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Stronger Educational Interventions in the Workplace Can Result in Higher Financial Literacy and Better Financial Decision-Making

New TIAA Institute-GFLEC study finds that employees perform better when provided with substantive financial tools

NEW YORK (December 5, 2017) – Financial decision-making tools that offer more substance, as opposed to those that are brief and filled with rhetoric, lead to higher performance according to research released today by the TIAA Institute and Global Financial Literacy Excellence Center (GFLEC) at the George Washington University School of Business. The study also found that rhetoric can have the unintended effect of distracting from substance and lead individuals to potentially make poorer financial choices.

Previous research has shown that employers try to provide their employees with advice to handle deficiencies in financial decision-making by offering educational interventions that are often very brief and include strong rhetorical elements to make the material more engaging and actionable. In “Financial Education, Financial Competence, and Consumer Welfare,” the TIAA Institute and GFLEC took a different approach in their research – not just on whether an intervention can change behavior, but on whether it does so in a way that is beneficial to people.

The report offers a new and improved method for evaluating the quality of financial decision-making, documents the potential pitfalls of the types of brief interventions commonly used for financial education in the workplace, and demonstrates that conventional methods of evaluation may fail to detect their deficiencies.

“This report provides valuable information to employers so they understand that providing the right, well-targeted information directly impacts an employee’s financial decisions,” said Stephanie Bell-Rose, head of the TIAA Institute. “The findings in this report show that both employers and employees stand to benefit from more substantive financial decision-making tools.”

“Employers want to provide their employees with the right educational interventions to deal with financial decisions; however, the information offered replaces substance with brief interventions that can have unintended consequences on employees’ financial decision-making process and distract from the substantive content of the education,” said report co-author Annamaria Lusardi, founder and academic director of GFLEC.

“Our method sheds light on what employers can do to improve employees’

financial decision-making and why the findings on workplace financial wellness have been rather mixed so far,” said report co-author Douglas Bernheim of Stanford University, who has done pioneering work on workplace financial education.

To view the full report, click [HERE](#).

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About the TIAA Institute

The TIAA Institute helps advance the ways individuals and institutions plan for financial security and organizational effectiveness. The institute conducts in-depth research, provides access to a network of thought leaders, and enables those it serves to anticipate trends, plan future strategies and maximize opportunities for success. For more information about the TIAA Institute, visit www.tiaainstitute.org.

About TIAA

TIAA (TIAA.org) is a unique financial partner. With an award-winning track record for consistent investment performance, TIAA is the leading provider of financial services in the academic, research, medical, cultural and government fields. TIAA has \$976 billion in assets under management (as of 9/30/2017) and offers a wide range of financial solutions, including investing, banking, advice and education, and retirement services.

About 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 services, the Center works with partners in Washington, DC, throughout the United States, and across the globe to raise the level of financial knowledge. More information on GFLEC can be found at gflec.org.