

Research from the Center for Retirement Research at Boston College

Americans Say They Need a Finance Class

By Kim Blanton

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This content is part of a series of wide-ranging insights that explore key challenges that retirement savers face in the years leading up to and while in retirement. Additional topics address how different workers save in their company-sponsored retirement plans, what affects spending in retirement, and the impact of healthcare expenses for different segments of the retiree population.

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Squared Away Blog

FINANCIAL BEHAVIOR: WORK, SAVE, RETIRE.

[Americans Say They Need a Finance Class](#)

By Kim Blanton, Center for Retirement Research at Boston College

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For all of Americans' financial shortcomings, at least we recognize there is a problem. More than 80 percent of adults believe states should require a personal finance class in high school and wish they'd taken one themselves, according to a [March survey](#) by the National Endowment for Financial Education (NEFE).

Rarely do we see that much agreement on anything, and it indicates people don't always feel confident about the choices they are making. A famous questionnaire takes the measure of their insecurity: less than a third of people surveyed correctly answered three basic questions [about interest rates, inflation, and investment risk](#).

Of course, people over 60 have more experience, and 92 percent of them think financial education is important. But 79 percent of 18- to 29-year-olds also feel strongly that a financial class should be required for a high school degree. And both men and women agree.

Unfortunately, there hasn't been much agreement on whether financial education actually does much good. NEFE would like to put forward some new evidence that it does work.

NEFE asked four economists to do a meta-analysis of 76 studies in 33 countries that tested the effectiveness of a wide variety of financial lessons at all ages. In one [study](#), elementary students exhibited more self control after hearing stories that helped them visualize the future. One story was about a girl who explored, through time travel, a choice between buying things now or saving up for a bike. The researchers in another [study](#) described workers as effectively "flipping a coin" to decide between a 401(k)-style or Roth retirement account. But after watching videos NEFE also noted that the researchers had a lot of new material to work with, because the frequency of effectiveness studies on financial education surged to more than 600 in 2020, dwarfing the roughly 100 studies completed in 2014.

But perhaps proving that financial education is effective is not the best argument for providing it. Perhaps the classes should be offered because people want them and feel they would benefit.

Squared Away writer Kim Blanton invites you to follow us on Twitter [@SquaredAwayBC](#). To stay current on our blog, please [join](#) our free email list. You'll receive just one email each week – with links to the two new posts for that week – when you [sign up here](#). This blog is supported by the Center for Retirement Research at Boston College.

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