



Targeted Financial Education

**Lessons learned with soldiers at Ft.
Bliss**

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Background

✦ **Army Emergency Relief sponsored
2-day course**

**Taught by San
Diego City College
(Navy contractor)**

Offered during AIT





Goals

- ✦ **Did the financial education program improve financial management behaviors?**
- ✦ **What factors effect financial management behaviors?**





The Dream: Study design

- **An online survey of Army air defenders taking financial ed course in AIT**
- **Comparison group w/o financial ed course**





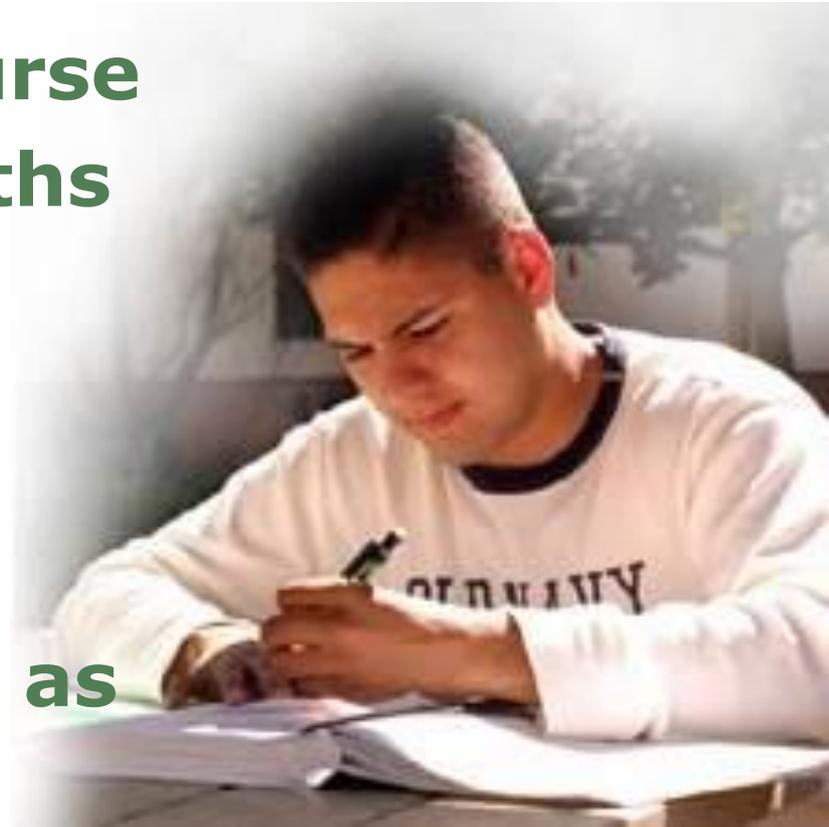
The Reality: What we were able to collect

▶ Education group

- ▶ N = 4061
- ▶ Surveyed during course
- ▶ Follow up 6-18 months later
 - ▶ 199 matched surveys

▶ Comparison group

- ▶ N = 293
- ▶ Surveyed same time as follow up





Course content

Topic	Class time
Financial ethics	.75 hrs
Leave & earnings statement	.25
Developing a spending plan	1
Essentials of credit	1
Consumer awareness	1
Purchasing a vehicle	1.5
Meeting your insurance needs	.5
TSP and investing	2.0



Questionnaire

- ▶ **Demographics**
- ▶ **Pre-military history (family of origin)**
- ▶ **Financial products owned**
- ▶ **Financial behaviors & activities**
- ▶ **Attitudes, perceptions**
- ▶ **Financial self-assessment**



Before entering military

- ▲ **High school class in financial education** ▲ **45% vs 33%**
- ▲ **Had a savings account in high school** ▲ **65% vs 56%**
- ▲ **Aware of parents' financial situation** ▲ **79% vs 69%**
- ▲ **Parents talked to me about managing money** ▲ **73% vs 70%**
- ▲ **Parents were good at managing money** ▲ **68% vs 73%**



