

Effects of Financial Education on Financial Outcomes

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FDIC Consumer Research Symposium

October, 2014

CFSI Center for
Financial Services Innovation

This is hard. . .

- RCT standard



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- Controls for
 - Access
 - Family
 - Experience
 - Psycho-social variables



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- No comprehensive data sets



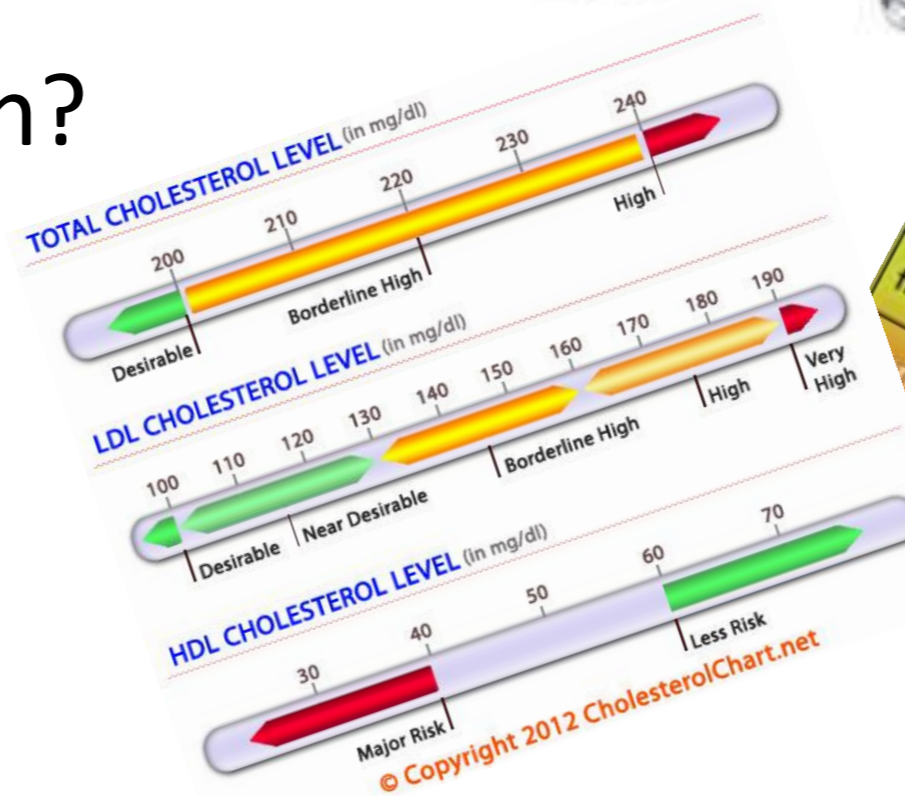
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- RCT standard
- Controls for
 - Access
 - Family
 - Experience
 - Psycho-social variables
- No comprehensive data sets
- Limited long-term view



What metrics do we track?

