CONCEPT NOTE ON FINANCIAL EDUCATION FOR LONG-TERM SAVINGS AND INVESTMENTS

For further information, please contact:
Adele ATKINSON [Tel: +33 1 45 24 78 64 Email: adele.atkinson@oecd.org] or
Flore-Anne Messy [Tel: +33 1 45 24 96 56; Fax: +33 1 44 30 63 08;
Email: flore-anne.messy@oecd.org]

TABLE OF CONTENTS

INTRODUCTION

Background

In 2012 the OECD International Network on Financial Education (INFE) began focusing specifically on financial education for long-term savings and investments, through the creation of a dedicated Expert Subgroup.

The Expert Subgroup members are:

- Mr. Olaf Simonse, Ministry of Finance, The Netherlands (co-chair)
- Mr. Robert Drake, ASIC, Australia
- Mr. Vasco Cavalcanti, CVM, Brazil
- Ms. Pascale Micoleau-Marcel, IEFP, France
- Mr. Gyan Bhushan, SEBI, India
- Ms. Yuka Oosuna, JFSA, Japan
- Ms. Sujatha Sekhar Naik, Securities Commission, Malaysia
- Mr. David Kneebone, Commission for Financial Literacy and Retirement Income, New Zealand
- Mr. Turgay Kart, CMB, Turkey
- Ms. Caroline Rooke, MAS, UK
- Mr. Michael Herndon, Commodity Futures Trading Commission, US

This document was developed by the OECD/INFE to provide a basis for the development of work on financial education for long-term savings and investments.

I- RELEVANCE OF WORK ON FINANCIAL EDUCATION FOR LONG-TERM SAVINGS AND INVESTMENTS

Importance of saving and investing in the context of the current economic climate

The need for saving and investing in a changing world

The long lasting economic and financial crisis which still deeply affects US and European economies and their financial system now also reaches most of the major key economic players. In spite of financial system reforms and deleveraging policies, governments, private institutions and banks are moderately to heavily indebted in northern America and Europe. In key Asian and Latin American economies, growth rates have recently slowed down after many years of steady development. At the same time, foreign direct investments have diminished and become more volatile and domestic demand and investment in the national economy are still limited and often insufficient to ensure sustainable development.

Countries around the world have been destabilised, not only by government borrowing, but also by major miscalculations in the private sector –most notably the financial sector and housing markets. It is becoming increasingly clear that widespread re-education is needed to ensure that all stakeholders recognise the importance of looking to the longer term and avoiding excess borrowing. Perhaps more importantly, both developed and emerging economies need new investments in the economy and infrastructure to ensure viable development and growth and create new job opportunities.

It is vital that the financial assets of households all around the world are used more appropriately in order to spur growth by providing capital for enterprises whilst also ensuring that households can cope with important long-term risks. Such investment, if undertaken wisely, could have a multiplier effect, providing the private sector and governments with the capital they need to improve infrastructure and increase employment and GDP, whilst also providing households with a nest-egg for future expenditure on education, healthcare and retirement, thus reducing the tax burden for future generations.

Saving and investing for the wellbeing of individuals and their households

The transfer of (financial) risk from governments to individuals and households that started before the global financial crisis is likely to expand in scope (reaching most economies) and in depth. This evolution implies that individuals need to save and invest to accumulate sufficient assets for their retirement and to fund future expenses (which may include the costs of health care or education, acquiring adequate housing, etc). The transfer of such risks may limit the future financial wellbeing of individuals if they do not have the knowledge, skills and confidence to manage their money and build sufficient financial assets.

In many countries, the current level and quality of households' saving is insufficient to meet their own long-term financial needs and cope with the risks that they face. Recent data suggest that worldwide only 22% of adults actively saved in a formal savings account in the previous 12 months[1]; in other words almost 8 in 10 individuals were saving informally or not at all. Money saved informally offers only limited financial security, leaving individuals particularly susceptible to direct risks such as loss, damage, theft and inflationary pressures.

In some cases the lack of formal savings is at least partially due to underdeveloped capital markets; developing domestic capital markets, and a range of appropriate financial instruments, then becomes a prerequisite for fostering formal savings. Supporting the creation of institutional investors and institutional investments can play an important role in this effort[2].

