

RETIREMENT | Q&A

How Everyday Decisions Affect Your Wealth, According to an Economist

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Annamaria Lusardi found that people with similar salaries throughout their careers retired with different levels of wealth.

Dianna Beevin/CELEST

When Annamaria Lusardi was a doctorate student studying savings behavior in the early 1990s, she noticed something curious: People who had similar salaries during their careers would end up with vastly different wealth levels at retirement.

The difference, she decided, was the financial decisions they had made.

Lusardi's drive to improve financial literacy comes at a time when everyday people are making consequential decisions that professional pension managers would have made in the past. Unless Americans can improve their financial decision making, she says, inequality in society will grow.