

Seeking Financial Advice and Other Desirable Financial Behaviors

Keith A. Moreland^a

Advice from financial counselors is one potential source for improving financial behaviors and well-being among clients and within their communities. This study examined whether obtaining financial advice is associated with other personal financial behaviors. Analysis of National Financial Capability Study data showed that obtaining advice is positively associated with financial behaviors while controlling for other relevant variables, including two measures of financial knowledge. The results also indicated greater benefits from obtaining advice for those with less financial knowledge. The findings suggest that efforts by financial counselors to provide financial advice to clients and others through service activities can improve financial decision-making in their communities including by those who can benefit the most.

Keywords: financial advice, financial behaviors, financial knowledge

Individuals face more complex financial decisions than ever before. The steady shift from defined benefit to defined contribution retirement plans, increased debt financing of higher education, significant expansion of financial products and services, and financial issues related to longer life expectancy are examples of factors that have increased the complexity of personal finance. The ability to make good financial decisions is increasingly important to improving one's financial well-being.

The association between financial knowledge and financial behaviors in improving financial well-being has received considerable research attention (e.g., Allgood & Walstad, 2016; Fernandes, Lynch, & Netemeyer, 2014; Henager & Cude, 2016; Lusardi & Mitchell, 2014; Robb & Woodyard, 2011). Financial behaviors have been modeled as one of several factors associated with financial well-being. Frequently, financial behaviors have been measured empirically by whether individuals engage in certain actions such as utilizing a budget, avoiding bank overdrafts and high-cost borrowing options, saving for retirement and unexpected events, maintaining adequate levels of insurance, obtaining credit reports, and paying credit card balances in full and on time. One financial behavior, obtaining financial advice, is unique in that it may reflect financial attitudes and lead individuals to improve other financial behaviors.

Financial counselors and other financial advisors can contribute to financial well-being through advisory services to clients and through financial workshops, seminars, and similar activities in their communities. These services and programs work to improve the financial capabilities of various groups including students and parents planning to finance higher education, individuals considering starting a business, individuals considering a first home purchase, and retirees and those planning for retirement. This study furthers our understanding of the associations between obtaining financial advice, other financial behaviors, and financial knowledge.

Literature Review and Research Questions

Financial well-being has been modeled as a product of financial behaviors, financial knowledge, and various other attitudinal, cultural, familial, demographic, social, and economic conditions, although the specific links vary among models. Joo (2008) described financial wellness as a product of financial knowledge, attitudes, behaviors, and other factors. Huston (2010) modeled financial knowledge (literacy) as a factor that impacts financial behaviors, which in turn, combine with attitudinal and other factors to impact financial well-being. Gudmunson and Danes (2011) describe a more dynamic framework where financial knowledge and attitudes combine to impact financial behaviors and well-being.

^aProfessor of Accounting, Department of Accounting, Finance and International Business, School of Management, University of Michigan-Flint, Flint, MI 48502. E-mail: moreland@umflint.edu



Researchers have studied the association between financial knowledge and behaviors in these frameworks. Financial knowledge was found to be positively associated with stronger day-to-day financial management skills (Hilgert, Hogarth, & Beverly, 2003), participation in financial markets and stock investing (van Rooij, Lusardi, & Alessie, 2011a; Yoong, 2011), retirement planning (van Rooij, Lusardi, & Alessie, 2011b), wealth accumulation (Lusardi & Mitchell, 2007a, 2007b, 2011a, 2011b), and less costly borrowing and debt (Allgood & Walstad, 2016; Hilgert et al., 2003).

However, Fernandes et al. (2014) suggested that any apparent causation of financial knowledge affecting financial behaviors could be due to factors such as character traits that were omitted from previous studies. They argued that possessing a propensity to plan, confidence in information search abilities, a willingness to take prudent investment risks, and numeracy skills may be associated with financial knowledge and drive financial behaviors. This is consistent with an earlier finding by Parrotta and Johnson (1998) that financial attitudes eliminate the effect of financial knowledge when tested together for their relationship to financial behaviors (management). Jorgensen and Savla (2010) and Gudmunson and Danes (2011) argued that the association between financial knowledge and behaviors often is weak except when mediated by financial attitudes.