There are many countries where the population relies heavily on credit to fuel consumption, and does not prioritise saving or investing for the longer term (this is the case both in developed, Anglo-Saxon countries and emerging economies in Latin America, for example). In some Anglo-Saxon countries (such as Australia, the USA and the UK) there appears to have been some dependence amongst homeowners on their housing wealth to fund future expenses. This trend exacerbates issues of over-reliance on credit and the reluctance or inability to save from current income.

In this context, policy makers and other relevant stakeholders have started to take an increased interest in the size and quality of individuals and households' saving and investments. They are seeking ways to encourage savvy and commensurate behaviours with a focus on the balance between short-term priorities and longer-term security. Policy makers also recognise that a shift to formal saving could improve the availability of capital for investment in domestic economies.

The role of financial education in complement to appropriate consumer protection framework

Financial education is one of the recognised tools to help support and guide individuals' decision making to balance their budget, make ends meets, identify risk factors and plan for their long term future appropriately. As a demand side solution it can complement supply-side approaches including improved regulation and consumer protection which ensure that consumers and investors are protected, well informed and treated fairly. Financial education may also be combined with direct incentive mechanisms such as automatic enrolment or direct payment initiatives to ensure that consumers understand the likely impacts of these approaches. It may also be used alongside new, innovative products as a means of encouraging formal savings for those currently excluded from financial services.

Potential savers and investors need to have access to, and confidence in, a well functioning market, with a choice of suitable products within a protective framework of consumer protection and industry regulation, particularly in the aftermath of the financial crisis. Well functioning, well regulated financial markets and financial institutions providing a choice of appropriate financial instruments are therefore vital foundation stones in any attempt to increase levels of saving activity amongst individuals and households[3]. Products must be properly designed and fairly marketed. Mis-selling scandals impact not

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1. Demirguc-Kunt, A. And L. Klapper; (2012) *The Global Findex Database, New Data on Saving, Borrowing and Managing Risk*. Findex Notes 02.

2. In this regard, the G20 Action Plan on the Development of Local Currency Bond Markets provides an important contribution; The OECD is an implementing partner in this Action Plan.

3. Efforts to address historical mis-selling and fraudulent activities may also be required in certain jurisdictions

only on those who face direct losses, but also on the wider population by reducing general confidence in markets, causing instability and further losses.

Once the foundation stones are in place, potential investors can be encouraged (when appropriate) to save more and to participate in capital markets. Financial education for long-term savings and investments (including the education of potential and emerging new investors) is an important component of increasing trust in financial institutions and markets, encouraging participation and perhaps even more importantly ensuring financial wellbeing for individuals and their families. Educated consumers will ideally be aware of the (financial) risks they are confronted with and be able to estimate the amount of savings they will need to meet their own needs and those of their family; understand the balance of risk and reward relative to saving and investment products and their costs; recognise that market fluctuations are normal; and, acknowledging their own limitations, know who to trust to provide unbiased, objective advice. They will be better equipped to recognise and avoid fraud and scams. Consumer complaints will reflect genuine breaches in consumer protection and regulation, reducing the burden on ombudsmen and consumer complaints bureaux caused by consumers misunderstanding their rights and responsibilities and increasing the speed with which genuine problems are resolved.

Challenges to be addressed

Increasing saving and investment activity amongst individuals poses a number of challenges for both government and the private sector. Depending on country specificities, issues may include the need to find ways of increasing levels of financial literacy across the population, changing current attitudes and behaviours to ensure individuals are aware of their saving needs, encouraging both short-term and longer term saving behaviour through formal products, reducing the over-reliance on credit to counteract income or expenditure shocks, and improving knowledge of the products available and the relevant concepts when decisions are taken. Improved understanding of diversification and retaining liquidity may also be required.

In some countries, the education challenge begins with an urgent need to improve awareness at the household level of the financial risks they face, the benefits of developing a long-term saving and investment strategy and the methods available to undertake such a strategy.

Elsewhere, individuals need little persuading to work towards long-term financial goals and improved financial security, but they could almost certainly benefit from improved awareness, information and education to ensure improved confidence and a good understanding of the types of risks that they may face (including the risks inherent in certain products, and the risks of income or expenditure shocks) that they face.

Challenges for Government

It is a daunting endeavour for many governments to promote recognition of the importance to save for future and long-term needs amongst households and to improve awareness of different types of savings and investment products and knowledge of their characteristics. In most cases relatively few governments have a fully fledged policy and clear objectives on the promotion of saving and investment (where this is visible, it is typically within the framework of a national strategy on financial education; Lewis and Messy, 2012). Governments also often lack relevant data, making it impossible to identify the specific needs of different parts of the population and develop relevant initiatives. As a result of this lack of knowledge about target groups, government approaches tend to incorporate (a series of) policies focusing on particular components of saving, such as pensions, and/or introduce tax incentives to encourage investment in financial markets.

