

Does financial education affect retirement savings?

Policymakers, practitioners, and educators currently debate whether high school personal finance coursework should include content on retirement planning. Retirement planning sooner than later pays huge dividends in old age, but teenagers often face more immediate issues concerning budgeting, credit, postsecondary financing, and insurance.

Summary

This study evaluates whether state-required personal finance coursework in high school as currently known affects the likelihood of holding retirement accounts and the amounts saved in retirement accounts among prime-aged adults ages 25–40. The findings intend to inform which policy levers in the consumer education space may ideally increase individuals' retirement planning and saving, especially as they are gradually required to steward their own retirement portfolios.

Key insights

Among an overall population, we find no evidence that the education improves the likelihood of having a retirement account, having a non-retirement savings account, or owning a home.

We further see no clear evidence that financial education decreases stress around retirement savings, increases the likelihood of planning for retirement, or reduces the likelihood of borrowing from one's retirement account.

Methodology

The authors analyzed data from the 2012, 2015, and 2018 waves of the National Financial Capability Study, a nationally representative cross-sectional survey that captures adults' financial capability and characteristics. The authors supplemented analyses with first waves of the 2014 and 2018 panels of the Survey of Income and Program Participation, a nationally representative longitudinal survey that charts households' public assistance program participation.

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