Robb and Woodyard (2011) tested the association between financial knowledge and financial behaviors. They measured financial behaviors by whether survey respondents set aside an emergency fund, recently obtained a credit report, avoided bank overdrafts, paid credit card balances in full and on time, established a retirement fund, and maintained adequate insurance. Financial knowledge was measured in two ways. The first method was the number of correct answers from five Financial Industry Regulatory Authority (FINRA) Investor Education Foundation's 2009 National Financial Capability Study (NFCS) questions about interest, inflation, bond prices, mortgage payments, and diversification of investments. The second method was self-perception of overall financial knowledge combined with ability to deal with day-to-day financial matters, math ability, and knowledge of current economic and financial news. Robb and Woodyard (2011) found that financial behaviors were positively associated with both measures of financial knowledge after controlling for

demographic variables including income, education level, age, and ethnicity.

Henager and Cude (2016) found objectively and subjectively measured financial knowledge to be positively associated with long-term financial behaviors related to pensions and investments and short-term financial behaviors related to managing expenses and cash and having an emergency fund, while controlling for age. Similar to Robb and Woodyard (2011), Allgood and Walstad (2016) found positive associations between subjective and objective measures of financial knowledge and financial behaviors related to credit card management, investments, obtaining and managing loans, maintaining adequate insurance, and obtaining financial advice about investing, borrowing, insurance, and tax planning.

Obtaining financial advice and counseling differ from other frequently measured financial behaviors in that obtaining advice may reflect a person's attitude about the importance of personal finance and lead to improvements in other financial behaviors. For example, an individual's attitude about seeking financial advice may reflect the attitude about the importance of understanding financial matters, a measure frequently included in attitudinal survey questionnaires (e.g., Jorgensen & Savla, 2010). Britt, Canale, Fernatt, Stutz, and Tibbetts (2015) found that obtaining financial counseling was positively associated with financial attitudes including level of financial satisfaction among college students.

Obtaining financial advice may lead to filling the gaps in and greater levels of financial knowledge, which in turn could lead to improvements in other financial behaviors, financial well-being, and financial satisfaction (Porto & Xiao, 2016). For example, Xiao and Porto (2016) found a positive association between obtaining financial advice on investments and taxes and financial satisfaction. Hsu (2016) found that working women who obtained financial advice were likely to have greater retirement savings than other working women. In this respect, obtaining financial advice may have substituted for financial knowledge from other sources, possibly mitigating any negative associations between lower levels of financial knowledge and financial behaviors (Lusardi & Mitchell, 2014). Alternatively, Finke (2013) suggested that obtaining financial advice might complement financial knowledge and



amplify the association between financial knowledge and financial behaviors.

Self-perceived financial knowledge likely reflects an individual's confidence in his/her ability to handle financial matters. Consequently, the difference between self-perceived and objectively measured financial knowledge has been suggested as a measure (with error) of an individual's financial overconfidence (Lusardi & Mitchell, 2014; Porto & Xiao, 2016). Allgood and Walstad (2016) have suggested that self-perceived financial knowledge may also reflect attitudes and other factors such as the degree of trust in financial institutions, level of interest in personal finance, and even level of personal optimism about life. Obtaining financial advice may be associated with and reflective of these attitudes and other factors that suggest an alternative characterization of differences between perceived and measured financial knowledge.

Studies of the association between obtaining financial advice or counseling and financial knowledge have reported varying results. Obtaining financial counseling by college students was found to be positively associated with personal finance education (Lim, Heckman, Letkiewicz, & Montalto, 2014) and subjectively measured financial knowledge but not with objectively measured financial knowledge (Britt et al., 2015).

Robb, Babiarz, and Woodyard (2012) and Allgood and Walstad (2016) found a positive association between obtaining financial advice and both objectively-measured and self-perceived financial knowledge. Both studies suggested that individuals with greater financial knowledge would recognize the potential benefits of obtaining advice regarding financial matters. Calcagno and Monticone (2015) and Debbich (2015) found individuals with higher financial knowledge are more likely to obtain financial advice because advisors are relatively more informative to them. Porto and Xiao (2016) found that individuals with relatively high objectively-measured and self-perceived financial knowledge were more likely to obtain financial advice than individuals with lower levels of financial knowledge or divergent levels of objectively-measured and self-perceived financial knowledge.

