

## Faculty Retirement Security and The Role of Financial Literacy: A Case Study

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### Abstract

Globally, efforts have been made to guarantee the worker's labor rights and ensure an optimal standard of living in old age. However, neither governments nor unions have considered the financial education about how they should manage their resources, specifically the retirement planning, so they would have enough savings to keep their usual standard of living. The OECD (2020) points out that, due to weak financial literacy, regardless of educational level, only 28% of adults have savings for retirement and present financial vulnerability that would become a public problem in the future. The 2022 Global Retirement Index highlights that Mexico ranks 36th in the world; adults do not have the skills to make financial decisions for their retirement savings planning. In this paper, we identify the components of financial literacy and their relationship with the appropriate retirement savings level. Under the hypothesis that a higher level of education decreases the probability of being financially fragile in the future, a sample of faculty from a Mexican higher education institution was chosen as study case. Data were collected using the Bank of America's Financial Fitness for Life instrument. The results were like those in other countries and gave evidence of the poor financial knowledge despite the respondents' level of education, which places at risk their sustainable retirement.

**Keywords:** Education level, Financial fragility, Planning, Risk, Savings.