



Education Forum

Discussion Summary

**Sept. 17-18, 2013
The University Club
Washington, D.C.**

**The National Endowment for Financial Education
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The National Endowment for Financial Education® (NEFE®) hosted an Education Forum, Sept. 17-18, 2013 in Washington, D.C. This invitation-only event hosted financial capability experts from the fields of policy, research, and education. The forum concentrated on findings from the NEFE-funded research project, A Meta-Analytic and Psychometric Investigation of the Effect of Financial Literacy on Downstream Financial Behaviors. Participants in the two-day event discussed the implications of this research on financial education practices and policy, and clarified areas for additional research and exploration. This discussion summary outlines the scope and themes of the forum.

The Presentation

John Lynch, Ph.D., opened the 2013 Education Forum by explaining that the impetus for his NEFE-funded research actually was NEFE's 2010 Quarter Century Project. The project, helmed by Tahira K. Hira, Ph.D., brought together leading financial education professionals nationwide to review 25 years of research within the field. Also, the project endeavored to increase the nation's financial literacy through the improvement of financial education research. Lynch was struck by a presentation highlighting the mixed results in studies reviewing the effectiveness of financial education. He began to wonder if these studies were analyzing the right data and whether financial literacy content and delivery was evolving to incorporate pedagogical best practices for reaching the intended audiences.

Timely Interventions

Forum attendees began by addressing a key finding from Lynch's research—the idea that interventions (i.e., workshops, classes, etc.) are more impactful when closely preceding a financial decision.

Attendees emphasized that timely interventions depend upon a student's base understanding of financial concepts. Therefore, educators first must understand what their students know and then build the intervention around that knowledge. Attendees proposed the need for further research to pinpoint the essential knowledge that a person needs in order to understand and benefit from financial education.

One expert argued that timely interventions do not allow for critical thinking. Schools do not offer timely Shakespeare, she asserted, so why should delivery of financial education differ? Lynch explained that research suggests that educators should define problems and decisions that high school students are facing and deliver financial lessons on those topics. Instead of lecturing a freshman on mortgages, he argued, speak about paying for college or saving for a car.

A longtime educator spoke in favor of Lynch's findings, explaining that targeted and timely interventions had served as successful "nudges" for her students to leave the classroom and further educate themselves before making financial decisions. Attendees agreed that it is necessary for the field to identify these teachable moments and discover how they differ for various student populations.

Link to Behaviors

Next, attendees tackled research findings that suggest a lesser link between financial literacy and positive behavior change. Lynch explained that the prediction of change in behavior is difficult and has not been thoroughly analyzed as it relates to financial literacy. He posed the question, "if we can't predict behavior, how can we know how to change behavior?"

Discussion then turned to possible solutions for uneven teaching of financial literacy. Attendees suggested that an accepted set of default financial education content standards for every classroom in the country would remove some teacher guesswork from lesson planning. By making a minimal amount of financial education containing certain fundamental concepts mandatory, students at least might receive a foundation of financial skills. Experts stressed the importance of unifying these default standards across states and communities in order to build a support system for financial educators. Experts advised that creating a baseline standard of teacher training and topics covered in the classroom would build a literacy standard for all students.

Attendees stressed the importance of considering cultural values of varied populations when teaching personal finance. A person's values greatly affect how he or she manages and considers finances. Teachers also must consider the context of their classroom. For example, college students might be interested in information on student loans, while an adult learner would rather learn about investing.

Broader Questions and Implications

Finally, experts argued that teacher testing and competence is an important variable to study and consider, not just in the K-12 context, but in college and adult education settings as well. A one-size-fits-all approach to financial education is not a viable way to teach money basics. Educators must meet their students where they are and help them apply the information they're learning. An educator must first identify values and then deliver curricula in an individual manner and encourage intentional interaction with learners.

What are the implications for research and financial education interventions?

Moderator and director of education for NEFE, Billy Hensley, Ph.D., followed the lively discussion by posing two open-ended questions to attendees. Hensley hoped to capture a broader scope of the implications of the findings for future research and financial interventions. Additionally, NEFE generated these questions to spur deeper conversation beyond the forum and to identify potential themes for researchers, practitioners, and others in the field. The questions and a summary of answers are as follows:

What are the implications of these findings for the field of financial literacy research?