Conversely, Finke, Huston, and Winchester (2011) found that individuals who reported higher self-assessed levels of understanding of financial issues were less likely to acquire professional financial advice. Hung and Yoong

(2013) found that individuals with lower financial literacy are more likely to seek and benefit from financial advice. This is consistent with the notion that using financial advice (an advisor) serves as an alternative to gaining financial knowledge as a method to improve financial behaviors (Lusardi & Mitchell, 2014; Robb et al., 2012).

Research Questions

This study focused on one component of the Joo (2008), Huston (2010), and Gudmunson and Danes (2011) frameworks. Those frameworks modeled financial behaviors that are affected by financial knowledge and other factors. This study considered a more interactive role of one specific financial behavior, obtaining financial advice. It investigated whether obtaining financial advice was associated with other financial behaviors and whether financial advice complemented or served as a substitute for financial knowledge in the association with financial behaviors. Specifically, this study considered the following research questions within the theoretical frameworks linking financial knowledge, behaviors, and well-being:

RQ1. Is obtaining financial advice positively associated with other financial behaviors?

RQ2. Is obtaining financial advice positively associated with higher levels of measured financial knowledge?

RQ3. Is obtaining financial advice positively associated with higher levels of perceived financial knowledge?

RQ4. Does the association between obtaining financial advice and financial behaviors vary with the level of measured financial knowledge?

RQ5. Does the association between obtaining financial advice and financial behaviors vary with the level of perceived financial knowledge?

RQ6. Is the relationship between measured and perceived financial knowledge affected by obtaining financial advice?

Methods

Data

Data regarding the following variables from the 2012 NFCS were used. Note that the more recent 2015 NFCS did not include questions about obtaining financial advice. This study



included 23,582 observations after excluding observations from the 2012 NFCS sample of 25,509 where the respondent selected “prefer not to say” to Measured Financial Knowledge questions or selected “prefer not to say” or “don’t know” to other questions. “Don’t know” responses to Measured Financial Knowledge questions were coded as incorrect.

Variables

Financial Behaviors (FB). FB was measured using participants’ responses to these NFCS questions/statements on personal financial practices, actions, and behaviors:

- Have you set aside emergency funds that would cover your expenses for 3 months in case of sickness, job loss, economic downturn, or other emergency? (Yes = 1)
- Have you obtained a copy of your credit report or checked your credit score in the last 12 months? (Yes = 1)
- Do you overdraw your checking account (at least) occasionally? (No = 1)
- Do you or your partner/spouse have a retirement account established through an employer or otherwise? (Yes = 1)
- In the past 12 months, I always paid my credit card in full. (Yes = 1 or Possessing No Credit Cards = 1).

Establishing an emergency fund, checking one’s credit report/score, avoiding bank overdrafts, saving for retirement, and paying credit card balances on time and in full are viewed as positive financial behaviors in most cases (Allgood & Walstad, 2016). Similar to Robb and Woodyard (2011), FB scores were assigned from 0–5 using the sum of the responses to these questions/statements.

Obtaining Financial Advice (FA). The NFCS asked four questions about whether the respondent sought advice from a financial professional in the last 5ve years regarding savings or investments, obtaining a mortgage loan, insurance coverage, and tax planning. FA was coded “1” for respondents who indicated that they had sought at least one of these types of advice and coded “0” otherwise. A fifth question, which asked whether participants sought professional advice about debt counseling, was excluded. Allgood and Walstad (2016) argued that this type of advice differs from the other types of financial advice because individuals who

seek debt counseling advice already have a debt problem, suggesting poorer personal finance management.

Measured Financial Knowledge (MFK). NFCS participants answered five objective financial questions covering interest compounding, inflation and the time value of money, the relationship between interest rates and bond prices, differences in payments on shorter and longer mortgages, and stock diversification and risk. The number of correct responses to these five questions determined MFK.

