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March 11, 2015

The Honorable Susan Collins
Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510

The Honorable Claire McCaskill
Ranking Member
Special Committee on Aging
United States Senate
Washington, D.C. 20510

Dear Chairman Collins and Ranking Member McCaskill:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association that exclusively represents the interests of federal credit unions, I write in conjunction with tomorrow's hearing entitled *Bridging the Gap: How Prepared are Americans for Retirement?*

Over the past few decades the way in which Americans need to prepare for retirement has changed, but unfortunately, the way Americans actually prepare for retirement has not changed at the same rate. While in the past many Americans have been able to depend on defined benefit pension plans and social security benefits, today Americans must take a much more direct role in their retirement planning to ensure they will have sufficient retirement funds to sustain themselves. Credit unions have recognized this fact and have responded to the needs of their members in this area.

In planning for retirement the most critical mistake is not saving at the proper rate, and the primary reason for this mistake is a lack of understanding of how much an individual will need to maintain the retirement lifestyle they desire. The key to ensuring that Americans are prepared for retirement is financial education, counseling and planning. Credit unions can and do play a large role in not only, offering savings and retirement products but also, the much needed financial education and counseling which is critical to planning for retirement.

While many employers offer some sort of retirement plan, they often do not offer the counseling needed to make the appropriate decisions in planning for retirement. Credit unions help fill this void for millions of Americans. Financial planners at credit unions sit down with members that trust them and help them craft a plan to save appropriately for their retirement. Credit union members are able to take this knowledge and more effectively invest in their future both by using credit union products such as individual retirement accounts (IRAs) and more effectively use other retirement plans and tools available to them through their employer and other sources.

Credit unions have and will continue to be an important resource for education to their members regarding retirement planning. If you have any questions or need assistance, please do not hesitate to contact me or NAFCU's Director of Legislative Affairs Jillian Pevo at 703-842-2836 or jpevo@nafcu.org.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Senate Special Committee on Aging