

## **Recommendations guide for the public sector**

During the development work - research and experimentation - of the financial education methodologies focused on women beneficiaries of the Bolsa Família Program and low-income retirees, some elements that were not part of the scope of the financial education program, but which are important to be noticed and addressed, were identified.

This document aims to highlight the aspects that drew the attention of the technical consultants most, as they deal with issues that pose both as opportunities and challenges for the advances of the financial education program focused on these two populations, and of the conditioned benefit and social security benefits.

### **Notes regarding the Bolsa Família Program:**

In the various localities of Brazil, the lack of understanding of the beneficiaries of Bolsa Família was evident in relation to the calculation of the benefit and the rules for operating the program. This was evident in the workshop discussion of the reasons for the benefit offered by one being greater/smaller than the benefit offered by the other one.

This issue of the low understanding of the rules and functioning of the program also appeared strongly in the moments when the "myths" about Bolsa Família appeared in the lines, and often even generated resistance in the workshops participation, because according to some of these myths, "having money in savings accounts or showing that you have a credit card could be exclusion factors of the program."

In addition, many of the agents that work to assist Bolsa Família families also have low schooling levels and, in many cases, a situation of vulnerability similar to that of beneficiary families. This generates, in many cases, an unwillingness to clarify the doubts or, even, prejudices and judgments of the public agents towards the women beneficiaries of Bolsa Família. The difference in treatment attributed to women and retirees, often by the same agent in the same CRAS, is clear.

Lack of understanding is sometimes also used as a way to impose some activities on families under threat who will lose the benefit if they do not participate in the workshop or activity. We see some of these situations.

### **# 1 Recommendation:**

It is essential that the Ministry of Social Development and Fight against Hunger develop communication strategies aimed at the families benefited by the Program in relation to its rules and ways of functioning. This is central for families to be well informed, empowered with respect to their condition, and not allowed to be placed in a hostage position.

### **Notes on the Social Security Policy:**

The big question that has been noticed in relation to low-income retirees is that it is very difficult for them to be able to cover all their needs with the income they receive. In addition, in many cases, besides being providers or helping in the composition of the children's and/or grandchildren's income, the expenses in that phase of life with health are increasing. Added to this is the fact that most reached old age without any savings, which puts them under constant pressure through an emergency or unforeseen incident.

It was also noted that many retired and continued to work, with two incomes, and once this is no longer possible due to physical issues, there is a sharp drop in income, and consequently a breakdown in their financial lives.

It became clear to the team of consultants that the lack of planning during life and retirement is the great factor generating the high levels of indebtedness in this phase, since, in general, these people cannot cope with all their expenses by counting only on their retirement income. With the exception, in general, of the rural retirees who never had a stable income, who start having a monthly income through their retirement earnings.

## **# 2 Recommendation:**

It is key that the Ministry of Finance, now responsible for the Social Security Policy, develop strategies so that the Brazilian population begins at an early age to plan for this stage of life. With the growing discussions and eminent changes that will take place in social security schemes, it is vital to raise awareness regarding the need for each one to organize and create reserves for a time when they can no longer work.

## **Notes in relation to the Payroll Credit:**

When one creates a policy, no matter how much its potential consequences are projected, especially in complex realities, the intentions and results generated do not always stay in line.

Although paycheck credit was a modality that emerged to offer retirees the possibility of borrowing at a lower rate, a number of factors such as the ease of directing/influencing the decision-making of the elderly, the low risk of granting this type of credit by the financial institutions, the fraud industry that was created around this type of debt, the skillful strategies of the so-called folder guys, among others, ended up creating a rather perverse incentive structure.

Obviously, lack of planning and often decisions by impulse lead individuals to get into debt - one way or another. Nevertheless, given the inequality of forces between the elderly, in general, with low schooling and low financial literacy, and the whole structure favoring the sale of payroll-deductible loans, it is essential that there are exempt mechanisms that support the elderly in their decision-making.

## **# 3 Recommendation:**

The assignable margin has not been sufficient to limit the level of indebtedness of retirees - especially those in situations of greater vulnerability. Also, because the assignable margin only evaluates the total indebtedness of this modality in relation to retirees' income. One rarely looks at the indebtedness of a person as a whole. In order for the situation of excessive indebtedness in this audience is not further worsened, it is fundamental that the Ministry of Finance, the Central Bank, and other related agencies consider ways to guarantee support for the elderly in this type of decision, or mechanisms that emphasize the aspects that the person must consider before taking out a loan. In the scope of this project, videos and ways of inserting the challenges related to borrowing in the form of characters and concrete situations were tested. Nonetheless, during the development process, other ideas have also emerged, such as one-page requirement in large letters with the key points of a payroll-deductible loan agreement, an independent agent in the banks who helps retirees assess their financial situation and guide the care they must have, among others.

#### **Notes on the structure/operation of Social Assistance:**

It was interesting to note the degree of independence of the centers of reference in social assistance, of the centers or cores of coexistence in relation to the municipal departments with respect to their management and the activities that they offer. This independence made work in the municipalities much more difficult, since the insertion of the financial education program in the activities of the centers did not depend only on the articulation and negotiation with the municipal social assistance department, but it had to happen with each center individually. At this stage of dissemination, reports from the Ministry of Social Development also show this difficulty.

This independence is interesting, as it enables each center to tailor its activities to the public it serves. On the other hand, it is noted that it opens space for inappropriate uses of the relationship of trust between agent and elderly people, for example. We witnessed more than one case where someone from the CRAS or from the Coexistence Center sold the payroll deductible loan or influenced the elderly in relation to some kind of indebtedness. Another element that was noticed was the strong presence of ideological visions in the social assistance teams, which ended up influencing retirees or reinforcing some stigmas or prejudices. These ideological views often made it difficult to bring the discussion about money and its use in some localities, although they were essential to help the elderly in their challenges.

In addition, the ideological glimpses create a risk for the free and technical dissemination of the methodologies developed.

#### **# 4 Recommendation:**

The Brazilian State loses a lot by not using, in a more structured and strategic manner, the spaces of social assistance to offer methodologies and discussion space on key issues for the development of Brazilians. The social work teams end up offering a range of activities

and themes chosen by the availability of local knowledge, and often end up repeating games and failing to take advantage to offer effective assistance in the time they spend with the person in a vulnerable situation.

Developing, within the scope of the Federal/State Government, a portfolio of methodologies that address key themes for Brazil and its citizens to be offered in the assistance spaces could be a way for a more effective and structured assistance.

**Notes regarding the "modus operandi" of the public administration:**

We talk a lot about social welfare agencies, however, less than 5% of low-income retirees or women in the Bolsa Família Program attend these spaces in a systematic manner. When it comes to the adult population, the Brazilian government cannot communicate directly.

In addition to the difficulty of establishing the direct channel between public administration and citizens, when it does, communication is not in the language appropriate to the audience, and it is not clear on what people are expected to do.

For example, Caixa Econômica Federal jointly with MDS has spent millions on the development of an application for women beneficiaries of the Bolsa Família Program. This application is generally not compatible with women's cell phones and the pages are permeated by text. It is precisely these people that have low levels of education and high rates of illiteracy or functional illiteracy.

**# 5 Recommendation:**

The Brazilian State urgently needs to think and evaluate direct channels of contact with citizens, so that it does not always have to depend on the intermediary instances to speak to citizens.

And when talking to citizens, it must understand who that citizen is and what the language, message and appropriate call is.