Perceived Financial Knowledge (PFK). PFK is a self-assessment based on participants’ responses to this NFCS question on a 1–7 scale: How would you assess your overall financial knowledge?

Confidence in Financial Matters and Math Skills (FM and MS, Respectively). Fernandes et al. (2014) argued that numeracy skills are associated with financial behaviors while Robb and Woodyard (2011) along with Henager and Cude (2016) found positive associations between financial behaviors and confidence in dealing with routine financial matters and math skills. FM and MS separately measured participants’ levels of agreement to the following NFCS statements on a 1–7 scale:

- FM: I am good at dealing with day-to-day financial matters such as checking accounts, credit and debit cards, and tracking expenses.
- MS: I am pretty good at math.

Willingness to Take Investment Risks (RW). Fernandes et al. (2014) argued that willingness to take prudent investment risks is a critical antecedent for accumulating wealth by investing. They also argued that this risk willingness could explain any apparent association between financial knowledge and financial behaviors. Participants in the NFCS rated their willingness to take investment risks on a 1 (not at all willing) to 10 (very willing) scale.

Income Level (Inc). Prior research has suggested that financial knowledge and financial behaviors are associated with income levels (e.g., Henager & Cude, 2016; Robb & Woodyard, 2011). Inc is the reported income level in 8 categories ranging from “less than \$15,000” to “\$150,000 or more” in the NFCS.

Ethnicity and Education (Eth and Ed, Respectively). Numerous studies have shown differences in financial behaviors that are associated with differences in ethnicity, coded as “White” or “non-White” in this study (e.g., Fernandes et al., 2014; Henager & Cude, 2016; Robb & Woodyard, 2011). Likewise, many of these studies have reported a positive association between financial behaviors and education level, which is measured in the NFCS at levels ranging from not completing high school to post college graduate education.

Data Analyses

A regression model (Equation 1) was used to investigate the association between the dependent variable, financial behaviors, and obtaining financial advice (RQ1). It was also used to investigate the variation in this association at different levels of measured and perceived knowledge (RQ4 and RQ5). Independent variables included obtaining financial advice, measured and perceived financial knowledge, interactions between obtaining advice and both financial knowledge measures, and the control variables described above:

$$\begin{aligned}
 FB = & a + b_1FA + b_2MFK + b_3PFK + b_4FM+ \\
 & b_5MS + b_6RW + b_7Inc + b_8Eth + b_9Ed+ \\
 & b_{10}(FA * MFK) + b_{11}(FA * PFK) + \text{error} \quad (1)
 \end{aligned}$$

Comparisons of means and correlation analysis were used to further consider RQ1 and investigate whether obtaining financial advice is associated with higher levels of measured and perceived financial knowledge (RQ2 and RQ3).

A regression model (Equation 2) of perceived financial knowledge was used to consider whether obtaining financial advice affects the observed association between measured and perceived financial knowledge (RQ6):

$$PFK = a + b_1MFK + b_2FA + b_3(MFK * FA) + \text{error} \quad (2)$$

Results

Descriptive Statistics and Correlation Analyses

Comparisons of means in Table 1 revealed that survey participants who obtained financial advice engaged in more positive financial behaviors, had greater measured and perceived financial knowledge, possessed greater confidence in their financial and math skills, were more willing to take financial/investment risks, had higher income levels, and were more likely to have earned a university degree. Non-White individuals were less likely to have obtained financial advice. The differences between those who did and did not obtain financial advice in each of these measures were significant at the $p < .001$ level.

TABLE 1. Comparison of Participants Who Did and Did Not Obtain Financial Advice

Variable	Obtained Financial Advice	
	Yes (n = 12,248)	No (n = 11,334)
Percentage of Total Respondents (n = 23,582)	51.9%	48.1%
Mean Scores:		
Financial Behaviors (1–5 scale)	3.24	2.46
Measured Financial Knowledge (1–5 scale)	3.36	2.75
Perceived Financial Knowledge (1–7 scale)	5.35	4.86
Confidence in Dealing with Routine Financial Matters (1–7 scale)	5.88	5.51
Self-assessed Math Skills (1–7 scale)	5.76	5.47
Willingness to Take Financial Risks (1–10 scale)	5.25	4.23
Median Income Level (range)	\$50,000–\$74,999	\$25,000–\$34,999
Percentages:		
University Degree	42.9%	26.0%
Non-White	24.8%	27.6%

Note. In each measure the difference between the two groups was significant at $p < .001$.