What we asked about

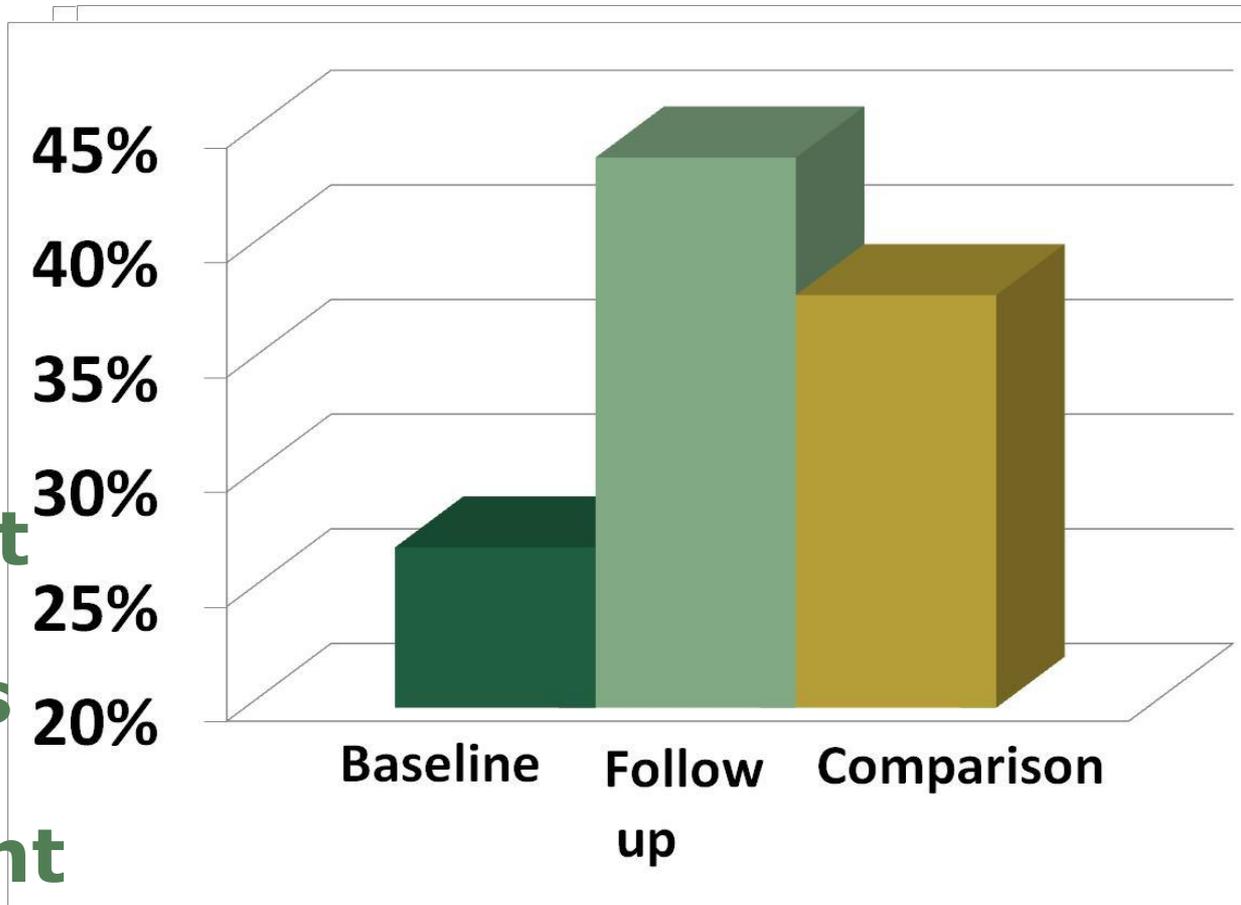
Budgeting

Formal budget

Informal budget

Check balances

TSP/retirement





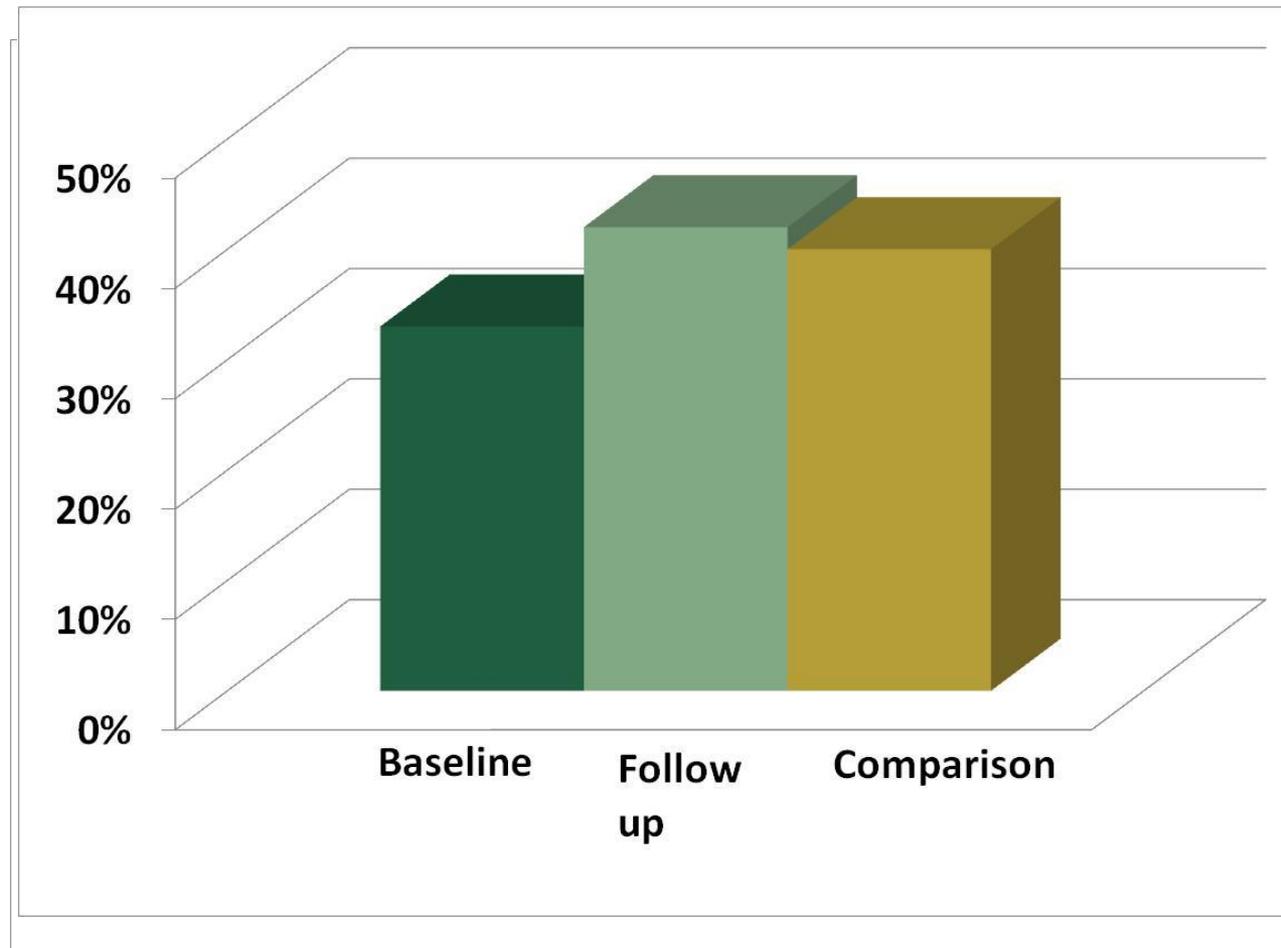
What we asked about

Overdraft

Title pawn

Supp. life ins

**Pay bills
late**





Good behaviors

- ▲ **Budget – formal
informal**
- ▲ **Understand
discretionary
spending**
- ▲ **Comparison shop**
 - **Credit**
 - **Investments**
 - **Major purchase**

- ▲ **Read about money
management**
- ▲ **Check balance**
- ▲ **Track spending**
- ▲ **Have**
 - **saving**
 - **emergency fund**
 - **retirement account**





Bad behaviors

- ▶ **Payday loan**
- ▶ **Pawn shop**
- ▶ **Food stamps**
- ▶ **Supplemental life insurance**
- ▶ **Turned down for credit**
- ▶ **Paid bills late**
 - ▶ housing payments
 - ▶ credit card
 - ▶ other bills

- ▶ **Bounced a check**
- ▶ **Paid overdraft fee**
- ▶ **Debt collector call**
- ▶ **Utilities shut off**
- ▶ **Returned from deployment**
- ▶ **Denied security clearance**





Behavior indexes

Bad Behaviors

	Good Behaviors		
	Low	Medium	High
High	Low good, high bad		
Medium			
Low			High good, low bad



Stress index

- ▶ **Financial condition over the past 6 months?**
- ▶ **Financial stress level on a scale of 1 to 10?**
- ▶ **Living paycheck to paycheck?**