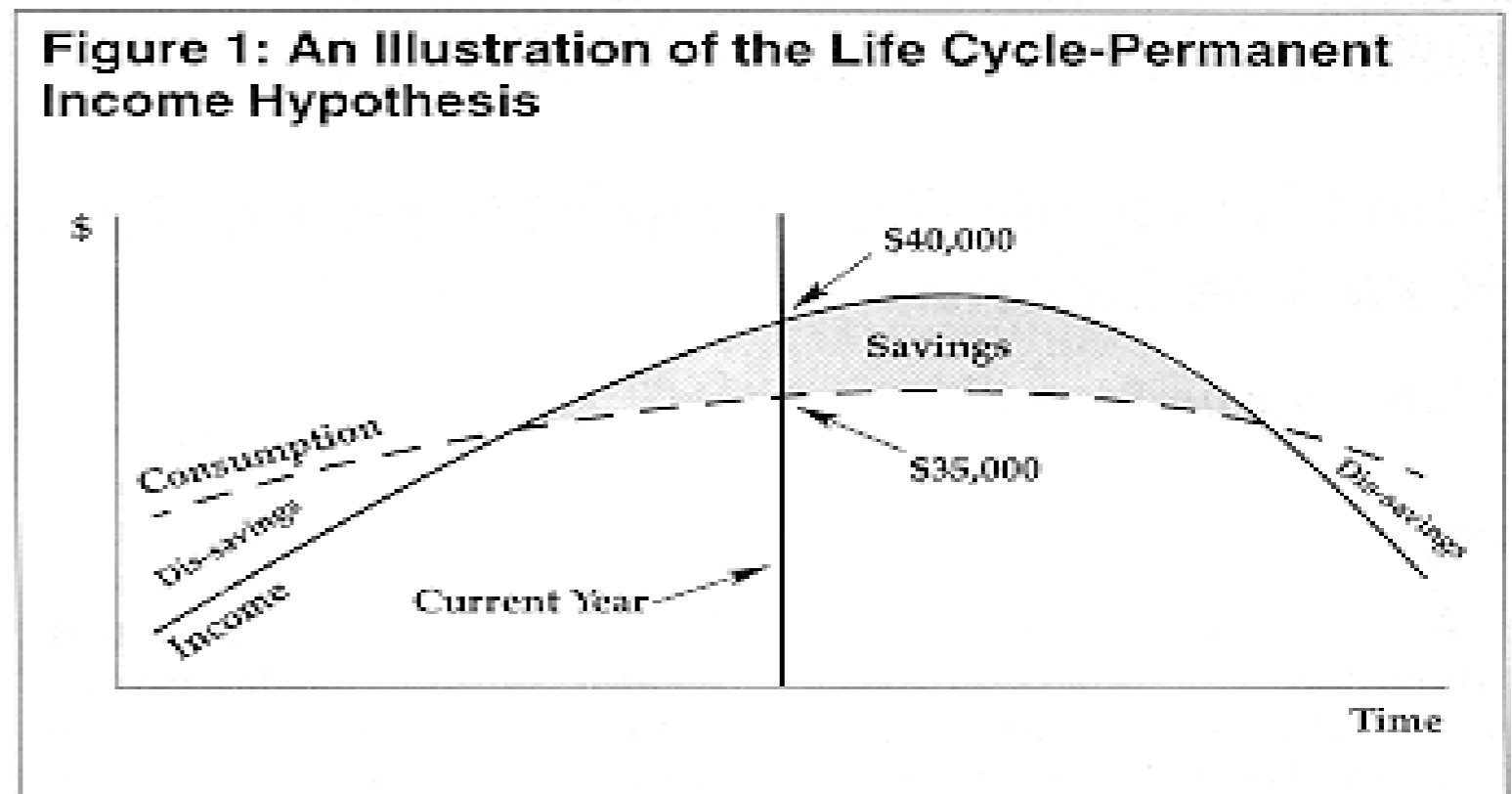
- Delinquency?
- Credit score?
- Debt service (financial obligation) ratio?
- Income volatility?
- 401k participation?
- Buffer funds?
- Risk tolerance?
- Confidence?
- Satisfaction?



BMI range	category
less than 16.5	severely underweight
from 16.5 to 18.5	underweight
from 18.5 to 25	normal
from 25 to 30	overweight
from 30 to 35	obese
from 35 to 40	clinically obese
more than 40	dangerously obese

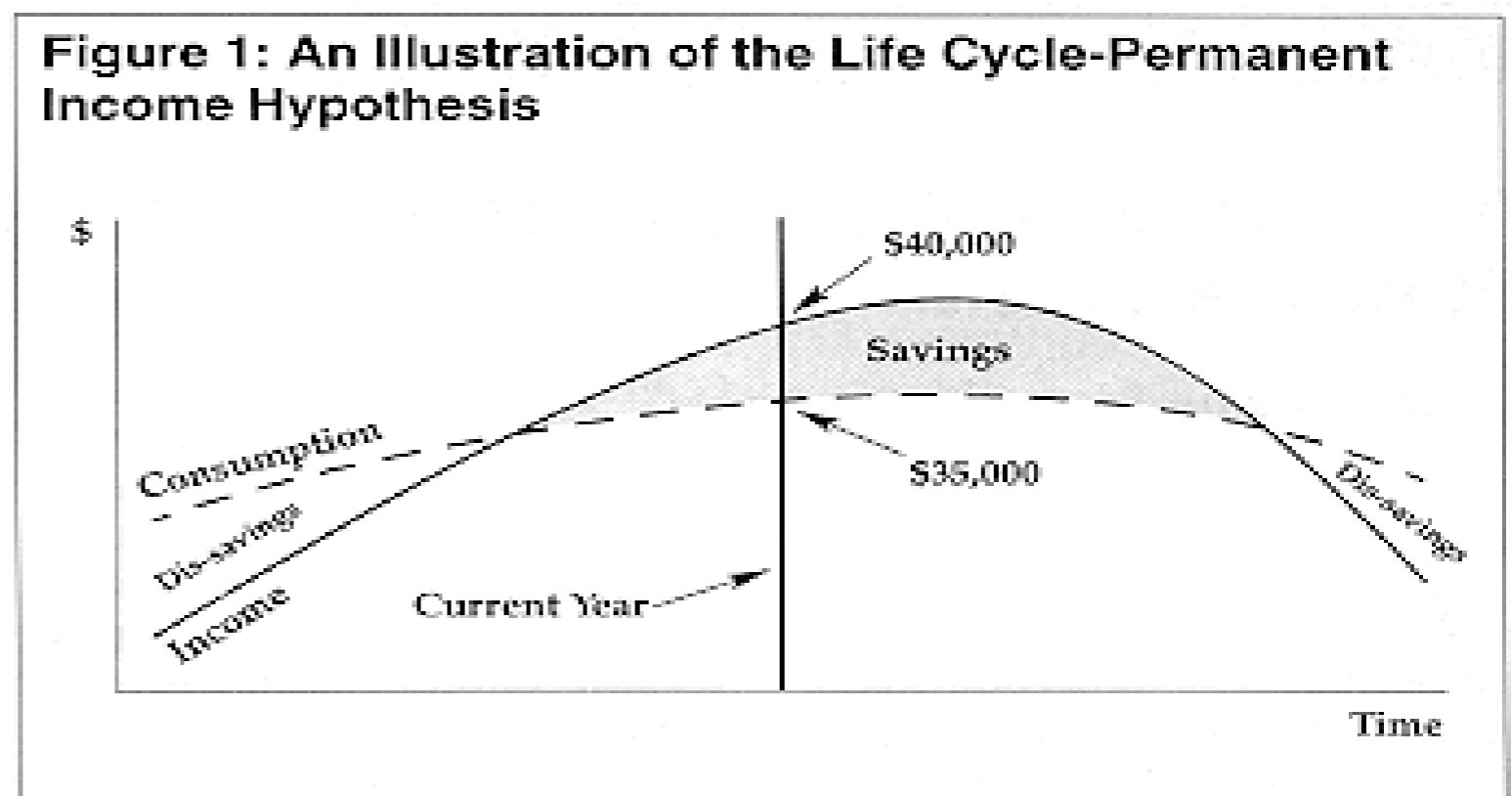
When do we track?