TABLE 2. Correlation Analysis of Financial, Demographic and Character-Trait Variables

	FB	FA	MFK	PFK	FM	MS	RW	Inc	Eth	Ed
FB	–									
FA	.296	–								
MFK	.339	.214	–							
PFK	.312	.174	.279	–						
FM	.302	.113	.266	.426	–					
MS	.209	.086	.318	.372	.583	–				
RW	.189	.193	.140	.237	.068	.113	–			
Inc	.436	.269	.357	.242	.189	.176	.243	–		
Eth	–.100	–.032	–.142	–.028	–.072	–.037	.083	–.100	–	
Ed	.302	.212	.358	.199	.166	.197	.184	.393	.093	–

Note. FB = financial behavior, FA = obtained financial advice, MFK = measured financial knowledge, PFK = perceived financial knowledge, FM = confidence in dealing with routine financial matters, MS = confidence in math skills, RW = willingness to accept financial risk, Inc = Income level, Eth = Ethnicity, and Ed = Education level. All correlations are significant at $p < .01$.

Correlation analysis reported in Table 2 revealed a positive association between obtaining financial advice and financial behaviors. Obtaining financial advice also was significantly associated with measured and perceived financial knowledge, confidence in financial and math skills, willingness to take financial risks, income level, education level, and differences in ethnicity at the $p < .01$ level. Financial behaviors were significantly associated with measured and perceived financial knowledge, confidence in financial and math skills,

willingness to take financial risks, income level, education level, and differences in ethnicity at the $p < .01$ level.

Regression Results

The Equation 1 regression results in Table 3 showed a positive association between financial behaviors and obtaining financial advice. Additionally, financial behaviors were positively associated with measured and perceived financial knowledge, skills in financial matters, willingness to take

TABLE 3. Summary of Regression of Financial Behavior against Financial Advice, Financial Knowledge, and Demographic and Character-trait Variables (Equation 1)

Variable	Coefficient	SE	t-Statistic
Intercept	.603	.046	13.06***
Obtaining financial advice (FA)	.201	.059	3.38***
Measured financial knowledge (MFK)	.115	.008	14.80***
Perceived financial knowledge (PFK)	.087	.007	11.72***
Confidence in routine financial matters (FM)	.134	.006	23.79***
Confidence in math skills (MS)	–.036	.005	–6.84***
Willingness to accept financial risk (RW)	.019	.003	6.50***
Income level (Inc)	.008	.000	40.67***
Ethnicity (Eth)	–.146	.017	–8.67***
Education level (Ed)	.078	.006	13.87***
(FA*MFK)	–.021	.011	–2.02*
(FA*PFK)	.046	.011	4.25***

Note. Adjusted $R^2 = .298$.
* $p < .05$. *** $p < .001$.

TABLE 4. Summary of Regression of Perceived Financial Knowledge Against Measured Financial Knowledge and Financial Advice (Equation 2)

Variable	Coefficient	SE	t-Statistic
Intercept	4.069	.027	151.79***
Measured financial knowledge (MFK)	.288	.009	33.45***
Obtaining financial advice (FA)	.589	.042	13.92***
(MFK*FA)	-.083	.013	-6.62***

Note. Adjusted $R^2 = .093$.

*** $p < .001$.

investment risks, and income and education levels. There was a negative association between financial behaviors and non-White ethnicity. Although positively correlated with financial behaviors, math skills were negatively associated with financial behaviors when including the other independent variables in the regression model. The interaction between obtaining financial advice and perceived financial knowledge was positively associated with financial behaviors. The interaction between obtaining financial advice and measured financial knowledge was negatively associated with financial behaviors. All of these results were at a significance level of $p < .05$. The regression model explained approximately 30 percent of the variation in financial behaviors.