In addition, governments are often ill-equipped to decide on the appropriate mix of regulation/consumer protection and education on savings and investment to achieve their policy goals. Their tools typically include financial education and awareness campaigns, plus a range of approaches to encourage or oblige savings, each of which creates challenges as well as benefits. Many of the approaches available to governments can be further enhanced through education and awareness campaigns.

One of the most widely used approaches to encourage or oblige savings is the provision of an opt-out, or default savings scheme, which builds on consumer inertia to encourage savings through inaction; in such a scheme money is automatically paid into savings unless the consumer actually requests to stop the payment. Default options can effectively increase saving for the long-term, including pensions. However, the design of products for such options is not straightforward: an 'average' or 'typical' product may not be well adapted to a consumer's particular needs either at the time of purchase or in the future. Furthermore, default options do not change passive consumers into active consumers, and do not improve skill levels. Individuals with default products may therefore continue to exhibit inertia in other financial decisions, or find that they do not have the necessary information to adapt their savings following changes in their life or in the market and its regulatory framework. This could potentially leave governments taking the responsibility for a large number of financial decisions in the lives of their populations.

Improved information disclosure is another approach used to increase savings, and a prerequisite to protect consumers and potential investors. Such information should be designed to ensure that consumers are aware and can understand the risk, rewards and costs attached to a particular saving/investment product. Yet, such disclosure can imply additional costs for the industry (and ultimately for the consumers) and may be counterproductive if the information disclosed is not understood by consumers with low level of financial literacy. Further work needs to be developed to enhance the quality of this information while supporting consumers' financial literacy and decision making processes.

Depositor guarantee schemes can also be used by governments as an incentive to increase savings activity and the size of deposits. As with all incentive mechanisms, the guarantee needs to be well publicised and fully understood by consumers to have the desired effect.

There are important political challenges for governments trying to encourage saving and investment behaviour. Investment behaviour is often perceived as an activity practiced by the very wealthy. Government funded education for this apparently exclusive group is unlikely to gain widespread support. It is therefore important that policy makers can show the benefit of saving and investing for the population at large, and possibly highlight the fact that, in some countries the vast majority of individuals already hold investments through pension funds, life insurance policies and certain savings vehicles.

Strategic approaches to supporting and encouraging long-term savings and investments can be inadvertently hindered by the regulatory structure within a country. In some countries several regulators are responsible for different financial products (such as long-term savings products and shares) making co-ordination difficult. In countries where saving is frequently spread across non-financial assets, there may be no relevant supervisory oversight for many of the long-term savings vehicles in use, and no authority with the mandate of educating the public in this regard.

Challenges for the private sector

The financial services industry is responsible for providing well designed communication tools with meaningful information about the risk and costs that are inherent to saving and investment products in order to support and simplify consumers' choices. Such responsibility is recognised in the G20 High-level principles on financial consumer protection (2011) and is part of the overall regulation and financial consumer protection framework applicable to the industry. It includes directives such as the Key Investor Information Document requirements for various products in the European Union[4].

In addition to regulatory requirements to provide information to clients, the industry also faces a variety of other challenges which may include:

- building trust in financial institutions amongst the general population or certain subgroups within it;
- understanding the savings goals of potential consumers and providing appropriate products;
- knowing the level of financial literacy of clients and understanding how this might impact on their understanding of marketing and information provided;
- developing unbiased education that does not stray into marketing activity.

There private sector can also support experiential learning amongst consumers. The development of low-cost, 'no-frills' savings or investment products, adapted to the needs of inexperienced savers permit new consumers to make more confident and appropriate choice according to their savings needs[5].

Challenges at the consumer level

Even when appropriate products exist, consumers face a number of barriers that can make saving and investment decisions appear irrelevant, impossibly complex, unpalatable or unrewarding. These include low levels of financial literacy and awareness of the need and amount to save; a lack of confidence and even mistrust in financial institutions; psychological biases and emotional traits. They may also believe that they do not have enough money to save, or that it is not worth saving small amounts.

