

## Financial Education Improves Wellbeing *Building Women's Financial Health at Older Ages in the U.S.*

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### There is a gender gap in financial literacy

Financial literacy is a crucial skill to build wealth and establish long-term financial security into old age. Yet, a significant gender gap persists in financial literacy in the United States and in many countries across the world.<sup>1</sup>

**In the U.S., average financial literacy scores for men were 25% higher than for women.**

Our nationally representative survey of 3,646 women and men aged 40-65 in the U.S. revealed that while cognitive scores were not statistically different by gender, average financial literacy scores for men were 25% higher than for women, and this gap persisted even after controlling for education and employment status. Importantly, our analysis also showed that financial literacy has significant positive associations with life satisfaction, income, and health.

### Financial education makes a difference

In a recent landmark meta-analysis of 76 randomized control trials of financial education programs, researchers showed that interventions that deliver financial education can affect financial knowledge and behavior positively.<sup>2</sup> The study also showed that motivation or interest

1 Hasler, A., & Lusardi, A. (2017). *The Gender Gap in Financial Literacy: A Global Perspective*. Global Financial Literacy Excellence Center. <https://gflec.org/wp-content/uploads/2017/07/The-Gender-Gap-in-Financial-Literacy-A-Global-Perspective-Report.pdf>

2 Kaiser, T., Lusardi, A., Menkhoff, L., & Urban, C. (2022). Financial education affects financial knowledge and downstream behaviors. *Journal of Financial Economics*, 145(2, Part A), 255–272. <https://doi.org/10.1016/j.jfineco.2021.09.022>.

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in learning may have a significant impact on both program uptake and program effectiveness, indicating the importance of seeking “teachable moments” and engaged populations. While the findings are encouraging, of the 76 programs reviewed in the meta-analysis, few focused on the population aged

50+ and only one on older women.<sup>3</sup>

## **Limited financial education programming targets older women in the U.S.**

To investigate whether a financial education program designed for older women should be implemented in the U.S., we conducted a landscape analysis of the available financial education programs for this population by interviewing U.S. stakeholders. The financial education field is a crowded field with resources offered in various formats (online resources, non-profit programs, one-on-one counseling, employer-sponsored programs, etc.) that are widely available, especially online. However, there is a lack of programs that are specifically designed to address the needs of older women and are implemented at scale, free of charge, and by a trusted organization.

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## **Women in the U.S. want financial education, now**

According to our original survey fielded to U.S. women aged 40-65, only 16% of respondents have ever received any financial education, most of them not within the last two years.

<sup>3</sup> Haynes, D. C., Haynes, G., & Weinert, C. (2011). Outcomes of on-line financial education for chronically ill rural women. *Journal of Financial Counseling and Planning*, 22(1)..

Strikingly, more than 70% of our respondents expressed interest in receiving financial education, with demand among Hispanic/Latina (93%), Black (85%), and Asian (80%) women being especially high. Amongst lower-income women, interest was lower at 60%, yet still objectively high.

What is more, the majority of these women want to receive financial education “now,” as opposed to some time in the next 1-5 years or longer.

**70% of women 40-65 expressed interest in receiving financial education.**

## **Women prioritize financial education designed for their life stage**

Women were most interested in a financial education program that is designed for their life stage and financial circumstances. Respondents also demonstrated a desire to understand long-term financial planning and spending, with Social Security, retirement planning, and Medicare and Medicaid considered to be “very important” topics by the majority of respondents. In terms of financial skills, interest in developing a financial plan and budget, confidence in managing money, and understanding one’s financial situation were high.

## **Trust and flexibility are key**

**By far the most important features were that the training is offered by a trusted provider and that the program is delivered with a flexible schedule.**

Finally, we queried participants about what features they considered important in a financial education program. By far the most important features were that the training is offered by a trusted provider and that the program is delivered with a flexible schedule.

Women expressed a preference for financial education provided by financial institutions, community organizations (libraries, community centers), and educational institutions, whereas employer-provided education was less preferred. Low-income and minority women were more likely than white women to express a preference for financial education provided by financial service providers and in community settings.

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Almost 80% of participants considered a program's availability online to be "very" or "somewhat" important. Short sessions of one hour or less were also rated "very" or "somewhat" important by most participants.

## Key takeaways for U.S. practitioners and policymakers

- 1. Trust:** An essential condition for robust program reach and uptake is that program providers are well-trusted by the target audience, which is a top priority for older women themselves. Women also prefer financial education provided by financial institutions and in community settings.
- 2. Reach:** Hispanic/Latina, Black, and Asian women are especially interested in financial education. Low-income women's interest is lower than the general population, but still objectively high. Yet reaching these populations can be challenging. To engage the previously underserved, culturally appropriate and trusted outreach channels and methods should be used.
- 3. Curriculum:** Women ages 40 to 65 value financial education geared towards their life stage. This goes beyond basic money management skills to encompass long-term financial skills that will enable them to plan for their retirement more effectively.

Problem solving, benefit/resource navigation, and research skills are also important so that participants know how to seek relevant and timely information and support following the end of the program.

- 4. Accessibility:** In order to increase access and participation in programs, programs should consider the mode of delivery (online, in-person, asynchronous, live, etc.), length of the program, number and timing of sessions, group composition, childcare and transportation accommodations, and other aspects of delivery that are most appropriate to the target audience.

Research Conducted in Partnership Between:

