



Is Financial Education Necessary? See the Statistics!

80 % of **teens 13-18 years old** think "it's important to me to have a lot of money in my life."

73% believe they'll be earning "plenty of money" when they're out on their own. Teens predict an average salary of \$145,500 based on career interests. (Boys predict an average salary of \$173,000 and girls predict \$114,200.)

86% want and expect their parents to stop supporting them before age 25.

62% of American teens ages 13-18 believe they are prepared to deal with the adult financial world after high school.

63% say they are knowledgeable about money management, including budgeting, saving and investing.

Fewer than 50% consider themselves knowledgeable about how to budget money (41%), how to pay bills (34%), how credit card interest and fees work (26%), or whether a check cashing service is good to use (24%), how income taxes work (14 percent), or what a 401(k) plan is (13%).

Charles Schwab & Co., Inc., Optimistic Teens May Need Financial Reality Check, Schwab Survey Shows, March 2007, http://www.businesswire.com/portal/site/schwab/index.jsp?epi-content=GENERIC&newsId=20070920006167&ndmHsc=v2*A1167656400000*B1206263677000*C1199192399000*DgroupByDate*J2*N1002458&newsLang=en&beanID=1186282858&viewID=news_view

32% of **high school seniors** use credit cards and 53% use debit cards.

52% of high school seniors did not know that paying off a credit card more slowly will result in higher finance charges.

83% of high school seniors did not know that stocks are likely to yield higher returns than savings bonds, savings accounts and checking accounts over the next 18 years. There has never been an 18-year period where this wasn't true.

60% of high school seniors did not know that they could lose their health insurance if their parents become unemployed.

64% of high school seniors did not know that a house financed with a fixed-rate mortgage is a good hedge against a sudden increase in inflation.

52.3% percent of the high school students did not know they could check their credit report for free once a year at <https://www.annualcreditreport.com/> .

Statistics above are based on the results of the *Jump\$tart Coalition® for Personal Financial Literacy Survey* (April, 2008.) 6,856 high school 12th graders in 40 states participated in the survey.



Do U.S. schools teach financial literacy?



Source: JumpStart Coalition for Personal Finance & Citi Education: http://www.jumpstart.org/state_legislation/index.cfm.

ECONOMIC AND PERSONAL FINANCE EDUCATION IN OUR NATION'S SCHOOLS: A COMPARATIVE LOOK (1998-2007) NCEE'S SURVEY OF THE STATES

	ECONOMICS			PERSONAL FINANCE		
	1998	2007	Increase	1998	2007	Increase
Number of States with Content Standards	38	48	10	21	40	19
Number of States Requiring Implementation of Content Standards	28	40	12	14	28	14
Number of States Requiring a Course to be Offered	16	17	1	0	9	9
Number of States Requiring a Course to be Taken for Graduation	13	17	4	1	7	6
Number of States Requiring Testing	25	23	-2	1	9	8

Source: *Economic, Personal Finance & Entrepreneurship. Education in Our Nation's Schools in 2007*, from the Council for Economic Education. <http://www.councilforeconed.org/about/survey2007/NCEESurvey2007.pdf>



What do teachers say?

A 2007 study of K-12 teachers by the **Networks Financial Institute at Indiana State University** revealed:

- The majority of teachers - 8 in 10 - think it is important to teach financial literacy in U.S. classrooms.
- Only about half of K-12 teachers, however, say they do teach some form of "Financial Literacy" to their students.
- The lack of time, lack of state curriculum requirements, and lack of demand are the top three challenges to teaching financial literacy topics, according to teachers.
- About one-third of K-12 teachers think their state has standards related to financial literacy, but nearly three-quarters believe their state *should* have academic standards for this subject.
- According to teachers, financial literacy skills are lacking among young people in the U.S., and many say that their students need to be exposed to the basic financial skills they will need to function in society.
- Balancing checkbooks, managing credit, making intelligent economic decisions, and staying out of debt are all topics teachers mention as being important to teach students before they go out into the "real world."

Source: Networks Financial Institute at Indiana State University, *National K-12 Financial Literacy Qualitative & Quantitative Research*, March/April, 2007, (Based on 650 K-12 teachers interviewed nationally).
<http://www.networksfinancialinstitute.org/SiteCollectionDocuments/NationalK12FinancialLiteracyStudy.pdf>

What do parents say?

- Only 5% of adults learned about the vital life skill of money management in elementary or high school.
- Less than half of people (48%) learned about money management from their parents, while 41% were self-taught or learned the hard way.

Source: Visa, *Visa Back-To-School Survey Finds That Only 5% of Kids Learn Vital Life Skill of Money Management in Class*, August 2007, <http://www.practicalmoneyskills.com/english/presscenter/releases/081307.php>



- 52% of teens are eager to learn more about money management, but only 14% have taken a class on the topic - 35% would like to learn from their parents.
- Only 19% of parents are discussing back to school budgeting and only 22% have made a list of back-to-school items to purchase.
- 80% of parents see themselves as positive money role models for their kids, yet only a small percentage are taking advantage of day-to-day learning opportunities to arm their teens with practical money skills.
- Only 48% of parents have discussed the importance of needs versus wants and more than one-third (36%) have not discussed back to school finances at all with their teens.

Source: Capital One, *Capital One's Annual Back to School Survey Finds More Teens Eager To Learn About Money, Yet Parents Continue to Overlook Simple Opportunities to Talk Dollars and Cents*, July 2007,
http://phx.corporate-ir.net/phoenix.zhtml?c=70667&p=irol-newsArticle_print&ID=1026172&highlight