Created a 4-level stress scale





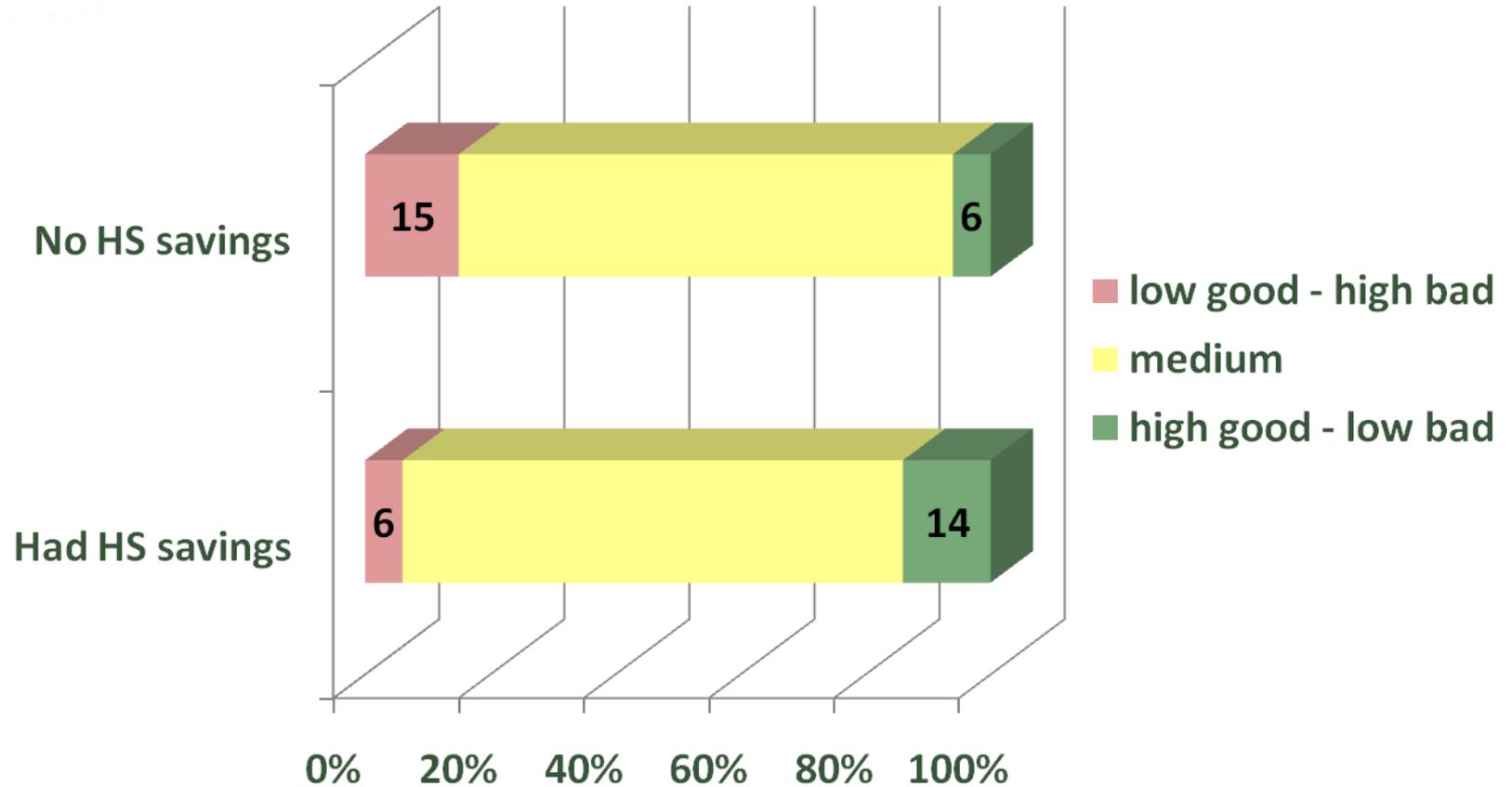
Behavior indexes

	Good Behaviors		
	Low	Medium	High
High	10%	79%	
Medium			
Low	79%		11%



Probabilities

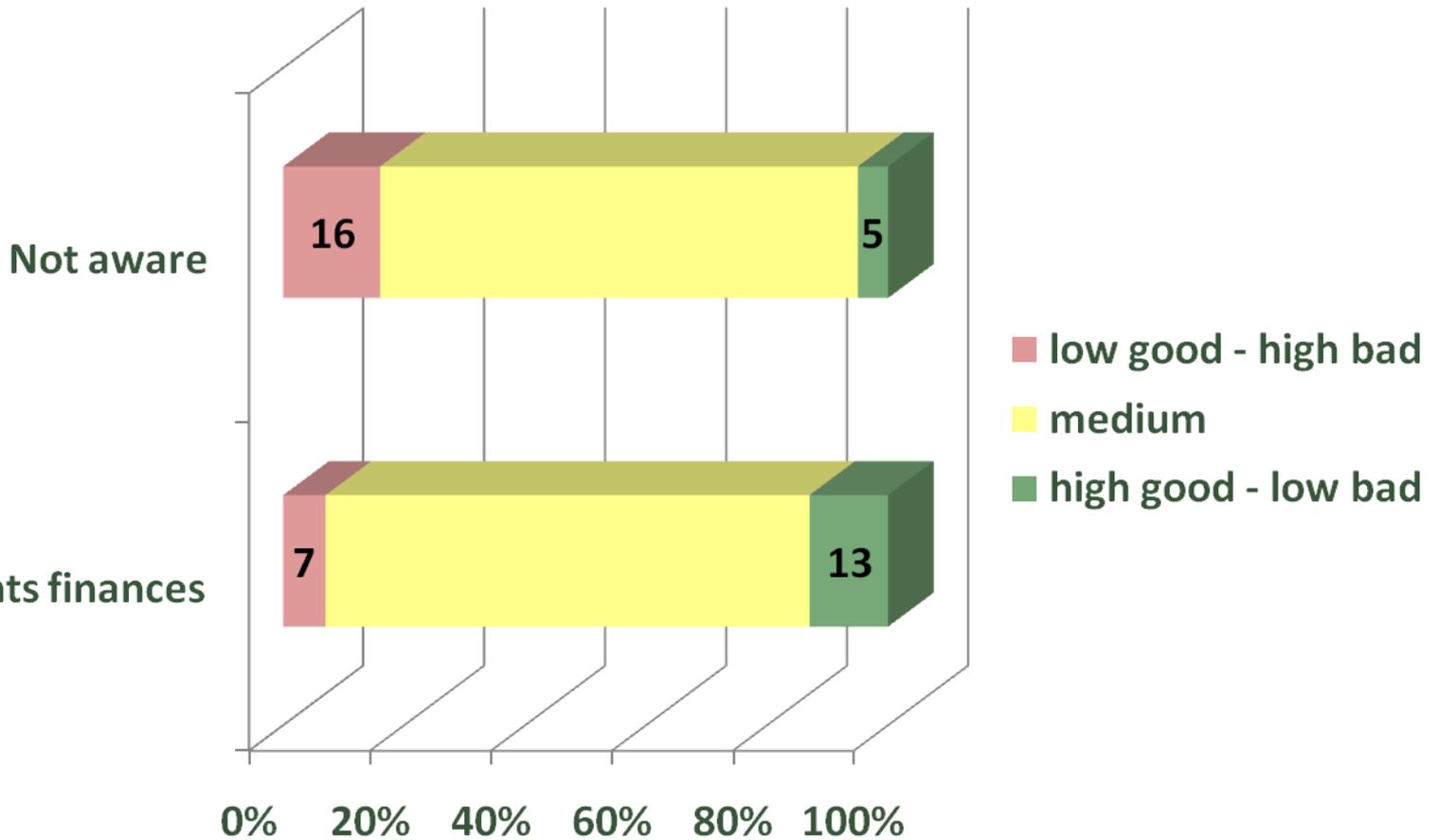
