

Rachael DeLeon

00:00

Welcome to *Real Money, Real Experts*, where we bring you interviews with leading financial professionals, sharing their stories, their challenges, and their advice for helping people manage money in the real world. I'm your host, Rachael DeLeon, Executive Director of the Association for Financial Counseling and Planning Education, or AFCPE.

Dr. Brandy Baxter

00:26

And I'm your co-host, Dr. Brandy Baxter, accredited financial counselor, AFCPE member, and your 2025 AFCPE Board President. On every episode, we take a deep dive into the topics and stories that you care about the most, helping clients, building community, and growing in your work and your career.

Rachael DeLeon

00:50

Today we are welcoming two guests to the show. Lisa Bertie is a director of policy and research at the Financial Health Network, where she leads mixed methods research to advance the financial well-being of U.S. households. She examines the experiences of individuals and families and the solutions that policymakers, employers, and service providers can leverage to strengthen financial lives. Her expertise spans education and family policy, economic inequality, and the design of programs that promote financial security. Previously, Lisa held research roles at Rand Corporation and Colorado. She holds a BA in development studies from Brown University and a Master's in Philosophy and Policy Analysis from the Rand School of Public Policy, where she is currently a PhD student. Lisa is the mom of a toddler, so outside of work, she spends her time at the local playground or toting her daughter around on the back of her bike.

Dr. Brandy Baxter

01:55

Gary R. Mottola is the research director for the FINRA Investor Education Foundation and a social psychologist with over 25 years of research experience. In his role at the FINRA Foundation, he oversees and conducts research aimed at better understanding financial capability in America and protecting consumers from financial fraud. Dr. Mottola received his BA from the University at Albany, MA from Brooklyn College, and PhD from the University of Delaware. He was a visiting scholar at Wharton in 2006 and an adjunct professor of statistics in Villanova University's MBA program. He mentions that this is not necessarily interesting, but he's obsessed with guitars and owns way too many of them. Welcome to the show.

Gary Mottola

02:44

Thanks. Nice to be here.

Rachael DeLeon

02:46

So, Gary and Lisa, you are both joining us this November as keynote speakers at the AFCPE Symposium. And so today we just wanted to get to know a little bit more about you and the work that you're doing and speak a little bit to the research that you'll be presenting. And so we like to get started by kind of going back to the beginning and learning a little bit about each of you. So, Lisa and Gary, what drew you to this work and what keeps you passionate about supporting financial health and capability?

Lisa Berdie

03:20

Well, thank you so much for the invitation to share some space with you all today. I'm really excited to be here. I love this question because I am, in fact, passionate about the work that I do. I started my career as an education policy researcher. So, my focus was really around understanding how schools and school districts could partner with families and best support student learning. And I really love this work. I think it's so exciting to, you know, understand what brings joy to learning and in schools. But while I was doing that work, you know, it's really impossible to ignore the many ways in which financial insecurity really shapes people's experiences. So whether it was school support staff who were fighting for a higher minimum wage, teachers who were struggling to afford housing in the communities in which they were working, or families facing, you know, really an overwhelming amount of school lunch debt, how families and folks in the education system were doing was a really clear through line. And so it was important to me to really dig into this. And I've grown sort of my practice and my focus. And I'm really driven about thinking more broadly about the supports and resources that families need to thrive. So, from my perspective, as a researcher, there's always new questions to ask, new interventions to evaluate. But what keeps me passionate about the work is really the opportunity to learn from others and to translate that into solutions that matter for folks on the day-to-day.

Gary Mottola

04:47

So I had a bit of an unexpected start in this space. I was hard as a researcher at Vanguard, but it was hard as a market researcher. And kind of during my time, and I should say as a market researcher, it wasn't just to sell financial products and services, actually to find the kind of the right products and services to help people achieve their financial goals. And kind of while there along the way, you know, I realized, wow, that the financial knowledge levels in the US are pretty low. And these um the low financial knowledge levels have kind of can have a real impact on people's financial well-being. And so then as as I moved to to FINRE or the FINRER Foundation, what kind of began as a research job in the in the financial services space kind of morphed into more mission-driven work, essentially really trying to understand financial capability, financial knowledge, and more importantly,

how to improve it. The uh uh the passion kind of stems from kind of just that. The desire to just really kind of help people achieve their financial goals and improve their financial well-being. But I gotta say, part of the part of the passion just stems from the energy of our all of our colleagues in this space. Um so many people working together to try to improve financial health and resilience. It's you know, it's infectious. And it's um I I think we complement one another well, and um it's certainly a driver of at least my passion in this space.