- Encourage researchers to measure the impact of financial education as it relates to content taught
- Establish standards for reporting, testing, and teaching
- Decipher the correlation between teacher training and the financial literacy of students
- Learn how financial literacy is being effectively taught in the classroom
- Replicate studies with larger sample sizes
- Research the types of timely interventions that garner the best responses from different age groups
- Learn more about how content, culture, and values affect how learners receive and utilize knowledge
- Conduct more longitudinal studies
- Consider if a change in financial literacy capability is measured as a change in knowledge or behavior or both
- Implement more studies on the financial lessons that are most appropriate for youth to learn at every age level
- Research the impact of non-classroom programs (i.e., school banks) and how those interventions impact literacy
- Increase awareness by making research findings more available to providers and educators
- Consider the impact of delivery and timing separately and together in financial education
- Research strategies that mitigate the decay of financial education interventions

What are the implications of these findings for financial education interventions?

- Define the role of early intervention in setting the stage for later behaviors
- Decide what timely interventions look like
- Discover and articulate the windows of opportunity for timely interventions in various age groups
- Disseminate to educators and the community what effective personal finance interventions encompass

- Study the impact of marketing on financial behaviors
- Keep information and delivery relevant to audiences
- Use this meta-analysis as a baseline for future study
- Focus on what improvements can be made to the financial literacy field
- Promote relevant, individualized learning (one size does not fit all)
- Narrow the gap of access to financial literacy interventions—all students should have the opportunity to receive financial education
- Define best practices for connecting with and getting information to underserved populations
- Involve parents in financial education
- Define teacher competency for financial education

In Conclusion

Attendees agreed that financial education is a dynamic and evolving field. They charged the financial education community with taking a critical look at what it's doing now and where it is going in the future. Lynch's research helps the field focus on how to make its efforts and messaging more impactful. Attendees clarified that the research should not be viewed as discouraging, but instead makes the field more disciplined. One attendee summed up the event succinctly, "We come here to learn," she said, and that is what the financial community will continue to do.

NEFE will draw from these themes as we continue to work toward a more robust understanding of financial literacy and how to improve delivery and retention. The questions and themes presented here should be used by stakeholders to address their own work toward the betterment of financial education. By taking the topics presented in this summary, financial educators can make progress toward a better understanding of how to successfully teach the increasingly important topic of financial literacy.

Attendee List

<u>First Name</u>	<u>Last Name</u>	<u>Affiliation</u>
Ted	Beck	National Endowment for Financial Education
Nancy	Brooks	Department of Education
Stephen	Buckles	Vanderbilt University
Terri	Carson	Prince William County Schools
Charlotte	Coker Gibson	PwC
Lisa	Curtin	San Diego Community College District
Sharon	Danes	University of Minnesota
Karin	Forte	Penn State University - Harrisburg
Darren	Gersh	Consumer Financial Protection Bureau
Julie	Heath	University of Cincinnati Economics Center
Billy	Hensley	National Endowment for Financial Education
Tahira	Hira	Iowa State University
Greta	Holtz	National Endowment for Financial Education
Mike	Kaspar	National Education Association
Melissa	Koide	United States Treasury
Laura	Levine	Jump\$tart Coalition for Personal Financial Literacy
Annamaria	Lusardi	George Washington University
John	Lynch	University of Colorado
Genevieve	Melford	Consumer Financial Protection Bureau
Gary	Mottola	FINRA Investor Education Foundation
Richard	Netermeyer	University of Virginia
Jim	O'Neill	University of Delaware
Meg	Prater	National Endowment for Financial Education
Louisa	Quittman	United States Treasury
Sherrie	Rhine	Federal Deposit Insurance Corporation
Katie	Sauer	University of Colorado
Sarah	Savage	Federal Reserve Bank of Boston
Pat	Seaman	National Endowment for Financial Education
Susan	Sharkey	National Endowment for Financial Education
Michael	Staten	University of Arizona/Take Charge America Institute
Gerri	Walsh	FINRA Investor Education Foundation