High school savings





Probabilities

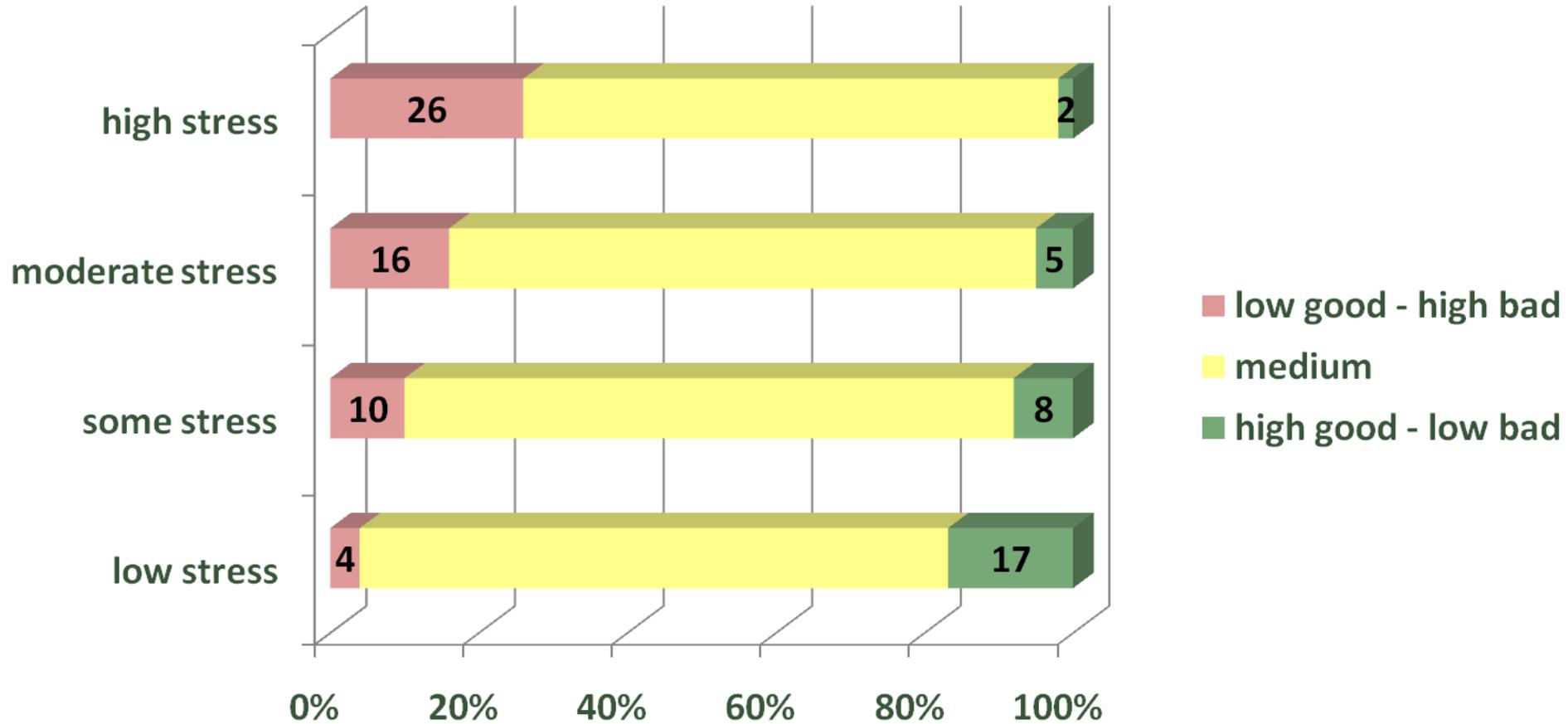
Aware of parents finances





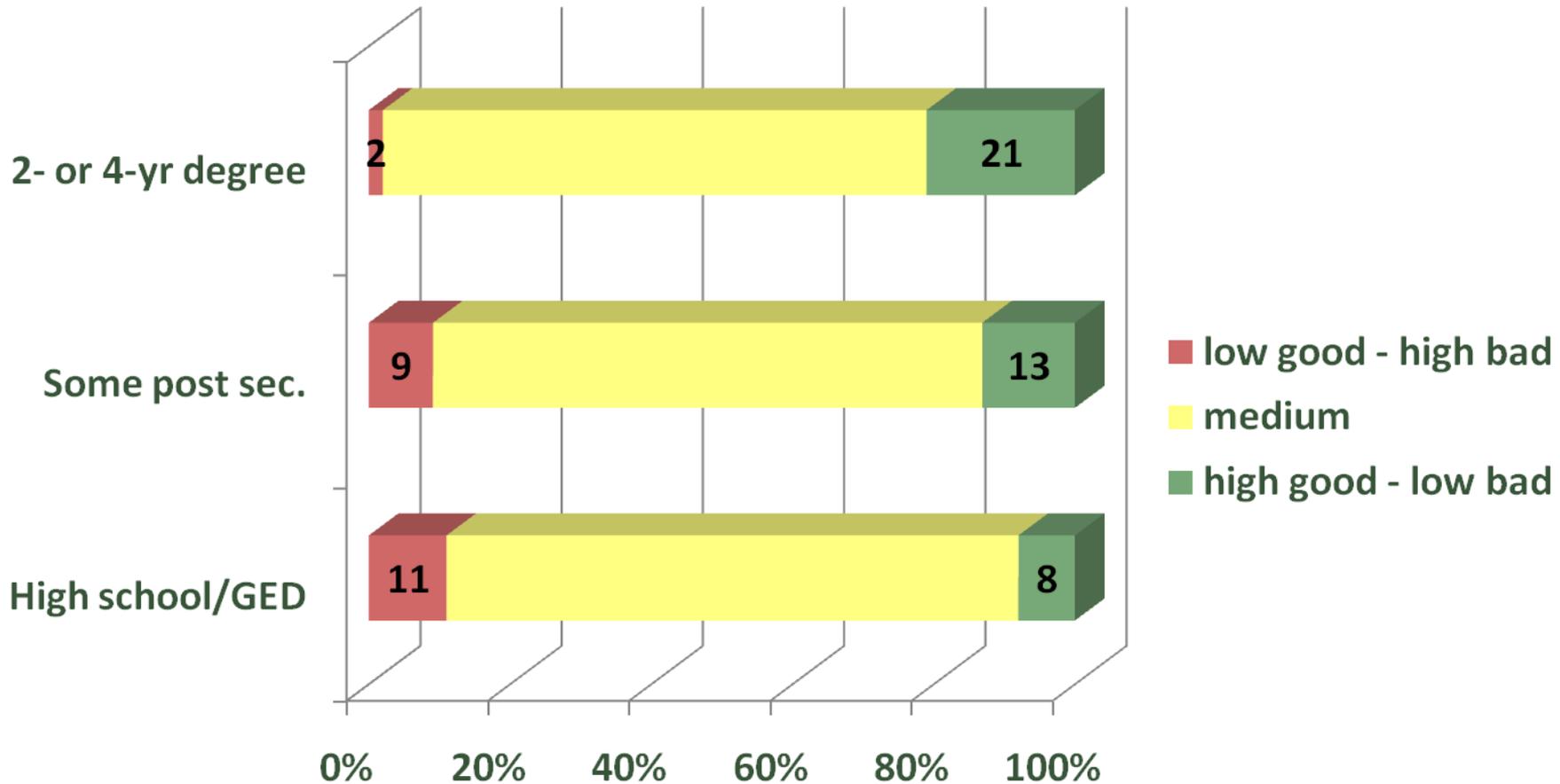
Probabilities

Stress





Probabilities Education





