

Financial literacy, retirement planning and well-being among Scots

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Abstract:

We examine financial literacy, retirement planning and well-being upon retirement, using three representative samples of the Scottish population from the HAGIS database, the Financial Capability Study and the British Election Study. We find higher levels of financial literacy among older Scots, compared to the older population in the rest of the United Kingdom. Moreover, there are not significant differences in financial literacy among the generations that graduated before and after the introduction of the Curriculum for Excellence. We find large gender gaps in financial knowledge and related financial behaviour, i.e. in terms of portfolio diversification, retirement and insurance planning. Financial literacy is significantly positively related to saving for old age when young, holding a diversified portfolio of assets, and holding private insurance policies. Among the retired population, financial literacy is positively related to a number of measures related to retirement well-being.

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