

# Financial Literacy and Education Commission

Research Priorities applied to the  
2013-2014 Strategic Focus

*“Starting Early  
for Financial Success”*  
May 2013



In 2012, the Financial Literacy and Education Commission's (FLEC) Research and Evaluation (R&E) Working Group produced an updated list of research priorities for the fields of financial literacy and financial education. The research priorities are intended to inform the FLEC as a whole, individual member agencies and their sub-agencies, and other federal government supporters of research, as well as private sector and academic researchers and research funders. As the FLEC has now identified *Starting Early for Financial Success* as a strategic focus for the coming years, the identified research priorities should be connected to the goal of improving the financial capability of people by helping them to “start early” in their financial education and planning. FLEC agencies should coordinate their research agendas where possible to correspond with their Starting Early initiatives.

Many of the research priorities focus on a need to develop ways of measuring financial capability in order to document the effectiveness of interventions and financial education programs in improving financial knowledge, behaviors, and outcomes. The activities undertaken by FLEC members to achieve the goal of promoting financial success by starting early, and continuing throughout life, present an opportunity to advance a number of the research priorities.

**To recap, the high-level priorities identified in the 2012 Research Priorities and Research Questions document include:**

1. Evaluate the delivery of financial education for youth and adults in order to identify effective approaches, delivery channels, and other factors (such as the interaction of knowledge, products, and behaviors) that enhance effectiveness.
2. Identify optimal combinations of financial information, advice, regulation, disclosure, and delivery mechanisms and choice architecture including default options, and their impact on starting and maintaining positive financial habits.

3. Employ longitudinal data to evaluate the effectiveness of core competencies on behavior and financial well-being over time.
4. Identify, evaluate, and build consensus on “key metrics” for financial education/capability, including measures of knowledge, behaviors, and well-being.
5. Identify and evaluate the relationship between financial education and access to and design of high quality financial products.
6. Assess the role of business cycles and financial contexts in individuals’ financial decision making.
7. Ascertain how risk and uncertainty, including economic and other shocks (such as natural disasters), alter risk exposure and risk management choices both at the consumer and e community levels.
8. Identify opportunities and roles for local, state, and federal governments as scalable platforms for financial capability.
9. Identify and evaluate potential synergies between educational programs targeting financial capability and those targeting physical and mental health.

Under the *Starting Early* focus, the FLEC has organized three committees tied to critical moments in young people’s financial lives: Children and Youth/K-12; Post-secondary Education; and Early Career and Retirement. A fourth Committee on Research and Evaluation is working to coordinate and disseminate relevant research findings and make sure that the FLEC’s work is based on empirical evidence.

Preparing youth to have a basic understanding of financial transactions, and to make informed decisions about paying for post-secondary education are key priorities of the FLEC. Another goal is increasing the number of young adults who will be better prepared to plan for their futures, save for retirement and other long term goals, and successfully manage their

credit and debt. By promoting the inclusion of a high quality evaluation component to FLEC initiatives, the Research and Evaluation Committee will contribute to the understanding of what information and approaches to program delivery are most effective at promoting positive financial behaviors. Moreover, to the extent possible, a consistent set of metrics will be identified and used for evaluating effectiveness across comparable programs.

Education activities and interventions undertaken as part of the *Starting Early* focus present the opportunity to further the research on what questions best assess financial capability pre- and post-intervention as well as what questions best assess an individual’s ability to effectively plan ahead, such as for their retirement. They also present the opportunity to evaluate the relative effectiveness of the various components of these programs for improving understanding of key personal finance concepts. Moreover, any data collection undertaken for these initiatives would form the basis for a panel data set. This data could then be used to examine how financial literacy and financial education relate to future financial behavior and financial well-being. By carefully designing these programs from the outset, with research and evaluation in mind, the necessary data can be collected, experimental designs can be implemented, and where possible, outcomes can be measured. To ensure that the activities undertaken by FLEC are broadly applicable they will be designed to be scalable and relevant to a wide array of Americans. Thus, the various activities undertaken as part of the *Starting Early* strategic focus will further many of the previously identified FLEC research priorities.