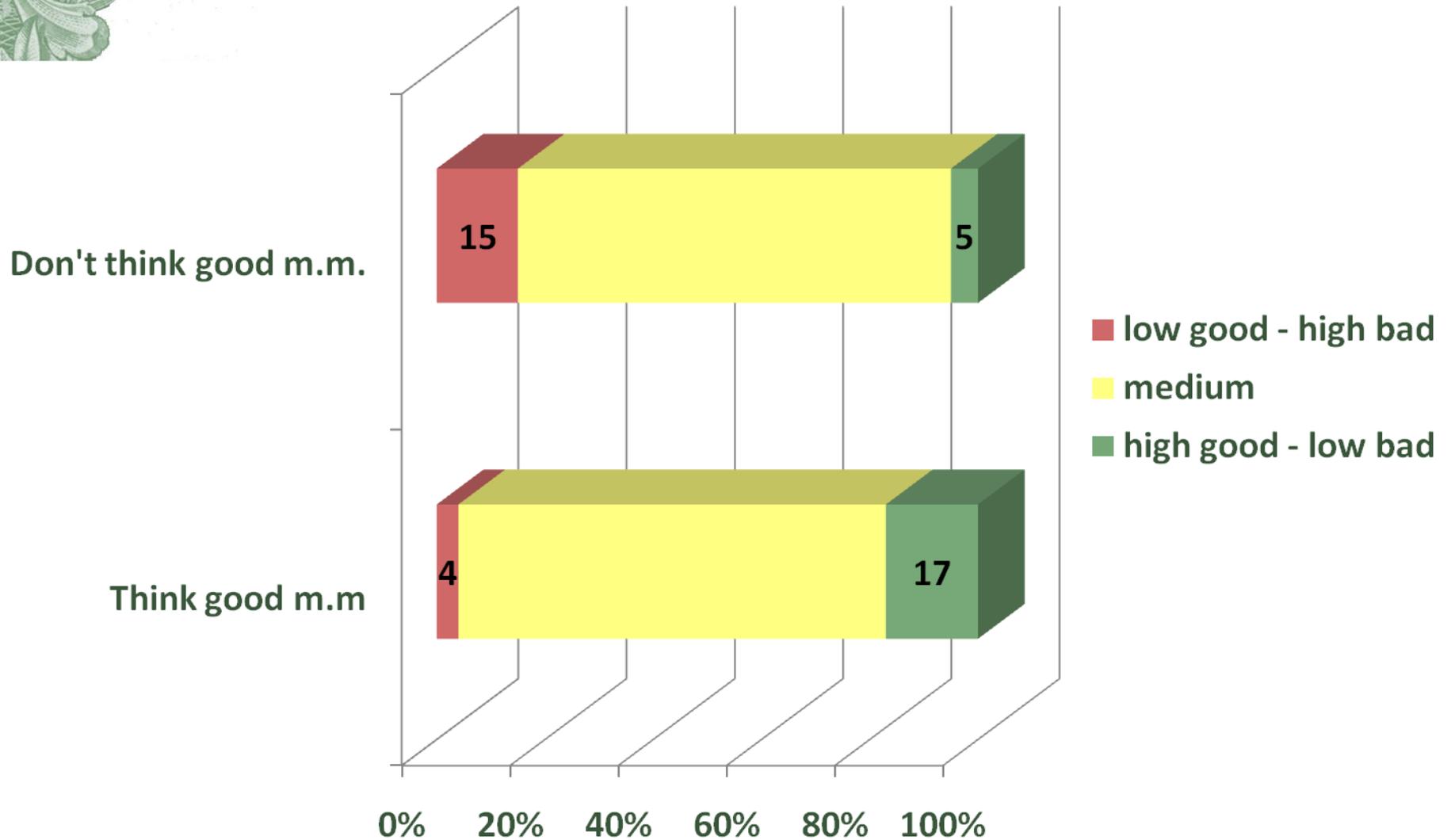
Probabilities

Marital status





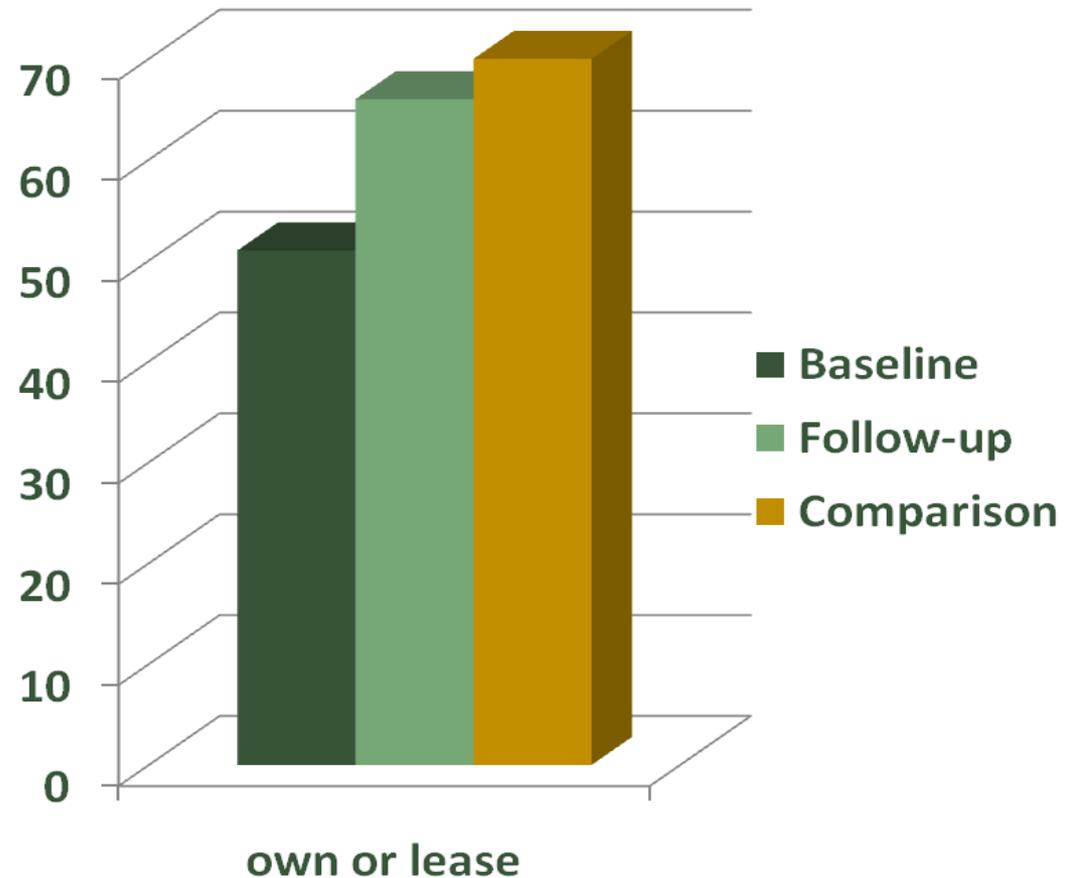
Probabilities





Vehicles

- ▲ **Highly relevant**
- ▲ **Actionable information**





