools that expand their financial intelligence. Repeating messages is the key to making them stick. Individual counseling is also very effective but difficult to bring to scale. Prevention messages on topics such as fraud and abuse are easier to impart than educational efforts that require more proactive involvement on the part of individuals, such as saving and investing.

### **(4) Has your organization or an independent third party evaluated any of your organization's programs? If yes, please describe the findings of the evaluation, including any statistical evidence of how your program effectively changed one or more investor behaviors among participants.**

Measuring behavior change is often the most difficult piece of any social marketing endeavor. Research throughout an investor education program's history is perhaps one method for measuring its effectiveness. Evaluations from participants can also help you measure precursors to behavior change, such as intention, knowledge, skills and self-efficacy.

One example of how AARP has evaluated the effectiveness of an investor education tool is via our online retirement calculator. According to the Employee Benefit Research Institute's (EBRI) 2010 Retirement Confidence Survey, investors who have completed a retirement savings needs calculation tend to have higher savings goals than do other workers. AARP recently revamped its retirement calculator to make it more accessible and comprehensive. The user completion rate increased from two percent to 40 percent. Although we have not surveyed users about their personal savings behaviors, we can deduce, based on the behavioral research conducted by EBRI, that the calculator is an effective tool in boosting pre-retirees savings rates.

Another example is AARP's LifeTuner. We worked for over a year with 400+ young adults, ages 22-34, in a private online community to help shape the vision and components of its LifeTuner initiative. Its extensive research with young adults (and their parents and grandparents) indicates a need for unbiased information on personal finance.

Having a third party organization conduct program evaluation can add validity to an investor education effort. Organizations such as the American National Standards Institute and the National Commission for Certifying Agencies develop standards by which to evaluate programs. These standards ensure a program is fair, objective and impartial, that it is supported by an organization with sound management systems and that the decision-making body for the program is autonomous and without undue influence by special interests. FINRA has done considerable research to develop materials and messages to combat fraud.

**(5) Are any of your organization's programs national in scope? If not, could any of these programs be replicated or expanded to reach a national audience?**

A number of AARP programs are national in scope or could be expanded to reach a national audience:

**Free Lunch Monitor Program** – AARP's Free Lunch Monitor Program provides information and resources to help consumers avoid financial fraud. As such, we provide consumers with a checklist to take with them if they plan to attend a seminar. We ask members to send us the checklists which we in turn send on to state regulators if we notice any irregularities. In addition, we ask members to send us examples of invitations they have received so that we are cognizant of how the seminars are being pitched. To date, we have received 22,000 checklist downloads and nearly 4,000 completed checklists and invitations. While successful, as we

move forward we are looking at ways to build scale and reach more people on this important topic.

**Financial Freedom campaign** – Launched in 2009, AARP’s Financial Freedom campaign brings personal finance information to African American and Hispanic communities using activities and language that resonate with them. Thus far the effort includes state events, educational workshops, tele-town halls, a website and videos. In 2011, we expect to touch over 200,000 consumers and will continue to test various tactics moving forward.

**State Offices** – Many AARP state offices have done innovative investor protection activities in cooperation with the Investor Protection Trust. These programs have been successful in getting out messages about consumer fraud and abuse yet require considerable staff and financial resources.

**Communications** – AARP uses our considerable print, television, radio and electronic channels to deliver financial information to our massive national member audience. Activities range from an online savings challenge to the AARP Bulletin “ask an expert” column, and Social Security webinars to monthly Primetime Focus radio segments, and much more.

**Consumer Tools** – AARP develops cutting-edge tools to help our members plan for retirement and manage their money wisely. For example, after extensive research and testing, we unveiled a new retirement calculator last year that is very popular with our members with nearly 800,000 views in 2010. Using such research and testing, we saw our completion rate rise from around two percent to forty.

