Financial Literacy Center
An Overview
Annamaria Lusardi
Director, FLC
Our starting point

- Build on many years of research on financial literacy
- Bring together three institutions with expertise in pensions, saving, data collection, and program evaluation
- Bring together multi-disciplinary teams of researchers
Our guiding principles

» Financial illiteracy is widespread
» One size does not fit all
» A step-by-step approach is needed
» Evaluation is essential
Our approach

We considered the important role Social Security plays in promoting financial security and in informing people.
Our approach

We value creativity and ingenuity in design of interventions

Use videos, stories, and video games to teach basic concepts
Our approach

Use Rand American Life Panel to evaluate programs
Our projects

Use evidence-based research to design programs.
- Evaluation is an integral part of the design.
Need to know what works

Testing:
- Use qualitative data: focus groups
- Use experimental design: control and treatment groups
Our projects

Ten projects were supported in year 1
Projects span various stages of the life cycle
Financial literacy over the life cycle: The young

How can we encourage retirement savings for new labor force entrants?

Evaluating workplace education for new hires
Financial literacy over the life cycle: Mid-career

How can we encourage the protection of retirement resources for mid-career individuals?

Who loses on 401(k) loans?
Financial literacy over the life cycle: Near retirees

How do we encourage work and retirement decisions that ensure adequate retirement income?

Checking your “financial health”
Other projects of importance to SSA

- Learning from peers
- What people know about Social Security benefits
- Enhancing the Social Security statement
- Framing and peer effects in retirement planning
Special projects

Reaching low-income and more vulnerable populations

Returns to work for young adults on SSI.
Quick Turn Around Project

Designing financial literacy modules

Building financial literacy content in college courses
Other Quick Turn Around Projects

- Five steps to planning success: Learning from focus groups

- Accepting a lump sum payment or receiving an annuity at retirement?

- Alternative ways to present estimated future Social Security benefits in the Social Security statement
Our findings

- Replicate findings that financial mistakes are a real possibility and consequences can be severe.

- Providing information and help at decision points is critical.

- Demonstrate that financial education intervention can enhance financial literacy and mitigate negative consequences of poor financial planning.
Communication and dissemination: New FLC website
Final remarks

- SSA has supported continuation of year 1 projects in year 2
  - Evaluate medium-term effect
  - Larger scale

- SSA has provided support for new projects in year 2, for a total of 19 projects