Where education makes a difference

Financial education group

	Baseline	Follow-up	Comp group
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Loan amount	\$15,047	\$13,369	\$15,091
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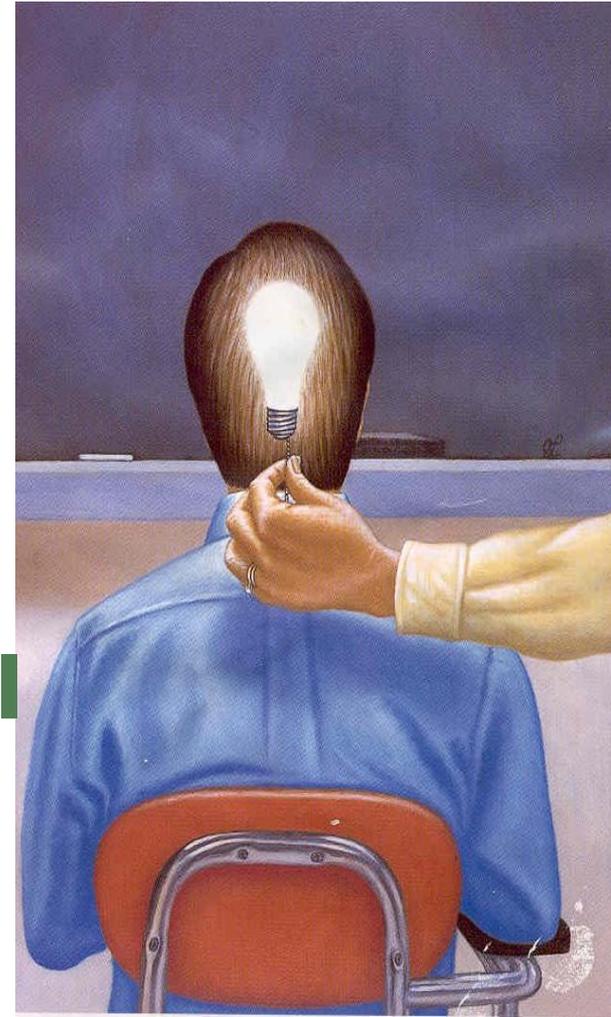
Down payment	2,709	\$2,878	\$1,984
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DP/loan ratio	.18	.27	.17
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So what?

