



APRIL IS FINANCIAL LITERACY MONTH

Financial Literacy Month in Florida



Photo L to R: Attorney General Pam Bondi; Governor Rick Scott; VeteransPlus Deputy Dir of Strategic Partnerships Christopher Fitzpatrick, Florida Jump\$tart Board Member and Chair of the CFO's Financial Literacy Council Cassandra Grayson; VeteransPlus Executive Director John Pickens; VeteransPlus National Dir. of Education James Feazell; CFO Jeff Atwater; and Commissioner of Agriculture Adam Putnam.

RESOLUTION

WHEREAS, financial literacy is essential to the financial stability of all Floridians;
and

WHEREAS, a vigorous and healthy economy is fueled by the choices of financially informed consumers and Florida's citizens should make educated decisions throughout their lives concerning saving, budgeting and how to obtain and use consumer credit; and

WHEREAS, education is the first line of defense in helping consumers manage their money wisely and safeguard themselves against fraud and identity theft; and

WHEREAS, the Florida Department of Financial Services and the Florida Financial Literacy Council seek to heighten Florida consumer awareness and educate Floridians about the wise use of consumer credit, avoiding excessive debt, small business security and first-time home buying; and

WHEREAS, the Florida Department of Financial Services and the Florida Financial Literacy Council will continue to educate Floridians about becoming better informed investors and borrowers and encourage them to save and invest for retirement and other financial goals; and

WHEREAS, during the month of April, state and federal agencies, consumer groups and the financial services industry will join together to conduct educational events in communities and schools to illustrate the importance of personal literacy.

NOW, THEREFORE, BE IT RESOLVED that the Governor and Cabinet of the State of Florida do hereby proclaim the month of April, 2011, as

FINANCIAL LITERACY MONTH

in the State of Florida and encourage all Floridians to make informed financial decisions and take advantage of the resources that can help them become responsible consumers, savers and investors.

IN TESTIMONY WHEREOF the Governor and Cabinet of the State of Florida have hereunto subscribed their names and have caused the Official Seal of the State of Florida to be hereunto affixed in the City of Tallahassee on this 5th day of April, 2011.

Listen to the resolution audio (fast forward past first 9 minutes of pre-event recording) and Cassandra's remarks at: <http://www.myflorida.com/myflorida/cabinet/mart.html>

Upcoming Events

Wednesday, April 20

FPP Regional (9 am) and Bank On (1 pm) meetings, Orlando. Contact Penny Zaphel at: floridaprospertypartnership@gmail.com for more information.

April 20-22

Annual Conference on Financial Education, Chicago

Sponsored by the Institute for Financial Literacy www.acfeonline.org

Thursday, April 21

FPP Regional (9 am) and Bank On (1 pm) meetings, Hollywood. Contact Penny Zaphel at: floridaprospertypartnership@gmail.com for more information.

Thursday, April 21 5-8 p.m.

Teaching International Economics: Dinner and Strategies; sponsored by the Jacksonville Branch of the Federal Reserve Bank of Atlanta

Explore strategies for teaching concepts in international economics from Florida's Next Generation Sunshine State Standards. Dinner and materials will be provided. No charge for this program, but registration is required. Space is limited. Register at http://www.frbatlanta.org/forms/register_110421_jck.cfm

Thursday, April 21

President's Advisory Council on Financial Capability - Meeting
Washington, DC

Friday, April 29 9-10 a.m.

Florida Jump\$tart Board of Directors Meeting; conference call

Wednesday, May 18

US Treasury's Financial Literacy Education Committee Meeting; Washington

Friday, May 21 9-10 a.m.

Florida Jump\$tart Board of Directors Meeting; conference call

June 1-3

Third Annual FPP State Conference. Contact Penny Zaphel at:

floridaprospertypartnership@gmail.com for more information.