Dr. Brandy Baxter

06:21

Well, I appreciate how you mentioned the energy and the fun and colleagues. And you know, it got me to thinking that both of your organizations regularly put out surveys that actually many of your colleagues probably read and use in their practice. And so it helps inform the state of financial health and capability here in our country. Lisa, can you tell us a little bit about the financial health network's financial health pulse and what makes this so critical?

Lisa Berdie

06:49

First of all, I totally agree with Gary in terms of the collaboration. And I think that it's so important in this space because it really financial lives are so complex. Our financial lives are so complex, and I think it really takes a lot of different perspectives to understand what's going on, and then also to develop solutions that really meet people where they are. And to to that end, you know, I think that the financial health pulse survey that we do is sort of oriented around that. This survey is really an opportunity to provide a regular checkup on the financial lives of US households. So we use this to really understand what's going on broadly. And then also, you know, we use that as a launching-off point to start to understand the ways in which there might be different experiences as well in terms of financial health and folks' financial lives. I, as a researcher, really love surveys. I think it's an excellent way to hear from a lot of people at scale. And it helps us understand both, you know, what an average or typical experience might be, but it also really helps us understand what the range of experiences might be. So at Financial Health Network, you know, we have a fairly diverse set of surveys and research that we undertake, but I think behind all of those, there's a really clear why for that for us. And that why is really about deepening our understanding, understanding not only whether financial health happens, but to whom and how. And so we really think about this project as one of the foundations for that learning.

Dr. Brandy Baxter

08:30

Gary, can you tell us a little bit about the National Financial Capability Study?

Gary Mottola

08:34

The National Financial Capability Studies is an ongoing large-scale survey research project aimed at better understanding financial capability in the United States. It was started back in 2009, and we collect data every three years, a very large sample, you know, about 25,000 respondents. And every three years, we we don't we don't survey the same respondents, but we survey another group of respondents in uh so 2012, 2015, 2018, 2021, and we just released 2024. And this uh this allows us to really kind of track trends over time in the United States and to kind of better understand the direction and that financial capability is moving in.

Rachael DeLeon

09:19

Gary, I'm curious, you said you know you just released the 2024 findings. What's something that you found surprising in the release of the new statistics?

Gary Mottola

09:28

There's a bit of a pleasant surprise, but you know, I call I hesitate to use the word pleasant because there's a bit of a story here. So, you know, dating back to 2009, we've been assessing financial knowledge in the United States with a five-question you know financial literacy quiz. And back in 2009, 42% of the respondents uh we classified as having high financial knowledge. And you know, now 42% is not a great number. We want that number to be a lot higher, but keep that 42% in the back of your mind for one moment. Because every wave, with every wave, the the financial knowledge level was decreasing. And you know, we were kind of we were a bit kind of flummoxed by this. And by 2021, um that 42% number dropped to 34%. So only 34% of the people of the people we serve in 2021 we classified as having high financial knowledge. And there we have many hypotheses for why it was dropping. That's probably a conversation for uh another day. But the point is that this year, 2020 in the 20, not this year, in the 2024 wave, again, which we released recently, financial knowledge did not drop. It actually kind of ticked up just a little bit. And while this might not sound like a really dramatic finding, you know, to us it was important because we saw this steady decline, decline, decline. Finally, finally we leveled off. And so that was that was very promising to us. And uh the one thing I'll add is that kind of as a side story is that knowledge about inflation increased. So a significant jump in the people answering our inflation question correctly, and particularly among younger adults who never likely never experienced inflation. So there was some experiential learning going on with inflation because we've been in a high inflationary environment fairly recently. So, it was nice, that was the first time ever that we saw a significant uptick in any financial knowledge question. So this this was um this was a bit of a pleasant surprise for us. Although, again, we still we want to get what we want to get the uh the percentage of uh of U.S. adults that have five high financial knowledge way, way higher than it is now.

