

REVIEW PROTOCOL FOR FINANCIAL LITERACY FOR RETIREMENT PLANNING

Highlights

- The objective of the financial literacy for retirement planning review is to determine the quality of existing causal evidence on the effectiveness of interventions designed to improve financial literacy (knowledge, skills, and behaviors) for retirement planning.
- The review also includes interventions designed to improve general financial literacy for money management and financial decision making.
- Only research with causal designs is reviewed in this topic area.

Introduction and Scope of the Review

Financial literacy is defined in different ways depending on the research study or organization. For purposes of this review, financial literacy is defined as “knowledge of basic economic and financial concepts, as well as the ability to use that knowledge and other financial skills to manage financial resources effectively for a lifetime of financial well-being”.¹ More specifically, it pertains to how individuals use knowledge for money management (i.e., balancing a check book or managing credit card debt) or financial decision making (i.e., planning for retirement).² Financial literacy has been found to be related to successful retirement planning.³

This review assesses the quality of existing causal evidence on the impacts of financial literacy interventions on knowledge and subsequent behaviors for retirement planning. The review includes interventions designed to help equip adults in planning for retirement and taking action in planning for retirement. It also includes financial literacy interventions designed to increase general financial literacy knowledge to improve money management (e.g., saving more money, paying bills on time, not overdrawing a checking account, calculating compound interest). The review addresses the following research questions:

- What is the quality of existing causal evidence on the effectiveness of interventions intended to increase financial literacy to improve financial decision making for retirement planning?
- What is the quality of existing causal evidence on the effectiveness of interventions intended to increase general financial literacy to improve money management?

¹ Hung, A., Parker, A. M., & Yoong, J. (2009). *Defining and measuring financial literacy* (Working Paper WR-708). Santa Monica, CA: RAND.

² Hogarth, J. M. (2002). Financial literacy and family and consumer sciences. *Journal of Family and Consumer Sciences*, 94, 14 - 28.

³ Lusardi, A., & Mitchell, O. S. (2011). Financial literacy and retirement planning in the United States. *Journal of Pension Economics & Finance*, 10(4), 509-525.

The domains of interest are:

- **Knowledge and skills for financial decision making**, including but not limited to implementing a savings plan, estimating expenses, managing assets and risks, and setting priorities.
- **Knowledge and skills for money management**, including but not limited to balancing a checkbook, managing a credit card, preparing a budget, taking out a loan, and saving for the future.

Eligibility Criteria

CLEAR conducts a broad literature search to identify research papers and reports that examine the research question(s) identified for each evidence review. This review includes only causal impact studies. Once identified, research is examined against the eligibility criteria described below. CLEAR assesses studies meeting these criteria for the quality of the evidence and summarizes each for inclusion on the website.

- 1. The research must examine an intervention or program designed to improve financial literacy for adults.** To be eligible for review, the research must examine an intervention designed to affect financial literacy for adults (age 18 and older). These may include interventions focused on increasing financial decision making for retirement planning and those focused on increasing general financial literacy decision making and money management. The review excludes interventions whose primary aim was to serve youth (those under age 18).
- 2. The study must examine effectiveness of an intervention using quantitative methods.** To meet this criterion, the research must use quantitative methods to assess the effectiveness of a program or intervention. This includes research that claims to identify a causal impact even if the study design did not support such claims.
- 3. The study must be published and conducted in a relevant time and place.** The research must have been published since January 2008 on a program or intervention occurring in the United States, including the 50 states, the District of Columbia, territories, and tribal entities.
- 4. The study must be published in English.** All research studies must be published in English to be considered for inclusion in CLEAR.

Review Process and Causal Evidence Guidelines Specific to the Topic Area

The Financial Literacy for Retirement Planning topic area includes both experimental and nonexperimental causal research which is reviewed and rated based on the eligibility criteria above and the CLEAR Causal Evidence Guidelines following the process outlined in the CLEAR Policies and Procedures Document.⁴ In assessing the quality of the evidence, CLEAR uses ratings of high, moderate and low. Only two types of studies may receive a high rating: well-conducted randomized controlled trials (RCTs) with low attrition and no obvious confounds to the RCT design and interrupted time series (ITS) designs with sufficient replication. The CLEAR Causal Evidence

⁴ The CLEAR Causal Evidence Guidelines and the CLEAR Policies and Procedures may be found at <https://clear.dol.gov/>.

Guidelines describe the criteria for rating the quality of evidence. In addition, Table 1 provides the additional guidance specific to this review.

Table 1. Financial Literacy for Retirement Planning Review Specific Guidance

| | CLEAR Causal Evidence Guidelines | Topic Area Specific Guidance |
|-------------------------------------|--|---|
| Attrition Standard | Study must have low attrition at the cluster or subcluster level to meet Criterion RCT.2. | Use conservative attrition standard. |
| Control Variables | To meet Criterion Regression.1 and receive a moderate rating, nonexperimental causal research must include specific control variables in its regression analysis (other than those using fixed effects). Regression methods that incorporate a matching design must match on these control variables; if not, they must include them as controls in the regression. | <ul style="list-style-type: none"> – Age – Race/ethnicity – Sex – At least one pre-intervention measure of financial literacy knowledge or behaviors. |
| Changes in Group Composition | Studies with nonexperimental designs and analyses at the group level must meet Criterion Regression.4 to receive a moderate causal evidence rating. | Use conservative migration standard. |
| Pre-intervention Data | An ITS design must use data drawn from a sufficiently long period of time before an intervention’s implementation to meet Criterion ITS.2. | Data must cover at least one year before the implementation of the intervention. |

APPENDIX A LITERATURE SEARCH

CLEAR conducts a comprehensive literature search to identify research meeting the eligibility criteria described in the review protocol. This process includes (1) a database search, (2) a search of selected internet sites for grey literature, (3) a snowball search, and (4) a Google Scholar search for specific programs and intervention names.