Perceived Financial Knowledge and Obtaining Financial Advice. The relationships between obtaining financial advice and measured and perceived financial knowledge were further considered. The Equation 2 regression results reported in Table 4 showed a positive association between perceived financial knowledge and obtaining financial advice in a model that also included measured financial knowledge. Additionally, the coefficient on the interaction between obtaining financial advice and measured financial knowledge was negative. The model explained approximately nine percent of the variation in perceived financial knowledge.

Multicollinearity. The interaction variables increased multicollinearity in the regression models. In Equation 1, variance inflation factors (VIF) on FA, (FA*MFK), and (FA*PFK) were 17.3, 8.3 and 18.4, respectively. In Equation 2, the VIF on FA and (FA*MFK) were 5.9 and 7.8, respectively. No other VIF in either model exceeded 2.4. Excluding the interaction terms from the regression models

in Equations 1 and 2 produced similar results with respect to the significance and coefficient sign of the remaining independent variables and no VIF greater than 1.7 (results not reported).

Discussion

The results from comparisons of means, correlation analysis, and the first regression model (Equation 1) show a significant positive association between obtaining financial advice and financial behaviors as measured by an index of desirable financial behaviors (avoiding bank overdrafts, paying credit card balances on time and in full, establishing a retirement account, and checking credit scores/reports) (Research Question RQ1). The comparisons of means, correlation analysis, and regression model for Equation 2 show higher levels of perceived financial knowledge associated with obtaining financial advice (RQ3). The comparison of means and correlation analysis show higher levels of measured financial knowledge associated with obtaining financial advice (RQ2), consistent with Robb et al. (2012), Allgood and Walstad (2016) and Porto and Xiao (2016).

In Equation 1, the negative interaction effect of obtaining financial advice and measured financial knowledge on financial behaviors suggests, to an extent, that obtaining advice is more beneficial for individuals possessing less financial knowledge (RQ4). This is consistent with Robb et al. (2012) and Lusardi and Mitchell (2014) that financial advice serves as a partial substitute for financial knowledge in improving financial behaviors and with Hung and Yoong (2013) that individuals with lower financial literacy are more likely to benefit from financial advice. Conversely, the positive interaction effect of obtaining financial advice and perceived financial knowledge suggests that financial advice enhances the association between perceived financial knowledge and financial behaviors (RQ5) as argued by Finke (2013).

Additionally, the second regression model (Equation 2) shows that perceived financial knowledge is positively associated with measured financial knowledge and obtaining financial advice and negatively associated with their interaction (RQ6). These results are consistent with financial advice contributing to a level of perceived financial knowledge beyond the level suggested by measured financial knowledge. In this regard, obtaining financial advice may reflect attitudes such as one's level of interest in personal finance or, more generally, sources of confidence that contribute to



relatively higher levels of perceived financial knowledge (Allgood & Walstad, 2016; Gudmunson & Danes, 2011; Jorgensen & Savla, 2010).

Limitations and Future Research

Several limitations should be considered in interpreting these results. The cross-sectional nature of this study limits the ability to draw conclusions regarding causation. The observed associations between financial knowledge, obtaining financial advice, and other financial behaviors could be caused by unobserved factors associated with these variables. The dominance of income levels compared to other variables including measured and perceived financial knowledge and obtaining financial advice in modeling financial behavior perhaps exemplifies this limitation. Income levels may capture unobserved variables that are associated with financial behaviors, financial knowledge, and obtaining financial advice. The multicollinearity involving the interactions of obtaining advice and measured and perceived financial knowledge similarly limits the ability to draw causation inferences. Also, “learning by doing” may drive causation in the opposite direction where individuals learn from behaviors that increase financial knowledge and the inclination to seek financial advice (see Fernandes et al., 2014; Hilgert et al., 2003). Future longitudinal studies on these variables may provide insights into the causation of various factors on improved financial behaviors.

Fernandes et al. (2014) argue that one reason for questioning causality of financial advice and financial knowledge on improved financial behavior is that the observed associations in previous studies could be attributed to demographic or character traits that are not captured in those studies. This study incorporates variables related to two of those traits, willingness to take financial risks and numeracy skills, and finds significant associations between financial behaviors, measured and perceived financial knowledge, and obtaining financial advice nonetheless. Future research could incorporate other demographic or character-trait variables, such as an individual’s propensity to plan and confidence in carrying out financial information searches.

