

113TH CONGRESS
1ST SESSION

S. _____

To direct the Under Secretary of Defense (Comptroller) to carry out a pilot program to develop innovative consumer financial products that encourage savings and wealth-creation among members of the Armed Forces on active duty.

IN THE SENATE OF THE UNITED STATES

Mr. MARKEY introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To direct the Under Secretary of Defense (Comptroller) to carry out a pilot program to develop innovative consumer financial products that encourage savings and wealth-creation among members of the Armed Forces on active duty.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Military Savings Act
5 of 2013”.

1 **SEC. 2. CONSUMER FINANCIAL PRODUCTS PILOT PRO-**
2 **GRAM.**

3 (a) **IN GENERAL.**—The Under Secretary of Defense
4 (Comptroller) shall carry out a 5-year pilot program to
5 develop innovative consumer financial products that en-
6 courage savings and wealth-creation among members of
7 the Armed Forces on active duty.

8 (b) **OBJECTIVES.**—Financial products developed
9 under this section may be designed to—

10 (1) increase the rate of savings among members
11 of the Armed Forces on active duty by providing
12 automatic deposit into a savings account of special
13 pay and allowances received by such a member, in-
14 cluding special pay and allowances received on ac-
15 count of the deployment of the member;

16 (2) reduce the need for high-cost short-term
17 lending services by providing alternatives to mem-
18 bers of the Armed Forces on active duty, such as fi-
19 nancial institutions providing an option for such
20 members to receive advances on their salary pay-
21 ments—

22 (A) in a manner that permits such mem-
23 bers to receive pay in more frequent install-
24 ments; and

25 (B) under which any interest or fees on
26 such advances—

1 (i) does not exceed the rate described
2 in section 987(b) of title 10, United States
3 Code; and

4 (ii) adheres to the Affordable Small-
5 Dollar Loan Guidelines of the Federal De-
6 posit Insurance Corporation;

7 (3) address obstacles to traditional consumer
8 banking and lending for members of the Armed
9 Forces with limited credit history; and

10 (4) otherwise encourage savings and wealth-cre-
11 ation among members of the Armed Forces on active
12 duty.

13 (c) NO EXACERBATION OF CREDIT OVEREXTEN-
14 SION.—The pilot program carried out under this section
15 shall be carried out in a manner that does not exacerbate
16 the incidence of credit overextension among members of
17 the Armed Forces.

18 (d) IMPLEMENTATION.—

19 (1) SELECTION OF MILITARY INSTALLA-
20 TIONS.—The Under Secretary shall select at least
21 10 military installations on which to implement the
22 pilot program.

23 (2) INCORPORATION INTO OPERATING AGREE-
24 MENTS.—A financial institution seeking to begin op-
25 erating on a military installation selected by the

1 Under Secretary under paragraph (1), or seeking to
2 renew an agreement to operate on such an installa-
3 tion, shall—

4 (A) agree to offer the consumer financial
5 products developed under this section; and

6 (B) notify members of the Armed Forces
7 that are customers of the institution about the
8 availability of the consumer financial products
9 developed under this section.

10 (e) CONSULTATION.—In developing consumer finan-
11 cial products under this section, the Under Secretary shall
12 consult with Federal banking regulators with expertise in
13 depository institutions, Federal agencies with experience
14 regulating financial products, and consumer and military
15 service organizations with relevant financial expertise.

16 (f) INDEPENDENT EVALUATION.—

17 (1) IN GENERAL.—Not later than the date that
18 is 2 years after the date of the enactment of this
19 Act, and annually thereafter until the end of the
20 pilot program, the Under Secretary shall contract
21 for an independent evaluation of the pilot program
22 carried out under this section. Such evaluation
23 shall—

24 (A) include the degree to which the pilot
25 program succeeded in the goals of increasing

1 usage of savings products, programs, and tools
2 among members of the Armed Forces on active
3 duty; and

4 (B) be conducted by a contractor with
5 knowledge of consumer financial products and
6 experience in the evaluation of such products.

7 (2) REPORT.—After each evaluation carried out
8 pursuant to paragraph (1), the Under Secretary
9 shall submit to the Committees on Armed Services
10 and Banking, Housing, and Urban Affairs of the
11 Senate and the Committees on Armed Services and
12 Financial Services of the House of Representatives
13 a report containing all findings and conclusions
14 made by the contractor in conducting the evaluation.

15 (g) EXPANSION OF PILOT PROGRAM.—Notwith-
16 standing subsection (a), the Under Secretary may expand
17 the pilot program, including extending the duration of the
18 program and expanding the program to make it a nation-
19 wide program, to the extent determined appropriate by the
20 Under Secretary, if the Under Secretary determines that
21 such expansion is expected to—

22 (1) improve the rates of savings among mem-
23 bers of the Armed Forces and their families; or

1 (2) decrease the need for members of the
2 Armed Forces and their families to rely on payday
3 lenders without exacerbating credit overextension.

4 (h) FINANCIAL INSTITUTION DEFINED.—In this sec-
5 tion, the term “financial institution” means an insured de-
6 pository institution (as defined in section 3(c)(2) of the
7 Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)))
8 or a credit union.