Dr. Brandy Baxter

11:45

Lisa, Gary just shared with us about financial knowledge. Can you share with us some drivers or influences that are affecting household financial health?

Lisa Berdie

11:54

You know, when we think about financial health at the financial health network, we're really thinking about how folks are building resiliency. We're thinking about how folks are spending in ways that build resiliency, our saving, our borrowing, or are planning for the future. And so, you know, we sort of have these as outcomes of what we think, you know, can differentiate sort of financial health for folks. And we see that there are, you know, a number of different things that can influence these outcomes. Sometimes those are structural. You know, we've done some deep work understanding the financial health within the disability community. This is a community that's far more likely to be financially vulnerable than their non-disabled peers. And some of those reasons, there's many reasons why that is the case, but one of those reasons is clearly structural. You know, there are asset limits that really prevent this community when they receive particular government benefits, public benefits. They're faced with these barriers to building out their long-term savings. And so that is sort of a structural barrier that can be present. You know, we also see barriers or influencers or drivers that are system or that are systemic. We see barriers that are systemic. So, you know, we see that people of color and women are more likely to work low-quality jobs, for example, jobs that don't pay well, that have limited pathways for advancement, that offer fewer benefits. You know, this really isn't happenstance, and instead, it's about the structure of our labor market and also a result of historical and current discrimination and occupational segregation in the workforce. So these are just some examples that sort of, you know, explain the ways in which influences can be structural, can be systemic. We also see that events that people experience impact their financial health. One of my favorite studies that some of my colleagues at Financial Health Network have done have really thought about what's the what's the ongoing experience around financial health. And they started to look at households who were intermittently financially unhealthy. So that was, you know, we really were looking at households that were unhealthy at least once during the whole study period, but not for the whole time. And we saw that there were some events actually that were quite impactful. So job loss was the most impactful event we saw. It was associated with a two-fold increase in the odds of becoming financially unhealthy. Having bad health or having a major medical expense were also significantly related to becoming financially unhealthy. And so what I think that this starts to show us is that there are events that folks experience that really can impact their finances as well. But then I think on the on the flip side, and hopefully this is structural, this is hopeful as well, you know, we also see behaviors that actually are associated with decreased odds of becoming financially unhealthy. So some of those behaviors and some of those events were things like opening a savings account and paying off debt and increasing your household income. All of these were linked to decreased odds of becoming financially unhealthy. And so when I think about sort of the drivers of financial health, you know, I this makes me think sort of about what Gary was saying too, in terms of like, it would be really, I think, important to understand what the relationship is to financial capability here. But I think what this conversation is really driving towards is that there are contextual factors,

whether you experience inflation might have an impact certainly on your financial health and on your financial capability. But there are also sort of behaviors and events and choices that we make that also impact our financial lives and thus our financial health.

Rachael DeLeon

15:40

Lisa, you talked a little bit about, you know, structural issues, systemic issues, event issues, and behaviors. But I also believe, you know, a lot of your work looks at complexity around the financial landscape. And the truth is that the financial landscape is continuing to evolve. And a lot of what is evolving with it makes lives easier, but sometimes it also creates complexity, especially around the increase with new products and services. Where are some of the areas where you're seeing the largest shifts in this space?

Lisa Berdie

16:13

Yeah, I think that your point here around the increased complexity really resonates. And so, you know, one of the spaces that we see increased complexity in particular is sort of in the small dollar credit space. So these are products and services that are available to folks that really try and solve problems around liquidity constraints. Liquidity constraints are nothing new. Many families have faced real trade-offs for a long time and they continue to do so. You know, in our most recent research, we see that nearly a quarter of households reported that the largest expense they could handle using only savings is less than \$200. So people just really are struggling with this buffer and having enough liquidity on hand. And there's products that are evolving and that are available to help folks facing this liquidity crunch. You know, I think credit cards are probably the most ubiquitous way that households are using small dollar credit. Let's sort of hold that aside. We could talk about credit cards all day. But I think that there's some other interesting trends in the small dollar credit space that are important to understand. You know, so there are some products where use has gone down. Payday loans are one of those examples. Use of payday loans has fallen since the pandemic. You know, overdraft, folks, folks spending more out of their checking account than they have available in the account. The incidence of that has fallen, but it's still a really significant source. So overdraft, even though it's fallen since the pandemic, is still the single largest cost that households pay for short-term credit. So we sort of see the you know, some declines in some product categories, but or some products within this category, but they're still quite extensive. And we see other products that are growing. So buy now pay later use has really increased, as has the use of earned wage access apps. And so, you know, I think that there's all of this points to is that there's just a number of products and services that are available to consumers that they're having to navigate that might have trade-offs between each other. And I think that this is sort of the evolution of the landscape. So our research is really focused on how these tools can be structured in ways that help families, how they help them smooth income and manage expenses, but really being cognizant around, you know, making sure that this doesn't trap folks in cycles of debt.