Implications

The finding that one behavior, obtaining financial advice, is associated with other financial behaviors and with financial knowledge is important within the Joo (2008), Huston (2010), and Gudmunson and Danes (2011) models of

financial well-being. This study supports associations between financial knowledge and behaviors as described in the Joo and Huston models but the links may be more dynamic than those models describe. The results are consistent with a dynamic model described by Gudmunson and Danes that explicitly includes financial attitudes as impacting financial behaviors and well-being. This study’s results are consistent with obtaining advice reflecting financial attitudes that impact behaviors.

The finding that obtaining financial advice is positively associated with financial behaviors is in line with Fernandes et al. (2014) who argued that benefits from more general-purpose financial education are limited in improving financial behaviors. They suggested that more focused and more “just-in-time” financial education tied to specific behaviors would be more effective. Obtaining financial advice is likely similar to this type of education in offering specificity and timeliness about financial matters that can lead to improved financial behaviors.

Financial counselors and other advisors are well positioned to improve financial well-being in their communities in several ways. First, clients benefit from the personal financial advice that financial advisors provide. Second, the advice provided by financial professionals participating in financial literacy service activities provides a valuable contribution to improving the personal financial behaviors and well-being of individuals in their communities. Financial counselors can identify opportunities that provide financial advice to various groups such as students and parents planning for financing higher education, individuals looking to start a business, individuals considering a first home purchase, and retirees and those planning for retirement. Importantly, this advice can be directed to improve the financial behaviors and well-being of groups that can benefit to the greatest extent.

References

- Allgood, S., & Walstad, W. B. (2016). The effects of perceived and actual financial literacy on financial behaviors. *Economic Inquiry*, 54(1), 675–697. <http://dx.doi.org/10.1111/ecin.12255>
- Britt, S., Canale, A., Fernatt, F., Stutz, K., & Tibbetts, R. (2015). Financial stress and financial counseling: Helping college students. *Journal of Financial Counseling and Planning*, 26(2), 172–186.



