



NEW AMERICA
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Financial Services Corps: A Policy Proposal

**Financial Services and Education Project
Asset Building Program, New America Foundation**

Today's complex financial marketplace makes it increasingly difficult for individuals to understand and navigate the array of products and services available from a variety of financial service providers. For low to middle income individuals who have fewer financial resources to begin with, a solid grounding in personal finance and a clear understanding of the options and implications of one's financial decisions are all the more critical.

While there is a wide range of financial education curricula available, there is a dearth of financial advisors and educators to help low and middle-income families understand the complexities of the financial services sector, access assistance when facing financial difficulties, and plan for savings and investment goals.

The creation of a Financial Services Corps (FSC) would help these households address their personal finances and plan for their future by:

- i) enlisting financial experts and advisors to deliver personalized financial counseling and planning to low to middle income households;
- ii) providing the tools, resources, support to local, regional, and workplace based initiatives to ensure these families are effectively reached;
- iii) collecting and analyze data to understand the short-, medium-, and long-term financial education, counseling, and planning needs of these households; and
- iv) exploring new strategies and approaches to financial education and advice through an innovations fund.

The Financial Services Corps (FSC) could be established legislatively (or by other means) at the federal or state level. Building on the model of the Congressionally-established Legal Services Corporation, which provides funding for local legal services programs, the FSC would provide the infrastructure, resources, and support to engage and connect financial experts with low and middle income households and communities. If established, a FSC would greatly expand the availability of financial experts, educators and counselors; serve as a credible resource for financial information; and make timely financial information available for individuals who need it most.

The FSC would recruit a range of financial experts, planners, and advisors to deliver targeted financial expertise and advice to lower-income individuals and families. These financial experts would address topics from basic money management to guidance on long-term planning. Housed within an existing agency or established as a stand-alone corporation, the FSC would provide grants to local and regional initiatives linking households to financial expertise delivered by non-profit organizations, including associations of financial experts. Initiatives receiving support from the FSC would serve as initial points of contact for individuals to be assessed on their financial needs, provide financial planning and guidance based on those needs, and connect to specific financial counseling, such as homeownership or debt counseling, as warranted.

In addition to grants to organizations, the FSC could support the engagement of professional financial advisors by encouraging the inclusion of volunteerism as part of the certification requirements and any continuing education requirements. Legislation establishing the FSC could also include incentives, such as tax credits, to encourage participation by individuals and firms qualified to provide financial advice, and a voucher program for eligible individuals who take advantage of the financial services offered by FSC grantees and other experts.

To reach low and middle income households with at least one member in the workforce on an ongoing basis, the FSC could target a portion of its funds to initiatives that utilize the workplace to connect individuals with financial advice. Accessing individuals through the workplace—with full safeguards for the privacy of workers' financial information—would increase the scale of initiatives and also facilitate contact throughout the year to help ensure that the planned financial steps are encouraged and implemented.

The FSC would serve as a central hub for the collection and dissemination of up-to-date research and other information that will improve the quality, delivery and effectiveness of financial advice to low and middle income households seeking to make informed financial decisions. Finally, building on its other activities, the FSC could seed an innovations fund to cultivate and promote promising new financially self-sustainable strategies to link financial experts and high-quality expertise to low and middle income households.

The impact of the establishment of an FSC for low and middle income families could be significant. If an FSC is enacted, it will be the first scalable initiative to bring the expertise of financial advisors and experts to the households who need the expertise the most.