Dr. Brandy Baxter

18:44

That information, I'm thinking through the lens as a financial counselor, that information is so valuable to know and have access to. So, thank you for sharing that. Gary, as we look at the FINRER study and kind of what you discovered there, do you see signs that this complexity is overwhelming for households, or are some groups navigating it better than others?

Gary Mottola

19:04

That's a good question. And it's hard to really use a geeky researcher term, operationalize financial complexity. Like how do you actually how do you actually kind of assess financial complexity in the environment? So that's a challenge. But I will say that you know, Lisa's point that there are many, many things that impact financial health is an important one. and we you know, financial complexity in the financial landscape is one of them. Obviously, I work at the FINRA Investor Education Foundation, so education is important to us, and as a result, you know, financial knowledge is important to us. So, I'll come back to the financial knowledge to answer this question. Um again, I want to reiterate that financial knowledge is only one piece of a large equation that um that Lisa did a nice job of uh of kind of outlining for us. But you know, essentially uh from our perspective, navigating you know, if high if you have far higher financial knowledge levels, you're better able to navigate a complex financial landscape. And uh the but the the challenge here is that uh yeah, financial knowledge may overall be pretty low in the United States, but there are some groups that have very high financial knowledge, and there are some groups that have very low financial knowledge. Just to give you an example, the higher the higher knowledge groups, if you have higher income, more education, or if you're older, you tend to have higher financial knowledge. Conversely, lower income groups, less formal education, younger adults, and and even women tend to have lower levels of financial knowledge. And it's important to it's important to note that there are many reasons why some groups have higher financial knowledge and some groups have low financial knowledge. It's not and actually, again, Lisa did a nice job of talking about some of the some of the systemic things that can affect this. But the point I want to make here is that it's not that the people who have low financial knowledge aren't trying, right? That there are many factors that contribute to it. But to get to the punchline here, the point is that because financial knowledge varies quite significantly among the different groups, some groups are in a better position, again, to navigate a complex financial landscape. Other groups not so much. So from our perspective, the key is to find ways to provide all adults, all people, all groups with in the United States with the knowledge, skills, and and tools that that can help them kind of deal with um with a complex financial environment.

Rachael DeLeon

21:41

That's great. It is complicated. The services are complicated, but you know, especially coming from the lens of financial counselors, coaches, educators that are working with people, often from different backgrounds and walks of life, there are also things that aren't necessarily as in our control,

like the cis, you know, the systems that surround us. And so I think I know this is going to be a really excellent topic at the symposium as we look at all of these different areas and the work of our professionals and how we can use this, these findings and this data to really help not only the clients that we work with, but start to inform research and have these types of collaborative conversations together. I'm so incredibly excited to dig in more. But one kind of last question for you you know, based on your work and your research, if there was one practical step you'd encourage households to take today, which is a loaded question because not every household looks the same. But if you had one piece of advice to strengthen financial health, what would you suggest?