- Calcagno, R., & Monticone, C. (2015). Financial literacy and the demand for financial advice. *Journal of Banking & Finance*, 50, 363–380. <http://dx.doi.org/10.1016/j.jbankfin.2014.03.013>
- Debbich, M. (2015). *Why financial advice cannot substitute for financial literacy?* Retrieved from https://publications.banque-france.fr/sites/default/files/medias/documents/working-paper_534_2015.pdf
- Fernandes, D., Lynch, J. G., & Netemeyer, R. G. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60(8), 1861–1883. <http://dx.doi.org/10.1287/mnsc.2013.1849>
- Finke, M., Huston, S., & Winchester, D. (2011). Financial advice: Who Pays. *Journal of Financial Counseling and Planning*, 22(1), 18–26.
- Finke, M. (2013). Financial advice: Does it make a difference? In O. Mitchell & K. Smetters (Eds.), *The market for retirement financial advice* (pp. 229–248). Oxford, United Kingdom: Oxford University Press.
- Gudmunson, C. G., & Danes, S. M. (2011). Family financial socialization: Theory and critical review. *Journal of Family and Economic Issues*, 32(4), 644–667. <http://dx.doi.org/10.1007/s10834-011-9275-y>
- Henager, R., & Cude, B. (2016). Financial literacy and long- and short-term financial behavior in different age groups. *Journal of Financial Counseling and Planning*, 27(1), 3–19. <http://dx.doi.org/10.1891/1052-3073.27.1.3>
- Hilgert, M., Hogarth, J., & Beverly, S. (2003). Household financial management: The connection between knowledge and behavior. *Federal Reserve Bulletin*, 89, 309–322. <http://www.federalreserve.gov/pubs/bulletin/2003/0703lead.pdf>
- Hsu, C. (2016). Information sources and retirement savings of working women. *Journal of Financial Counseling and Planning*, 27(2), 252–264. <http://dx.doi.org/10.1891/1052-3073.27.2.252>
- Hung, A., & Yoong, J. (2013). Asking for help: Survey and experimental evidence on financial advice and behavior. In O. Mitchell & K. Smetters (Eds.), *The market for retirement financial advice* (pp. 182–212). Oxford, United Kingdom: Oxford University Press.
- Huston, S. J. (2010). Measuring financial literacy. *Journal of Consumer Affairs*, 44(2), 296–316. <http://dx.doi.org/10.1111/j.1745-6606.2010.01170.x>
- Joo, S. (2008). Personal financial wellness. In J. Xiao (Ed.), *Handbook of consumer finance research* (pp. 21–33). New York, NY: Springer Science and Business Media.
- Jorgensen, B. L., & Savla, J. (2010). Financial literacy of young adults: The importance of parental socialization. *Family Relations*, 59(4), 465–478. <http://dx.doi.org/10.1111/j.1741-3729.2010.00616.x>
- Lim, H., Heckman, S., Letkiewicz, J., & Montalto, C. (2014). Financial stress, self-efficacy, and financial help-seeking behavior of college students. *Journal of Financial Counseling and Planning*, 25(2), 148–160.
- Lusardi, A., & Mitchell, O. S. (2007a). Baby Boomer retirement security: The roles of planning, financial literacy, and housing wealth. *Journal of Monetary Economics*, 54(1), 205–224. <http://dx.doi.org/10.1016/j.jmoneco.2006.12.001>
- Lusardi, A., & Mitchell, O. S. (2014). The Economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44. <http://dx.doi.org/10.1257/jel.52.1.5>
- Lusardi, A., & Mitchell, O. (2011a). The outlook for financial literacy. In O. Mitchell & A. Lusardi (Eds.), *Financial literacy: Implications for retirement security and the financial marketplace* (pp. 1–15). Oxford, United Kingdom: Oxford University Press.
- Lusardi, A., & Mitchell, O. (2011b). Financial literacy and planning: Implications for retirement well-being. In O. Mitchell & A. Lusardi (Eds.), *Financial literacy: Implications for retirement security and the financial marketplace* (pp. 17–39). Oxford, United Kingdom: Oxford University Press.
- Lusardi, A., & Mitchell, O. S. (2007b). Financial literacy and retirement preparedness: Evidence and implications for financial education. *Business Economics*, 42(1), 35–44. <http://dx.doi.org/10.2145/20070104>
- Parrotta, J., & Johnson, P. (1998). The impact of financial attitudes and knowledge on financial management and satisfaction of recently married individuals. *Financial Counseling and Planning*, 22(2), 59–75.
- Porto, N., & Xiao, J. (2016). Financial literacy overconfidence and financial advice seeking. *Journal of Financial Service Professionals*, 70(4), 78–88.
- Robb, C., Babiarz, P., & Woodyard, A. (2012). The demand for financial professionals' advice: The role of financial knowledge, satisfaction, and confidence. *Financial Services Review*, 21(4), 291–305.
- Robb, C., & Woodyard, A. (2011). Financial knowledge and best practice behavior. *Journal of Financial Counseling and Planning*, 22(1), 60–70.



- van Rooij, M., Lusardi, A., & Alessie, R. (2011a). Financial literacy and stock market participation. *Journal of Financial Economics*, 101(2), 449–472. <http://dx.doi.org/10.1016/j.jfineco.2011.03.006>
- van Rooij, M. C. J., Lusardi, A., & Alessie, R. J. M. (2011b). Financial literacy and retirement planning in the Netherlands. *Journal of Economic Psychology*, 32(4), 593–608. <http://dx.doi.org/10.1016/j.joep.2011.02.004>
- Xiao, J., & Porto, N. (2016). Which financial advice topics are positively associated with financial satisfaction? *Journal of Financial Planning*, 29(7), 52–60.
- Yoong, J. (2011). Financial illiteracy and stock market participation: Evidence from the RAND American Life Panel. In O. Mitchell & A. Lusardi (Eds.), *Financial literacy: Implications for retirement security and the financial marketplace* (pp. 76–97). Oxford, United Kingdom: Oxford University Press.

