

What Drives Savings Perceptions and Reality and How do Financial Planners Fit into this Picture?

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Abstract

Focusing on highly educated individuals, we relate savings understanding and behavior to demographic attributes, long-term financial goals, and the level of financial knowledge. We find that several demographic characteristics, individuals' articulation of financial goals, and the level of financial savvy affect savings behavior significantly. Additionally, we explore participants' attitude towards the financial planning profession and the reasons that may preclude highly educated individuals from using financial planning services. We find that there is significant confusion about how a financial planner differs from other financial professionals and that the reasons for bypassing financial planning services are both tangible (lack of investment funds and high costs/fees) and intangible (lack of trust in the financial planner).