Gary Mottola

22:52

I'm gonna go a little bit away from the one piece of advice, but it'll be one short statement. All right, I like that has two pieces to it. It's essentially learn and do. You know, you can call it the learn and do strategy from from a learning approach, right? There's there's lots of great objective financial education resources out there, and and people can and and should and can avail themselves of these resources. The and you there's video-based content that's great. So if you you know if you find video-based content compelling, yeah, go that route. And as you learn, since there's a lot of information out there, now some of it is questionable, but a lot of it is very good, you should diversify your information sources. It shouldn't just go go to or rely on one source, because you'll get a more comprehensive picture and you'll be able to weed out some of the bad kind of uh guidance or advice if if you go to multiple sources of information. So and and and just be critical, you know, as you're learning about personal finance and as you're as you're listening to what people say, you know, be critical and kind of evaluate the information and talk to friends and family as well. They could be a a great resource. On the do side, on the do approach, you know, we already talked a little about experiential learning with inflation, but we also have we have we have we have some really nice evidence that experiential learning works, for example, in the investing space. These days it it's it's quite easy to open up open up an investing account. And whereas in the past you needed a fair amount of money to start investing, you could literally literally start with one dollar if you could start investing today. So, yes, do do your due diligence, educate yourself in this example, educate yourself on on investing, but then you know dip your toe in the water, right? Oh open up an account, you could be a small amount of money, you could you could start to kind of invest and see what it's like. You know, once you once you're investing, you could bounce, you know, you'll you'll you'll naturally have some new questions and you could bounce that off people. But um, but yeah, I highly encourage people to do essentially. And it's not just an investing, there are other spaces where you could um you could kind of actually learn by doing. So uh I guess I'll just say that you know, financial capability and financial health, it it it's a journey, right? People, it's continuous learning, and everyone makes mistakes. Everyone makes decisions that financial decisions that they regret, including I mean everybody, I'm uh obviously including me. So it's it's it's but it's important to kind of keep improving to gain some confidence and just to kind of focus more on progress and making making effective uh financial decisions and not on perfection. So that that would be kind of, I guess, my advice.

Rachael DeLeon

25:36

Lisa, same question for you. What advice would you have? What's a practical step you would encourage households to take?

Lisa Berdie

25:43

So I love this idea of learning and doing. And I think that my small step is on the doing side, sort of leveraging some of the learning that my team has been doing. So, you know, I think about starting small and taking actions that set you and your family up for success. And one of those pieces is around sort of automating some of these behaviors that we know have some associations to increased financial health. So we see folks that who we see folks that automate their savings tend to have significantly higher savings balances compared to folks who don't. So this is a really easy first step to take. Automate your savings. This type of behavior and the benefit for your financial health is mirrored in the retirement literature too. So even small regular amounts can add up over time, and the automation really makes it into a habit and one that you don't necessarily have to be cognizant of all the time. And this can really set you up for the future. You know, I want to just acknowledge that not everyone is in a position to save regularly, and that's a structural problem, not an individual failing. But there are there is this opportunity to really think about what are ways to build these small steps, take these small actions that can lead to meaningful change in your financial health.

Dr. Brandy Baxter

27:07

Excellent. Thank you so much, Lisa and Gary. So, something that Rachael and I have done for the show is we like to ask our guests to share their two cents. We think of it as like our knowledge bank that we're building for our audience. So, Lisa, I'll give you the opportunity to go first. What two cents would you add to our knowledge bank?

Lisa Berdie

27:28

You know, something that this is a little bit outside of what we have been talking about today, but uh at Financial Health Network, we've really been thinking about what are some of the supports and resources and sort of structures in the in jobs and in job quality that can really make a difference for folks' financial health. And I just want to plug this work and this learning because I think that it's really important in terms of understanding how employers can really support the well-being of their workers. And so we're seeing that there are some key and core, what we're calling essential benefits that are really meaningful. And so, you know, I think that this is another space where financial coaches can also be thinking about how to make sure that folks they're working with are really taking advantage of all of the resources and benefits that are that are offered through employment opportunities and to really build the case for improving and increasing that. So I'll leave I'll leave our conversation with that tidbit.

Dr. Brandy Baxter

28:33

Oh, I like it. Thank you. Gary, what about you? What would you add? Your two cents.

Gary Mottola

28:38

I'm glad I got this question second, because it gave me a little bit of time to think about it. So thanks, Lisa, for the for that little gift of time. I think that, you know, what we're focused on a lot here at the Finner Foundation is, and I alluded to it earlier, the the the information sources that people have that can inform their decision making. And you know, we live at an interesting time. I mean, obviously, the elephant in the room when it comes to information sources is AI, right? So I think we're increasingly going to see people using AI to help them make informed financial decisions. And it's unclear is that a good thing, is that a bad thing, is it a neutral thing? I think I think some work needs to be done in that space. And kind of related is, and again, I alluded to this earlier, but you know, there are great inform social media has some really, really good information sources and some not so good information sources, right? So I I think uh my two cents is just kind of be really, really thoughtful about how you use technology, whether it's AI or kind of you know social media to to kind of help inform your decisions. Certainly not saying not to use them, just uh kind of just be thoughtful about how you use them and kind of keep an eye out for information that that could kind of help you use the tools that are available in in. In in an effective way.

Rachael DeLeon

30:02

Thank you, Gary. That's great advice. And I am absolutely thrilled to welcome you guys and kind of dig into this conversation even further in just a couple months' time. But in the meantime, for our listeners, we are going to put the links to the financial health pulse and the national capability survey, financial capability survey in the show notes. And how should people connect with you outside of this?

Lisa Berdie

30:29

LinkedIn is a great space to connect. And I'm looking forward to meeting folks in person as well for those who are able to attend. Please don't be shy and would love to connect there.

Gary Mottola

30:41

LinkedIn is a great way to connect as well. Pretty sure. So, I there's going to be a link to our website. It's finrafoundation.org. And I think that my contact information is on that website. And absolutely, either through LinkedIn or via our website, feel free to reach out. Happy to help and talk about the

data and kind of the insights in any way that might be helpful for kind of practitioners and like you and also we policymakers and educators as well. So yeah, don't hesitate to reach out.

Rachael DeLeon

31:18

Fantastic. We're looking forward to continuing the conversation. Thanks again for coming on. Thanks so much for having us.

Dr. Brandy Baxter

31:24

Yes, thank you. This was a good conversation, Rachael.

Rachael DeLeon

31:28

I know I'm really excited about putting the two of these groups together. I feel like there's so often we're, you know, there's a lot of great research out there, but I think we can learn so much about, you know, two different surveys that are looking at interviewing or interviewing what's the word I'm looking for, communities a little bit differently and how we can look at that, those findings and really apply them to the work that we're doing. And I think, you know, I think there are some similarities around their findings, but there's probably a few discrepancies as well. And I think that it's good to dig in and to really understand what that landscape looks like because it is complex, you know, not one person is created equal. And and to really look at data from two different sides and then draw some of those conclusions back to our community, I think it's going to be really impactful.

Dr. Brandy Baxter

32:24

Yeah, I appreciated Gary sharing his research about the increase in financial knowledge. No surprise that that topic was around inflation. But I thought Lisa did a great job of just kind of opening my eyes to financial health and how families are experiencing intermittent financial health situations based on major events like job loss or uh, you know, having a health emergency. I also appreciated when she shared about the the large shifts that that their research is showing in just how consumers are using short-term debt, moving a little bit further away from uh payday loans, but still feeling the need to leverage uh overdraft protections and things like that. Just so much detail the research is showing, I think that it's really gonna make our audience as well as our symposium attendees equipped to better serve their clients.

Rachael DeLeon

33:28

Absolutely. The other thing I kind of wrote down that's resonated with me is the findings in the research are about not just the what and the why that's happening in financial capability, but the who and the how. And I think that's so important that we're looking at this data from all these different

lenses really ties back to the mission and the vision of our organization of AFCPE. You know, we want to provide access and opportunity to everyone, regardless of their life circumstances. And so I think better understanding how education is being distributed and knowledge is being distributed and the barriers that are there for our country and our families and households, you know, those are a better understanding that allows us to work collaborating collaboratively to find solutions.

Dr. Brandy Baxter

34:22

Gary's comment for me was like the just the mic drop moment when he said, everyone makes mistakes, just keep improving. I felt like that was a great summary of what they've seen in the data and even as practitioners, how we can continue to support our clients.

Rachael DeLeon

34:38

The opinions of our podcast guests are their own, which means that their stories, views, or lived experiences may differ from yours or mine. However, the one thing you will always find on this show is a common thread. Our guests are about helping people with their money to improve their lives. And they believe in upholding high standards for the clients and the communities that they serve. We encourage you to tune in to Real Money, Real Experts with open curiosity. Why? Because it's oftentimes in the conversations where viewpoints or stories differ from our own that we learn the most.