- 18-22– may be in LF or school



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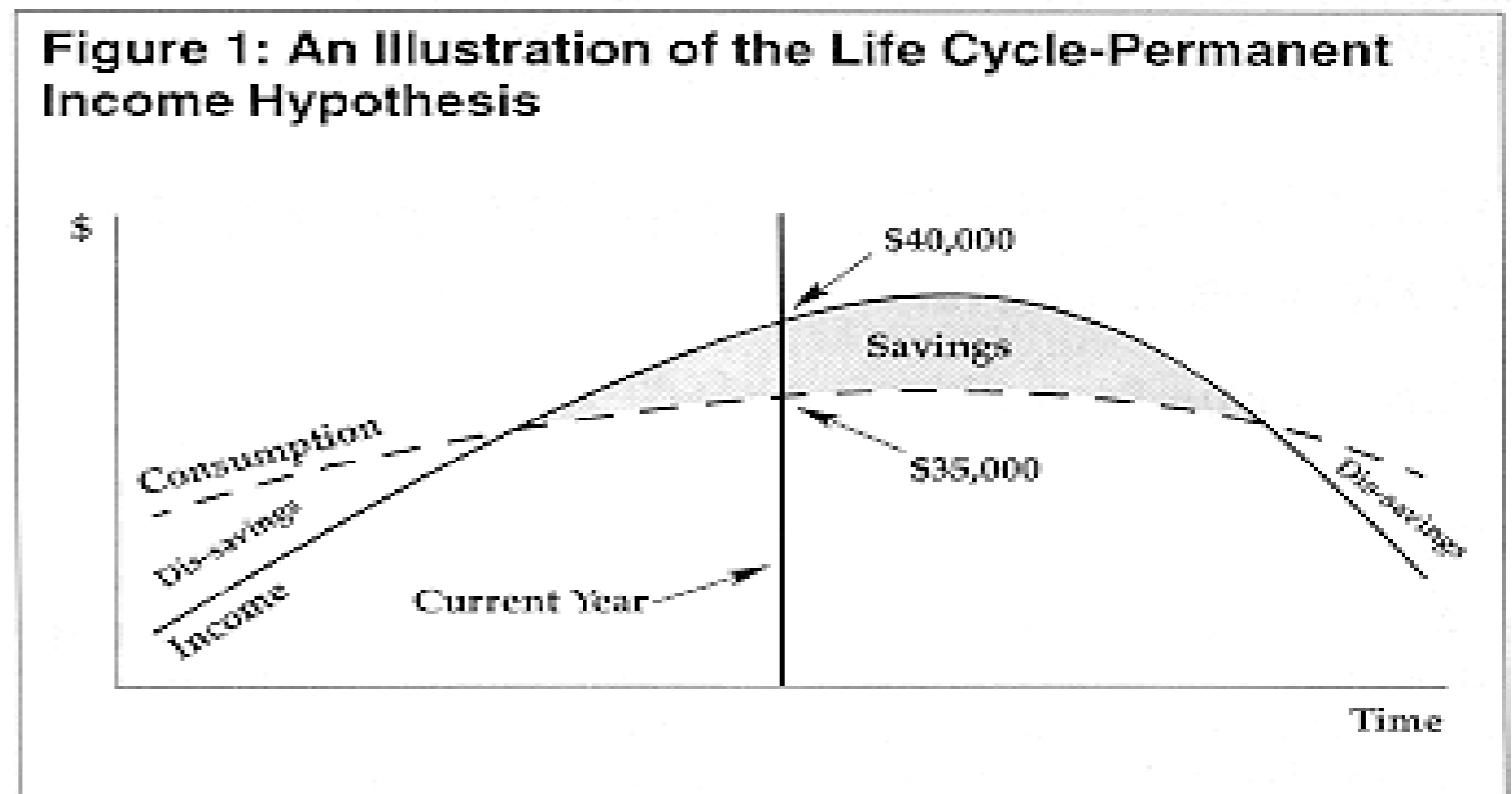
- 18-22– may be in LF or school
- Cusp of retirement – 65 or 70



When do we track?

- 18-22– may be in LF or school
- Cusp of retirement – 65 or 70
- Range of products/services
 - Mortgages vs student loans
 - Own debt vs child's debt

Figure 1: An Illustration of the Life Cycle-Permanent Income Hypothesis



Defining financial health

FINANCIAL HEALTH MEANS...

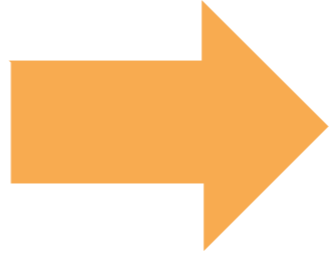
an individual's
DAY-TO-DAY
financial system
functions well...



increases the
likelihood of
LONG-TERM
financial
resilience and
opportunity.



3 key elements

**DAY-TO-
DAY**  **LONG-
TERM**

Day-to-Day
Management



Resilience



Opportunity





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