1. Database Search

All CLEAR searches use the following databases to identify causal literature: Scopus, Academic Search Ultimate, APA PsycINFO, Business Source Corporate Plus, E-Journals, EconLit with Full Text, Education Research Complete, ERIC, Sociology Source Ultimate, and ProQuest Dissertations and Theses. In conducting the search, CLEAR uses “and” to connect terms from each category (design, outcome, impact, and keyword terms) and “or” among terms within a category.

Table 2. Keywords used in database searches for Financial Literacy for Retirement Planning Topic Area

| | |
|----------------------|---|
| Design terms | Causal, evaluation*, experiment*, random*, quantitative, quasi experiment*, statistical, interrupted time series |
| Outcome terms | Financial* litera*, financial knowledge, financial behav*, financial abili*, financial skills, financial planning, money management, debt management, budget*, personal finance, household saving*, invest*, retirement, retirement planning, retirement saving*, pension, individual retirement account, 401k, 403b, annuit* |
| Impact terms | Effect*, efficac*, impact, improv* |
| Keyword terms | Financial education, financial training, financial counseling |

An asterisk indicates a truncation. When used in a search term, all words with the root are returned. For example, a search on “occupation*” returns citations with the words that have “occupation” as the first ten letters, including “occupation,” “occupations,” and “occupational.”

2. Internet Sites Grey Literature Search

In addition, CLEAR searches the websites of organizations conducting research in this topic area using a limited set of key words. The search identifies studies that may not be published elsewhere, such as technical reports from government agencies or working papers, and studies not available through the database search.

- Abdul Latif Jameel Poverty Action Lab
- Abt Associates
- Administration for Children and Families
- American Institutes for Research
- Aspen Institute
- Consumer Financial Protection Bureau (CFPB)
- Global Financial Literacy Excellence Center (GFLEC)

- Mathematica Policy Research
- MDRC
- RAND Corporation
- RTI International
- United States Department of Labor Chief Evaluation Office (CEO)
- United States Department of Labor Employee Benefits Security Administration (EBSA)
- United States Department of the Treasury Financial Literacy and Education Commission (FLEC)
- Westat

CLEAR uses a Custom Google Search engine with the following abbreviated set of key words: “financial literacy” AND (retirement OR “retirement planning” OR “retirement saving” OR pension OR “Individual Retirement Account” OR 401k OR 403b OR annuity OR annuities) AND (experiment* OR “randomized controlled trial” OR causal) with a set date range of January 2008 through April 2022. The search is limited to studies published in English.

3. Snowball Search

CLEAR uses the technique of snowballing for identifying relevant research. Through this process, we screen the reference lists of eligible or related research papers to identify other studies that may be eligible for review. The papers consulted included:

- Caskey, J. (2006). Can Personal Financial Management Education Promote Asset Accumulation by the Poor? Networks Financial Institute Policy Brief 2006-PB-03.
- Collins, J. M., & O’Rourke, C. M. (2010). Financial education and counseling—Still holding promise. *Journal of Consumer Affairs*, 44(3), 483–498.
- Fernandes, D., Lynch Jr, J. G., & Netemeyer, R. G. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60(8), 1861-1883.
- Gale, W. G., Harris, B. H., & Levine, R. (2012). Raising household saving: Does financial education work. *Social Security Bulletin*, 72, 39.
- Gallego-Losada, R., Montero-Navarro, A., Rodríguez-Sánchez, J. L., & González-Torres, T. (2022). Retirement planning and financial literacy, at the crossroads. A bibliometric analysis. *Finance Research Letters*, 44, 102109.
- Haslem, J. A. (2014). Selected topics in financial literacy. *Journal of Wealth Management*, 17(3), 47-57.
- Hastings, J. S., Madrian, B. C., & Skimmyhorn, W. L. (2013). Financial literacy, financial education, and economic outcomes. *Annual Review of Economics*, 5(1), 347-373.
- Hensley, B. J. (2015). Enhancing Links between Research and Practice to Improve Consumer Financial Education and Well-Being. *Journal of Financial Counseling and Planning*, 26(1), 94–101.

Kaiser, T., & Menkhoff, L. (2017). Does Financial Education Impact Financial Literacy and Financial Behavior, and If So, When?. *World Bank Economic Review*, 31(3), 611-630.

Martin, M. (2007). A literature review on the effectiveness of financial education. Federal Reserve Bank of Richmond, Working Paper 07-03.

Miller, M. J., Reichelstein, J. E., Salas Pauliac, C. H., Zia, B. H. (2015). Can you help someone become financially capable?: A meta-analysis of the literature. *The World Bank Research Observer*, 30(2), 220-246.

Walstad, W., Urban, C., J. Asarta, C., Breitbach, E., Bosshardt, W., Heath, J., ... & Xiao, J. J. (2017). Perspectives on evaluation in financial education: Landscape, issues, and studies. *The Journal of Economic Education*, 48(2), 93-112.

4. Google Scholar Search

Finally, CLEAR conducts a Google Scholar search using a specific list of policies, legislation, rules that may prompt specific interventions or activities to comply with their content. For this topic area, the search included:

- Federal Deposit Insurance Corporation (FDIC) Money Smart
- SaveUSA