The nature of *long-term* savings and investments also creates a specific problem to consumers, which is that there are quite limited opportunities to learn by doing. Whilst it is possible to make small investments and learn to manage a portfolio, the transaction costs may overwhelm any gains. Other long-term investments rely on accumulation over time; if a mistake is made early on (such as investing too little, misunderstanding the opportunity for investment growth or choosing savings options with very low interest rates), this is likely to have a large impact on the financial security of consumers in the longer-

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4. UCITs (packaged investment funds) directive July 2011 requires that pre-contractual investor information be provided to all potential investors before contracts are signed and again on signing. Similar directives are in place for other investment, banking, insurance and credit products. Appropriate models of Key Investor Information Documents (KIIDs) will also be proposed under PRIPs (packaged retail investment products), following consumer testing.

5. See for example the Sandler Review and Sergeant Review in the UK
http://archive.treasury.gov.uk/pdf/2001/retail_savings.pdf
http://www.hm-treasury.gov.uk/d/sergeant_review_simple_financial_products_interim_report.pdf

term, as was seen with endowment mortgages in the UK[6]. The expectation that a product is meant to provide long-term security can also bring its own difficulties; particularly to those who are risk averse. Mis-selling cases highlight that individuals with no tolerance for risk can nevertheless end up buying high-risk products (see, for example the widespread losses from supposedly low-risk minibonds in Asia[7], the issue of risk averse savers trapped in risky savings products from UBS in the UK[8]).

The decisions are made more difficult in some countries by the enormous array of products available. Capital markets and the choice of saving and investment products in developed countries currently provide consumers with a vast choice and considerable uncertainty. Products are often complex, making information difficult to digest and comparisons across providers difficult, if not impossible. Added to this, access to high-risk products is becoming easier, increasing the chance that uninformed consumers will make choices that are not in their best interest – for example some banks in developed countries provide their transaction account customers with access to online trading, whilst other online providers enable small-scale investors to manage their own investments with little or no guidance.

Individuals are also prone to procrastination and passive behaviours (postponing saving to the next day). In addition even when they save, most households develop over-cautious or inappropriate long-term savings strategies which will not provide sufficient assets after retirement. Subgroups of vulnerable individuals also tend to make poor decisions and fall victim to various forms of fraud and scam that promise high returns. They also make decisions without fully considering the consequences, such as saving in a financial institution in another country without checking on depositor guarantees, consumer protection issues or currency fluctuations.

Consumers also need to understand their own responsibilities in any financial transaction. At the most basic, they should understand the concept of 'caveat emptor' (buyer beware), but beyond that they need to recognise the importance of actions such as providing full information to financial advisors seeking to find them appropriate products and re-evaluating decisions when their circumstances change.

Overcoming individuals' biases with regards to saving and investment is a challenging task that requires further research and a balanced mix of regulation and education.

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6. See Financial Services Consumer Panel (2003) Submission to the Treasury Select Committee on Restoring confidence in long term savings – endowment mortgages. http://www.fs-cp.org.uk/publications/pdf/031202TSCevidenceendowments.pdf and House of Commons Treasury Committee (2004) Restoring confidence in long term savings http://www.publications.parliament.uk/pa/cm200304/cmselect/cmtreasy/71/71.pdf

7. http://infopedia.nl.sg/articles/SIP_1654_2010-03-19.html

8. See www.ft.com UBS fined £9.45m over AIG fund sales 13 February 2013.

Suggested role of the work of the subgroup

The work of the OECD/INFE expert subgroup on Financial Education for Long-term Savings and Investments is intended to complement the OECD LTI project. The LTI project focuses on institutional investors, whilst the work of the subgroup focuses on individual investors and their requirements in terms of education and awareness.

As discussed above, governments are keen to improve households' savings and investments for a series of reasons, but individuals are ill-equipped to make informed choices and robust plans for their future. There is an urgent need to provide policy makers and other stakeholders as appropriate with the tools necessary to develop efficient, co-ordinated financial education initiatives focusing on saving and investment alongside adequate consumer protection regimes. Such tools should ensure that saving/investment initiatives are consistent with the objectives of the overall national strategy on financial education (where such a strategy exists) and also in tune with policies related to reducing reliance on consumer credit.

Related initiatives should address the need to increase awareness of the importance of saving and investing for individuals' and households' future financial wellbeing, as well as the practical efforts required to do so. In doing so, they must also take into account the role of the private sector, including the need for proper disclosure and tailor-made products for inexperienced savers and investors. The extent of the potential role of the industry in educating the population and providing unbiased information should be considered, taking into account the potential for conflicts of interest (to address the potential for conflicts of interest, the OECD/INFE subgroup on National Strategies for Financial Education is currently developing international codes of conduct for the provision of financial education by the private sector). Lastly, these initiatives should identify best ways to outreach different target groups and more generally overcome consumers/potential investors' biases.

The work of the subgroup on financial education for long-term savings and investments (as described in the following two sections) is expected to address these policy and practical needs through the development of a tailored survey of INFE members and the elaboration of policy and practical tools.

II- SCOPE AND DEFINITION OF FINANCIAL EDUCATION FOR LONG-TERM SAVINGS AND INVESTMENTS

At present, there is no co-ordinated view of the scope of financial education for long-term savings and investments. Having regard to the challenges outlined in the first section, this section discusses important considerations for defining the scope, looking first at the policy level.

A- Policy level considerations

Global efforts to raise investment need to promote awareness of the importance of saving and investment to individuals and to the economy and identify the subsequent role of financial education for long-term savings and investments. Drawing on the scoping paper by Lewis and Messy (2012) and the discussion held among Subgroup members, the following three elements are considered particularly important:

- Raising awareness of the benefits of long-term financial planning and identifying personal goals that encourage long-term saving/investing.
- Increasing knowledge and developing effective decision making skills so that consumer know which sector to choose, what type of product is most appropriate and what questions to ask when seeking advice depending on individual factors such as their appetite to risk and personal circumstances.
- Encouraging periodic review of existing saving/investing strategies to make sure that they continue to be appropriate, given such factors as the level of saving required, the appropriate amount of liquidity and the amount of risk that can be comfortably born at different times of life (for example, people approaching retirement may wish to have lower risk investments than those starting work).

These should be addressed, taking into account:

- The range of products available within a country that could be considered suitable for meeting long-term financial goals.
- The level and workings of financial consumer protection such as the provision of key facts documents and complaints and redress mechanisms.
- The language used amongst different segments of the population and the perception of words such as 'investment', particularly amongst low-income savers.
- Different types of investor – including those who only invest in mutual products or life insurance, and those who invest directly.
- The different advice services available; and the structure of these services and the markets they operate in.
- The importance of reaching would-be investors, using strategies such as identifying the goals that trigger saving behaviour.

- The need to reconnect with those who have invested in the past but have lost confidence.
- The benefits and challenges of encouraging the use of financial products rather than saving in real estate or other assets (e.g. gold, livestock).
- The extent to which decisions are influenced by whether or not savings and investments are covered by deposit guarantee schemes, and awareness of the rules and workings of such a guarantee.
- The danger of scams and frauds and the role of financial education as one component in policies designed to protect consumers.
- The dangers of mis-selling and mis-buying and the role of financial education in increasing awareness of such dangers.

Policy makers should also consider that there are several levels to the decision making process and help, advice or education required. For example, individuals may need support to make decisions such as how to make best use of their income and what combination of saving or investment products they should use to grow wealth. They may then look for suitable products and require more explanations about the specific saving or investment choices.

It is important that policy makers can identify the role of financial education for long-term savings and investments in meeting their policy objectives. The subgroup will identify efficient practices, and evaluate any provision in order to make sure it is meeting their goals and does not have unintended consequences - such as making investors over-confident. These activities are an important complement to financial consumer protection.

B- Implementation

Financial education for long-term savings and investments requires a framework, describing the target audience and topics to be covered. This ensures consensus on the content and limitations of education. A lead organisation and/or champion at a national level will be necessary to implement the framework.

The discussion below reflects feedback from subgroup members. Additional suggestions may be collected during a stock take exercise of INFE members.

1) Relevant audience

Almost everyone is a potential target for education designed to encourage and support saving and investment behaviour. However, it is clear that some groups face more pressing need for education than others, and also that different groups may need targeting in different ways. Target groups may therefore include:

- young people;
- women;
- workers planning retirement;
- retirees;
- migrants;

- windfall and lump-sum recipients (such as those who are made redundant and receive severance pay, inherit money, or receive large rebates or remittances); and
- current savers using inefficient or unsafe methods of saving;
- 'injured investors' i.e. past investors who have suffered a recent loss and become disillusioned by investments.

Adequate professional training of employees in the financial sector is also recognised as being an important topic, but beyond the scope of the group.

2) Content

Financial education for long-term savings and investments could potentially cover a wide range of issues. For the sake of discussion, these have been structured under three headings: i) Money management and long term planning, ii) risk and reward, and iii) financial market players and landscape. In addition to these issues, comprehensive financial education efforts may need to seek ways of increasing general financial inclusion, through awareness of financial markets and financial products, and providing definitions of key terms and principles.

It is particularly important that the content covers the whole process of choosing and managing long-term savings and investments including assessing needs and establishing realistic goals, searching for advice and solutions, exploring different sectors and products to find the most appropriate level of diversification, making decisions and reviewing those decisions. However, certain aspects may be identified as priority information, whilst others will be periphery depending on individual and national circumstances.

Money management and long-term planning

Money management and planning skills are a prerequisite for any saving/investment strategy. Issues that may need addressing include:

- keeping an overview of past expenditure and income, and making a plan for future expenditure and saving;
- identifying financial needs over the short, medium and long-term;
- knowing which financial products are most appropriate for each situation and their costs;
- knowing which financial services are regulated and which deposits are guaranteed;
- knowing how to manage credit and credit commitments properly;
- finding appropriate methods of saving;
- understanding interest rates, inflation and exchange rates and their impact on credit and saving commitments; and
- knowing about the consumers' rights and responsibilities.

Risk and reward

Consumers need appropriate knowledge and tools to be able to assess the risks they need to manage in their life and to judge the specific risks and rewards of investment or saving. This includes:

- awareness and assessment of the likelihood and scale of future expenses (e.g. health, education, income after retirement);
- awareness of the existence and forms of fraud and scams;
- knowledge of how to calculate likely returns, factoring in the potential risks and the costs of buying, selling and managing investments;
- recognising and managing the potential impact of exchange rates and interest rates on investment portfolios.
- knowledge of how to reduce overall portfolio risk through diversification;
- skills to research companies and investment providers in order to make assessments about the risk and reward from a specific investment;
- ability to think in terms of different time horizons;
- recognition of the importance of considering the possibility of the 'worst case scenario' and its impact on financial wealth; and
- ability to recognise and manage psychological triggers that may impact on behaviour such as negative emotional reactions when facing losses.

Financial market players and landscape

Financial education for long-term savings and investments can help individuals to assess the existing financial market players, starting by highlighting the existence of capital markets and of the regulatory landscape, including issues such as:

- identifying broad categories of products that may be worth further investigations (e.g. savings bonds, unit trusts, life insurance, shares);
- knowing how to identify trusted market players to save or invest, including where to buy and sell investments;
- understanding the role of intermediaries and knowing how to research their background/reputation;
- the cost and fee structures in place in various institutions and how to get more information;
- knowing about the level of consumer protection in place and where to go for help/complaints;
- being able to recognise likely scams and fraud before investing, and to know what to do if they later believe they may be a victim; and
- understanding the full implications of saving and investing across borders and in other currencies, including consumer protection provision.

These topics suggest an approach to financial education that combines a mix of knowledge, attitude and skills to inform savvy behaviours. The ultimate goal of the education is indeed to influence behaviour and attitude for the benefit of individuals. It is therefore essential that financial education programmes consider attitudes and behaviours, and seek ways to form and influence these as necessary. It may also be considered relevant for potential investors to improve their own self-awareness, so that they can understand, and potentially change their own attitudes and behaviour in relation to savings, investments and risk taking. In such cases, financial education may seek to address emotional and behavioural biases in order to bring additional benefits to participants.

C- Definition and Terminology

The subgroup has adopted the following working definition, to be refined as necessary:

Financial education for long-term savings and investments is:

- *a specific and focused strand of financial education which complements existing financial regulation and consumer protection*
- *to provide current and future consumers/investors with the knowledge, skills and capability to manage and accumulate savings*
    - *in order to cover the risks that they face*
    - *and their long-term needs*
    - *and to make confident and informed decisions about saving and investment*
- *with the intention of increasing their future financial wellbeing*
- *whilst also supporting economic and financial development.*

The long-term saving and investment products that may be used by individuals to increase their future financial wellbeing will depend on national specificities, but could include products such as term-deposits, unit trusts, mutual funds, bonds, shares and/or retirement funds.

It is recognised that individuals may make investment decisions based on the desire for current income (through short term gains or dividend receipts). The focus of the subgroup is on the use of all/any current income in building long-term financial security. It is not anticipated that financial education for long-term savings and investments would cover the management of income generating portfolios, but rather the choice of savings and investment vehicles used to build wealth.