November 17-18

Florida Asset Building Coalition Annual Conference, Orlando

Contact Karen Landry for additional information at klandry@waronpoverty.org

News Briefs

Bills Seek Funds to Teach Financial Literacy

(APRIL 6, 2011) – The bill Rep. Emanuel Cleaver, D-Mo., has introduced that would appoint the Education Department to award funds to state and local education agencies to develop financial literacy programs in elementary and secondary schools was referred to the Subcommittee on Early Childhood, Elementary and Secondary Education last month. The measure, HR 626, is similar to HR 300, which would fund financial literacy programs for those 15 to 24 through the Treasury Department.

– *Investment News*

<http://www.investmentnews.com/article/20110406/REG/110409965/1/INRegulatoryAlert01>

Student Loans Become Larger Burden For Many Graduates

(APRIL 11, 2011) – Last year for the first time, credit card debt was outpaced by student loan debt, which is expected to exceed \$1 trillion this year. Many college graduates will repay their student loans for years to come, which could prevent them from buying homes and making other large purchases. "In the coming years, a lot of people will still be paying off their student loans when it's time for their kids to go to college," said Mark Kantrowitz, publisher of FinAid.org and Fastweb.com.

– *The New York Times*

New FDIC Guideline Supports Financial Literacy

(APRIL 7, 2011, HOUSTON) – Beginning July 1, the Federal Deposit Insurance Corporation (FDIC) will initiate guidelines that will strongly urge financial institutions to offer either free to low-cost financial education or individualized financial counseling to consumers who are enrolled in automated overdraft payment programs. The new guideline is an effort to teach consumers how to effectively manage personal finances. As the nation's largest, full-service nonprofit credit counseling agency, Money Management International (MMI) is the perfect financial partner for these institutions.

According to a survey by the National Foundation for Credit Counseling (NFCC), 80 percent of American adults believe they would benefit from professional financial counseling. MMI's mission is to improve lives through financial education. Since 1958,

the agency has helped millions of consumers find the tools and solutions they need to achieve financial freedom.

Read more at: <http://www.prnewswire.com/news-releases/new-fdic-guideline-supports-financial-literacy-119403969.html>

68% of Americans Don't Know the IRS Charges a Processing Fee for Paying Taxes With a Credit Card

(APRIL 6, 2011, HOUSTON) – 68 percent are unaware that the Internal Revenue Service (IRS) charges a processing fee of 1.90 percent to 3.93 percent for people who pay their taxes with a credit card. This revelation comes from the FreeScore.com Consumer Credit Awareness Survey of 1,000 Americans, age 18 and older, conducted during the first quarter of 2011.

Further, 66% of Americans who are planning to pay their taxes with a credit card already have a balance on the card. Adding a processing fee to an existing credit card balance can easily increase the total amount paid for taxes.

Read more at <http://accounting.smartpros.com/x71695.xml>

April 15 – Financial Literacy Day on Capitol Hill

Was introduced in 2003 by the Council for Economic Education, Junior Achievement, and the Jump\$tart Coalition, with the office of U.S. Senator Daniel K. Akaka serving as the original honorary host. Over the years, “Hill Day” as it’s come to be known, has evolved from a small gathering to a public event that attracts hundreds of participants. The location of the event alternates, each year, between an office location on the House of Representatives side and the Senate side of “the Hill.”

The event features a free buffet lunch and the financial literacy exhibits from more than 60 non-profit, for-profit, and government entities. It is done in collaboration with U.S. Representative Judy Biggert (R-IL) and U.S. Representative Rubén Hinojosa (D-TX).

Laura Levine, executive director of the Jump\$tart Coalition, has served as the event emcee each year since 2004, representing the many coalition partners that participate. She has said that Hill Day depicts the best of what Jump\$tart is as a coalition—a demonstration of the collective strength of our combined efforts, as well as the unique, individual contribution that each organization makes.

For more information, see <http://www.jumpstart.org/hill-day.html>.

