



## **The Financial Literacy Center: Our Mission and Accomplishments to Date**

### **Who We Are**

Over the last three years, the Financial Literacy Center has mounted an unprecedented effort to create new knowledge and evaluate what works in the arena of *financial literacy*. Established in 2009, the Financial Literacy Center has laid the foundation for pioneering contributions to the field. Our initial support from the Social Security Administration (SSA) has helped the Center form a consortium of three high-quality institutions: the Rand Corporation, Dartmouth College, and the Wharton School at the University of Pennsylvania, with deep expertise in the area of financial literacy, savings, public and private pensions, and program evaluation. The three Center directors, Annamaria Lusardi, Arie Kapteyn, and Olivia S. Mitchell, are international leaders in these areas of research. In our first two years, we have assembled a high-level multidisciplinary team of experts from about 20 prestigious universities and research institutions working toward the same goals.<sup>1</sup>

### **Mission**

Individuals and families are increasingly being asked to take command of their own financial well-being. They must determine not only where and how long to work but also how much to save, how to allocate their pension assets, when to claim Social Security and pension benefits, and how to manage their assets throughout a potentially long retirement period. These decisions have always been difficult, but they have become even more challenging today as increasingly intricate and hard-to-understand financial products are now accessible to many people who are actually quite ill-equipped to use them. As a result, widespread saving shortfalls and difficulties with debt are emerging as serious challenges to households already at risk.

Moreover, the financial and economic downturn has put millions of households at risk, bringing new urgency to this problem. Financial education can make a great difference, but programs need to be tailored to people of different ages and backgrounds, and they need to be rigorously evaluated to identify what works and what doesn't. The Financial Literacy Center is dedicated to this task: developing and testing innovative educational products to improve financial literacy and financial decision-making.

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<sup>1</sup> A list of strategic partners appears at the end of this document.

## **Our Activities to Date**

The Center's activities to date span multiple disciplines, including economics, social sciences, mathematics, psychology, and social marketing. In selecting projects, we have focused on scientific excellence; financial literacy, financial education, and financial decision making are new and rapidly evolving fields, so scientists at the forefront of these fields can provide the newest insights on how to improve the public understanding of personal financial management. Second, we have identified projects that will advance understanding in the field and contribute to the Center's mission of increasing the financial literacy of the American public. Third, we have invited researchers and institutions with a proven track record of timely delivery of products as well as ability to effectively communicate with the various stakeholder audiences.

To date, we have produced numerous high quality programs offering innovative ideas and products to boost saving and effective retirement planning. These projects are targeted to people at various stages of their lives—young workers, mid-career workers, those approaching retirement, and retirees—as well as low-income, young, and disabled workers. Our deliverables take many forms: aids to simplify financial decision making; effective market segmentation tools; video games to teach financial concepts; improved ways to inform participants via the annual Social Security earnings and benefit statement; financial health checks; field tests of alternative ways to present choices regarding claiming benefits; and programs for workplace financial education.

All the ideas generated by the Center's R&D activities have undergone or are undergoing rigorous evaluation to assure that only the most effective programs are introduced to the field. Because our evidence on the efficacy of different approaches and products is still being collected, measurement standards must be developed and refined. The Center aims to become a repository of a broader set of standards and methodologies for evaluation of financial literacy efforts. In this way, we will advance the field of financial literacy and serve the community of policymakers and researchers in testing the quality of their own products and programs.

The Center has also invested in broad dissemination. In its first year, we produced four policy briefs, nine working papers, dozens of research presentations, two congressional newsletters, and a Congressional briefing on new ways to provide “financial entertainment.” The Financial Literacy Center also hosted a conference in November of 2010 that brought together nearly 400 leaders in the financial literacy field for the largest event of its kind. All our products are posted on our website (<http://www.rand.org/labor/centers/financial-literacy.html>), including almost 40 conference presentations in video format, along with working papers and policy briefs. In the second year, we worked on 19 projects on a range of topics, some of which are a continuation of successful year one projects. Currently, we are working on continuing some of the projects we had started in the past two years and disseminating our findings and we have undertaken several new large projects on financial education in school and the workplace.

## **Future Opportunities**

The remarkable coalition of experts assembled by the Center seeks to continue its innovative efforts in the field of financial literacy. To this end, we seek support to extend our efforts in generating evidence-based research and products, and to develop a range of innovative programs and products with demonstrated effects on behavior.

## Contact us

Contact us at [financial.literacy.center@dartmouth.edu](mailto:financial.literacy.center@dartmouth.edu) or [Tania@rand.org](mailto:Tania@rand.org).

## Research Partners

American Enterprise Institute for Public Policy Research  
Applied Research and Consulting LLC (ARC)  
Cornell University  
David Geffen School of Medicine at UCLA  
Doorways to Dreams (D2D) Fund  
Federal Reserve Bank of San Francisco  
Financial Literacy Group  
Greenwald & Associates  
Harvard Business School  
Harvard Law School  
Harvard University  
ideas42  
Massachusetts Institute of Technology Sloan School of Management  
North Carolina State University  
Stanford Graduate School of Business  
Stanford University  
Tuck School of Business  
UCLA School of Law  
University of Chicago  
University of Illinois at Urbana-Champaign  
The University of Minnesota  
The University of Quebec at Montreal  
Vanguard  
Yale School of Management

## Strategic Partners

The Center also draws on the expertise of other institutions, particularly to identify, understand, and connect with those who are not being served by mainstream education and outreach channels.

AARP Foundation  
FINRA Investor Education Foundation  
The National Bureau of Economic Research (NBER)  
The National Endowment for Financial Education (NEFE®)