University of Wisconsin-Madison
Center for Financial Security

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About the Center

• Applied Research on Financial Security
  – Overall household balance sheet

• Interdisciplinary Teams
  – Diverse & Mixed methods

• Focus on Vulnerable Populations
  – Outreach: The Wisconsin Idea
    "never be content until the beneficent influence of the university reaches
every family" (Van Hise, 1904)

  – Field work: Financial capability
    • Knowledge/Literacy
    • Decision-making
Vulnerable Populations

• Low-Income
  – Engaged in public programs
  – Under or Unbanked

• Trigger Events
  – Negative events: job loss, income reduction, bankruptcy, foreclosure, credit default
  – Rare events: lump sum payments; household change

• People with Disabilities
  – Returning to work
  – Caregivers of youth aging out of schools
Year 1: Assessing the Landscape

- Running start: 7 projects
  - Deliverables: Papers & briefs
- Spreading the Word: Media & web strategy
- Building a Team: Research Workshops
- Building a Farm Team: Recruiting & Training graduate assistants
Year 1: Projects

• Wisconsin Longitudinal Survey
  – Measuring knowledge of 1957 high school graduates

• Trigger Events
  – Impacts of events on net wealth among near retirees
  – Teachable moments: divorce, marriage, loss of spouse, home buying, disability onset and job loss

• Learning Theory
  – Life course of adult learner
  – Technology aided learning
Year 1: Projects, Con’t

• Focus groups (26 total: 213 participants)
  – Foreclosure/bankruptcy counseling
  – Community-based tax preparation
  – Jobs training
  – Matched savings
  – Supportive return to work for people with disabilities
  – Caregivers
  – Low wage employees

• Advice models
  – Use and impacts of planning, counseling and coaching
Year 1: Selected Findings

- Embedded Measures of Financial Literacy
  - New ways to use existing information

- Need to Better Understand Trigger Events
  - Role of financial literacy for resilience

- Advice Models
  - Advice impacts seem weak; targeting? behavior?

- Financial Education Strategies
  - Need more grounding in education theory
  - Cautions about mode of delivery
Fundamental Discussions

• Assessing “financial literacy”
  – Not like reading literacy
  – Still may not engage in positive behavior
  – Knowledge as a moderator during shocks
  – Life course models

• Institutional mechanisms
  – More than financial products; process design
  – Ex: Libraries

• Affective factors:
  – Trust, patience, self-control
A Foundation for The Future

• **Measurement**: Need better roadmaps
  – Assessing financial literacy measures

• **Testing** Strategies: What works?
  – Field research

• **Targeting** - Who, when, where & how?
  – Teachable moments
  – Behavioral constraints
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