## **(6) What types of investor behaviors or other topics do you think investor education programs should focus on? Why?**

AARP believes investor education should focus on the following behaviors and topics of particular consequence for the 50+ segment:

**Consumer Protection** – Education should be aimed at educating and protecting consumers against fraud and abuse. The older consumer is often the special target of many of these scams—the Federal Trade Commission reports that 34% of complaints filed in 2010 were from people 50 and over.

**Retirement Savings** – With the transition from defined benefit to defined contribution plans, Americans are increasingly responsible for charting their own course to retirement security. Yet abundant research from EBRI and others indicates that workers are woefully unprepared for retirement.

**Retirement Income** – While Americans are living longer and the large baby boomer cohort is leaving the workforce, more attention must be paid to how to draw down income in retirement so that it lasts. Topics such as when to claim Social Security

and how to develop a retirement income stream are becoming increasingly important.

In addition, AARP believes that there are three cross-cutting issues that should be considered when thinking about successful financial education and behavior change:

**Outreach to Special Populations** – Efforts should be made to deliver information using activities and language that will attract diverse people, including ethnicity, gender and age.

**Social Marketing** – With so many things and life events competing for attention, thinking about saving money and preparing for retirement is not top of mind for most people. As a result, we should employ social marketing principles and think creatively of new ways to touch people. This will take a sustained commitment of resources over time to be effective.

**Behavioral Economics** – In addition to social marketing, we should also consider using the tenets of behavioral economics to realize change in personal savings behavior. For example, AARP was one of the leaders of the Retirement Made Simpler campaign to encourage employers to institute automatic 401(k) plans. Turning the tables and automatically enrolling workers in retirement plans instead of relying on them to enroll increases participation rates. A 2009 Government Accountability Office review of several studies confirmed that automatic enrollment significantly increases participation rates.

**(7) Which best describes you or your organization?**

AARP is a 501(c)(4) nonprofit, nonpartisan organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP does not endorse candidates for public office or make contributions to either political campaigns or candidates. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. AARP Services, Inc. is a wholly owned subsidiary of AARP which manages a range of products and services that are offered as benefits to AARP's members.

**(8) Do you have any other comments regarding the effectiveness of existing private and public efforts to educate investors?**

AARP believes it would be helpful if one nationally-recognized body produced consumer tested messages and action steps known to be effective for various audiences. Having a central repository of such resources would allow entities such as consumer organizations, employers, financial services companies, and benefits

service providers to utilize their unique communications and outreach resources to spread those messages.


We commend the leadership shown by the Social Security Administration to promote best practices in financial education. The Retirement Research Consortium (RRC) brings together three major research centers (Boston College, the University of Michigan, and the National Bureau of Economic Research) and provides significant funds to build evidence-based financial programs.

Other academic centers are also furthering the knowledge base on financial education. Dartmouth in cooperation with the National Foundation for Financial Education, for example, recently tested an emerging workplace financial education model that resulted in more financial awareness, lower anxiety about retirement planning, and a 56 percent increase in enrollment within 30 days of new-hire orientation.

Private sector organizations are also contributing to the improvement of financial education. The Society for Human Resource Management (SHRM) and the American Institute of Certified Public Accountants (AICPA) recently launched the 'Workplace Leader in Financial Education Award.' This new award will put the spotlight on employers providing exemplary financial education to their employees. As evidenced above, partnerships between the public and private sector are critical to advancing financial literacy. Different organizations have different strengths, audiences and delivery channels. Some organizations are suited to doing large scale awareness activities, for instance, while others can provide individual attention at the local level. Working together will benefit everyone and improve financial education in this country.

In conclusion, AARP looks forward to assisting the Bureau in providing Americans with information, tools, and resources to help enable retirement security for Americans of all ages. Should you have any questions, please feel free to contact me, or please contact Jean Setzfand, Vice President for Financial Security Education and Outreach at (202) 434-3494.

Sincerely,



David Certner  
Legislative Counsel and Legislative Policy Director  
Government Affairs