- ▶ **Experience matters**
 - ▶ H.S. savings
 - ▶ Aware of parents' finances
- ▶ **Psychology matters**
 - ▶ Stress
- ▶ **General education level matters**
 - ▶ Learning to learn





Limitations

- ▲ **Soldiers ≠ general public**
 - **Young (18-23)**
 - **Male (85%)**
 - **3/5^{ths} have H.S./GED**
- ▲ **Variations in course content, teachers, timing within AIT**
- ▲ **Did not measure pre-action dispositions**
 - **trans-theoretical model**



More limitations

- ✦ **Not generalizable**
- ✦ **Not a randomized study**
- ✦ **Response rate**
- ✦ **Education may take time to sink in**



Keys to successful longitudinal research

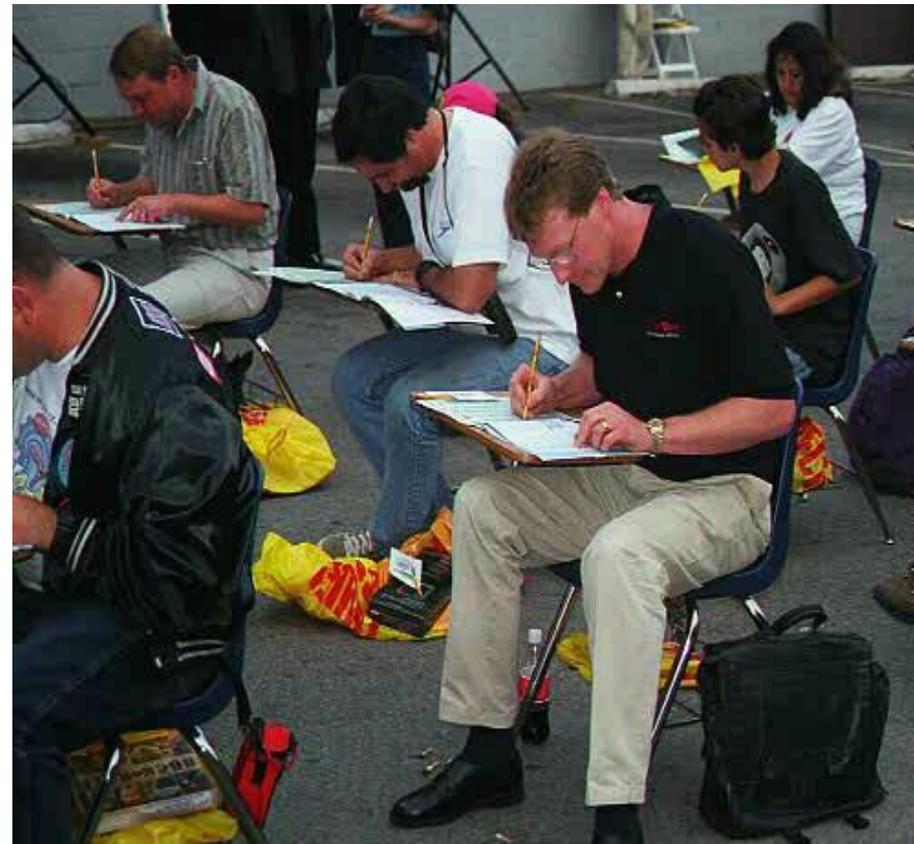
- **Know the culture and internal processes of partners and subjects**
- **Communication is key to success**
- **Technology is great--but sometimes reliability is more important**





Keys to successful longitudinal research

- ▶ **Be flexible, creative, patient**
- ▶ **Word your questionnaire carefully & test it out**
- ▶ **Keep clear and succinct documentation**





Lessons learned

▲ **Education for young adults may be most effective when it is**

- **Relevant**
- **Timely**
- **Actionable**
- **Ongoing**





Education is necessary but not sufficient

- ▶ **Education is a tool for closing information gaps between consumers and product and service providers**
- ▶ **The “Toolbox”**
 - ▶ **Education**
 - ▶ **Disclosure**
 - ▶ **Regulation**





Lessons learned

- ✦ **Measuring behavior changes over time is challenging**
- ✦ **Look at micro measures as well as macro outcomes**
- ✦ **Next “frontier” – the nexus of education and experience**

