

Personal Finance

Description

With a grant from the Calvin K. Kazanjian Economics Foundation, Dr. Annamaria Lusardi and the Global Financial Literacy Excellence Center (GFLEC) have developed materials for a new personal finance course. **All the materials a teacher needs to implement the *Personal Finance* course are provided in the folders.** The materials include comprehensive lecture slides, quizzes, problem sets, project guidelines, a final exam, a practice exam, and the solutions to the quizzes, problem sets, and exams. The course is intended for students of all majors who want to gain the knowledge and skills necessary to make informed financial decisions.

The course was piloted by Professor Annamaria Lusardi at The George Washington University School of Business (GWSB) in the 2015-2016 academic year. Subsequent modifications were made to the course materials. The final documents are available to teachers for free download on *EconEdReviews* (econedreviews.org), which is supported by the Kazanjian Foundation.

Background

In recent decades, financial markets have become increasingly accessible to individual consumers, with new products and consumer credit now widely available. Many of these products are complex and difficult to grasp, especially for financially unsophisticated investors. This complexity can make it particularly hard for individuals to manage their finances wisely and to ultimately attain financial security. In addition, there has been a shift in financial responsibility toward individual consumers: individuals are now in charge of making important financial decisions, for example, deciding how much to contribute to their retirement accounts and choosing how much debt to take on to finance their education.

Our research has documented a wide gap between the growing financial responsibility given to young Americans and their demonstrated ability to manage their finances. Further, among all young adults, the college-educated are an ideal target for financial economic education. Despite their higher levels of education, many college-educated young adults are unprepared for the financial challenges they face. While they have more assets than other adults, the college-educated tend to be heavily leveraged and burdened by debt.¹

In this economic environment, financial literacy is of paramount importance. As research shows, more financially literate individuals make better financial decisions and achieve better financial outcomes; financially knowledgeable individuals are more likely to save, to plan for future events, and to invest in the stock market; they are also less likely to engage in high-cost borrowing.²

¹ de Bassa Scheresberg, Carlo, Annamaria Lusardi, and Paul J. Yakoboski (2014). "College-Educated Millennials: An Overview of Their Personal Finances." TIAA-CREF Institute. February 2014.

² Lusardi, Annamaria and Olivia S. Mitchell. 2014. "The Economic Importance of Financial Literacy: Theory and Evidence." *Journal of Economic Literature* 52(1): 5-44.

Qualifications of Project Principal

Annamaria Lusardi is the Denit Trust Chair of Economics and Accountancy at the George Washington University School of Business (GWSB). Moreover, she is the founder and academic director of the GWSB Global Financial Literacy Excellence Center (GFLEC). Previously, she was the Joel Z. and Susan Hyatt Professor of Economics at Dartmouth College, where she taught for twenty years. She has also taught at Princeton University, the University of Chicago Harris School of Public Policy, the University of Chicago Booth School of Business, and Columbia Business School. From January to June 2008, she was a visiting scholar at Harvard Business School. She holds a Ph.D. in Economics from Princeton University and a BA in Economics from Bocconi University.

Dr. Lusardi has won numerous research awards. Among them is a research fellowship from the University of Chicago Harris School of Public Policy, a faculty fellowship from the John M. Olin Foundation, and a junior and senior faculty fellowship from Dartmouth College. She was also awarded the 2015 Financial Literacy Award from the International Federation of Finance Museums, the 2014 William A. Forbes Public Awareness Award from the Council for Economic Education, the 2013 William E. Odom Visionary Leadership Award from the Jump\$tart Coalition for Personal Financial Literacy, and the National Numeracy Network's inaugural 2012 Steen Award. Moreover, she is the recipient of the 2007 Fidelity Pyramid Prize, an award to authors of published applied research that best helps address the goal of improving lifelong financial well-being for Americans.

She has published more than sixty academic articles and edited two books: *Overcoming the Saving Slump: How to Increase the Effectiveness of Financial Education and Saving Programs* published by the University of Chicago Press in 2008, and *Financial Literacy: Implications for Retirement Security and the Financial Marketplace*, joint with Olivia Mitchell, published by Oxford University Press in 2011. Dr. Lusardi chairs the Programme for International Student Assessment (PISA)'s Financial Literacy Expert Group. She also chairs the OECD/International Network on Financial Education's Research Committee. In 2009, she served as a faculty advisor for the Office of Financial Education of the U.S. Treasury. In 2010, she was recognized by The New York Times as one of the six most influential economists in the area of financial reform.

The Global Financial Literacy Excellence Center (GFLEC)

Founded in 2011 at the George Washington University School of Business, the Global Financial Literacy Excellence Center (GFLEC) has positioned itself to be the world's leading center for financial literacy research and policy. Through rigorous scholarship and research, wide-reaching education, and global policy and services, the Center works with partners in Washington, DC, throughout the United States, and across the globe to raise the level of financial knowledge.

GFLEC builds on more than fifteen years of academic research by Professor Annamaria Lusardi, an early contributor to financial literacy as a field of study. By virtue of its location in the heart of Washington, DC, the Center is positioned to directly influence policy makers.

Through its research and expertise, the Center seeks to inform policy as well as develop and promote financial literacy programs around the world. GFLEC focuses on groundbreaking research, with particular emphasis on financial education in schools, in the workplace, and in the community. The GFLEC team has vast experience in preparing personal finance assessments and establishing standards for financial literacy. This includes working with the Organisation for Economic Co-operation and Development (OECD) and its Programme for the International Student Assessment (PISA), and the Council for Economic Education (CEE). Additionally, the Center worked on the core competencies of personal finance teachers with the education non-profit firm Digital Promise.