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**Financial Literacy and Financial Sophistication in the Older Population:
Evidence from the 2008 HRS**

The following comes from the [University of Michigan Retirement Research Center](#).

Working paper (WP 2009-216), [Financial Literacy and Financial Sophistication in the Older Population: Evidence from the 2008 HRS](#), authored by Annamaria Lusardi, Olivia S. Mitchell, and Vilsa Curto.

Abstract:

This paper analyzes new data on financial literacy and financial sophistication from the 2008 Health and Retirement Study. We show that financial literacy is lacking among older individuals and for the first time explore additional questions on financial sophistication which proves even scarcer. For this sample of older respondents over the age of 55, we find that people lack even a rudimentary understanding of stock and bond prices, risk diversification, portfolio choice, and investment fees. In view of the fact that individuals are increasingly required to take on responsibility for their own retirement security, this lack of knowledge has serious implications.