



Financial Literacy Research Consortium

Special Initiative to Encourage Saving

As part of its Special Initiative to Encourage Saving, SSA has established a new Financial Literacy Research Consortium. The FLRC is made up of research centers at Boston College, the RAND Corporation, and the University of Wisconsin. Supported through five-year cooperative agreements, the centers will develop innovative, research-based communications and programs to help Americans plan and save for a secure retirement.

With approximately \$7.6 million in first-year SSA funding, the three centers will tailor products to target Americans at different stages of their working lives to address the different challenges facing these households. A special emphasis is being placed on helping traditionally underserved populations better understand the path toward a secure retirement.

| Boston College | RAND | University of Wisconsin |
|--|--|---|
| <p>Center Director: Alicia Munnell</p> <p>First Year Award: \$3M</p> <p>Collaborators:</p> <ul style="list-style-type: none"> ▪ Brookings Institution ▪ William and Mary ▪ NBER ▪ Innovations for Poverty Action ▪ Knowledge Networks ▪ Financial Engines ▪ National Endowment for Financial Education <p>Key Projects:</p> <ul style="list-style-type: none"> ▪ Research-based development and testing of interactive Web-based retirement planning guide for pre-retirees, letting users experiment with different employment and savings scenarios to see the effect on retirement income targets. ▪ Testing of innovative print publications and interactive programs for retirees highlighting behavioral baggage that impedes good retirement planning. | <p>Center Director: Annamaria Lusardi</p> <p>First Year Award: \$3.1M</p> <p>Collaborators:</p> <ul style="list-style-type: none"> ▪ Dartmouth ▪ University of Pennsylvania ▪ North Carolina State University ▪ Harvard University/Ideas 42 ▪ Doorways to Dreams ▪ NBER ▪ AEI ▪ Cornell University ▪ Mathew Greenwald & Associates ▪ The Financial Literacy Group <p>Key Projects:</p> <ul style="list-style-type: none"> ▪ Research-based development and evaluation of innovative narratives and videos on key savings principles for younger workers. ▪ Evaluation of workplace education for new hires. ▪ Enhancing the Social Security Statement. ▪ Analysis of 401k plan administrative datasets to understand who defaults from 401k loans and from which types of plans. | <p>Center Directors: J. Michael Collins & Karen Holden</p> <p>First Year Award: \$1.4M</p> <p>Collaborators:</p> <ul style="list-style-type: none"> ▪ Abt Associates ▪ UW Cooperative Extensions ▪ UW Center for Education and Work ▪ UW Institute for Research on Poverty ▪ UW Center for Demography of Health and Aging <p>Special Center Focus: Vulnerable Populations</p> <p>Key Projects:</p> <ul style="list-style-type: none"> ▪ Evidence-based analysis of factors impacting financial literacy throughout the aging cycle, particularly within the context of life changes, health problems, financial distress, and cognitive declines. ▪ Looking at savings deficiencies and negative financial shocks for low-income and special populations. |

| Boston College | RAND | University of Wisconsin |
|---|--|--|
| <p>Key Projects (continued):</p> <ul style="list-style-type: none"> Creation of Center for Interdisciplinary Behavioral Finance to provide development and evaluation research for financial literacy initiatives. Development plan for a go-to personal finance Web site: FinRX.org. Creation of a financial literacy food pyramid. Examination of financial literacy initiatives within context of other savings policy initiatives to increase effectiveness of each instrument. Evaluation of the effectiveness of behavioral economics-based interventions targeted to at-risk borrowers. Evaluation of how target date 401k participants understand asset allocation. <p>Contact: Andrew Eschtruth 617-552-1729 eschtrut@bc.edu</p> | <p>Key Projects (continued):</p> <ul style="list-style-type: none"> Development and evaluation of an innovative tool that encourages employees to save by viewing the summary averages of savings and asset allocations of their co-workers. Development and implementation of pilot experiments to determine whether and how framing of information influences retirement planning and claiming outcomes. Development and implementation of pilot experiments to implement and evaluate a program of financial health check-ups for credit union customers. Development and evaluation of innovative, interactive games targeted to low-income and minority groups. Exploration of economic incentives for young adults returning to work after aging out of the SSI-disabled children program. Development and implementation of two benchmark surveys on “What People Know about Social Security Benefits.” Development and analysis of new measurements of whether knowledge of Social Security benefits has improved over time. <p>Contact: Audrey Brown 603-646-2202 audrey.brown@dartmouth.edu</p> | <p>Key Projects (continued):</p> <ul style="list-style-type: none"> In-depth qualitative research with low-income households as well as those facing severe financial crises, health problems, incarceration, and long-term unemployment. Objective is to understand key teachable moments as well as preferred forms of outreach and education, by segment. Focus groups with families affected by disabilities to examine and refine financial literacy needs and strategies. Literature review of coaching, counseling and other advice models for low-income populations, focusing on when to use advice models, how to deploy them, and the role of public subsidies. Literature review of how to promote and optimally use Web-based education for special populations. Literature review of educational psychology and human development to inform educational interventions over the lifespan. <p>Contact: J. Michael Collins 608-262-0369 jmcollins@wisc.edu</p> |

A Collaborative Initiative to Encourage Financial Literacy

In addition to working with nonprofit organizations and private firms, Social Security is working with a broad range of government agencies to inform the public about retirement planning options and develop ways to encourage all Americans to save for the future. To learn more about the other government agencies in this collaboration, visit <http://www.mymoney.gov>. To learn more about each of the financial literacy research centers, please contact the centers directly (see above) or you may contact SSA at flrc@ssa.gov.