

# Personal finance education and subsequent financial decision-making

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## **Abstract**

Financial literacy is a hot topic worldwide. In the U.S., it is well documented through prior research that financial illiteracy is widespread. High consumer debt levels alongside low or non-existent savings warrants better financial preparedness among households. Individual household decisions eventually impact the community at large, society and the nation for better or worse. In light of disparaging views on the effect on personal finance education in schools, we hope to share a less dismal view on the effects of personal finance education on financial behavior. Using the 2012 National Financial Capability Study (NFCS), we explore the impact of receiving financial education in college on financial decision-making and financial satisfaction. Controlling for demographic and socioeconomic factors, our logistic regression results show that individuals who received financial education in college were more likely to have an emergency fund, purchase life insurance, establish a college savings account, and participate in the financial markets. Furthermore, we find that those who received financial education in college were more likely to think about their financial needs in retirement and seek financial advice. Individuals who received financial education in college experience a higher level of personal financial satisfaction and were more likely to support financial education being taught in schools.