Neck-And-Neck at Halfway Point – Stock Market Game

(MARCH 6, 2011, NAPLES) – Making money in the stock market has been easier than Madison Pergakis ever expected. About halfway through The News-Press Stock Market Game, a pick by the eighth-grader at Gateway Charter School - Weight Watchers - has proven to be one of the hottest stocks in the game, gaining more than 46 percent in about four weeks.

"I like that we keep gaining money even though we only put in a certain amount in the beginning," she said. "It has been fun to watch."

In all, Pergakis and her classmates have gained about 10 percent on their initial investment, good enough to jostle for the lead in the classroom competition with rivals at Caloosa Middle School in Cape Coral. About 50 classrooms are competing. To play the game, participants invest \$50,000 in play money equally among five stocks. Classrooms compete in their own division for a top prize of \$250.

"We want to demystify the aura of a big, vast stock market," Farno said. "There are opportunities for great rewards and also great loss. The students have been amazed by the volatility." Because the game is just eight weeks, student Robert Strathman, 14, said the class tried to use that volatility to its advantage.

Ann Tikka, who teaches the career education class at Caloosa Middle, vying for the lead, said the game has become a regular part of her lesson planning. One of her classes won the class contest in 2004. "I use it to teach the basics in the market and investing, like diversifying your portfolio," Tikka said. "We also talk about what makes the game different from real investing."

See full article at <http://www.news-press.com/article/20110307/BUSINESS01/103070314/Neck-neck-halfway-point?odyssey=mod%7Cnewswell%7Ctext%7CHome%7Cs>

Is Your Child Financially Literate?

(MARCH 6, 2011, CHARLOTTE) – As a father of three and founder of Kidworth, Rudy DeFelice is familiar with the issue of when parents should start addressing kids' financial literacy. The answer may surprise some. Here's a hint: Most parents don't start early enough.

Given uncertain economic conditions, the rising cost of education and threats to many government programs and it has never been more important to get it right.

In our experience in dealing with families, we find that by around age four, children start to show an appreciation of the basic principles of money and value. Signs you can look for to help you determine if a child is ready to grasp financial conversations are:

1) Does your child grasp the fundamental concept of ascribing value to a symbolic instrument, i.e., coins, bills, toys? If yes, the child is ready to talk about how an item is purchased with money, and how many coins or dollars it will take to purchase something. If this is a conversation a parent is having on an ongoing basis, the child begins to understand the relationship between money, goods and value.

2) Does your child understand the principle of growth over time? For example, do they understand that individual coins placed in a piggy bank accumulate over time? If so, the child understands the relationship between time and growth.

3) Does your child understand the basic relationship between money, wealth and lifestyle? Around age 4, kids start to notice that the people in their lives lead different lifestyles relative to their financial position.

4) Does your child understand the simple mechanics of currency, (such that five of one coin can have the same value as one of another, for example)?

Financial literacy is something kids learn from and with parents by exposure, over the course of their whole lives. It is one of the basic responsibilities of parenting. Over time, exposure to the system leads to natural absorption of the principles, similar to the way children learn language. If parents want kids to become adults with good financial habits, they should help them develop these habits naturally over the course of their lives. Read more at <http://www.charlotteobserver.com/2011/03/06/2117052/is-your-child-financially-literate.html#ixzz1FvQQ8NwL>

Financial Literacy: The Federal Government's Role in Empowering Americans to Make Sound Financial Choices

(APRIL 12, 2011) – Financial literacy plays an important role in helping ensure the financial health and stability of individuals, families, and our broader national economy. Economic changes in recent years have highlighted the need to empower Americans to make informed financial decisions, yet evidence indicates that many U.S. consumers could benefit from a better understanding of financial matters. For example, recent surveys indicate that many consumers have difficulty with basic financial concepts and do not budget. This testimony discusses (1) the state of the federal government's approach to financial literacy, (2) observations on overall strategies for addressing financial literacy, and (3) the role GAO can play in addressing and raising awareness on this issue. This testimony is based largely on prior and ongoing work, for which GAO

conducted a literature review; interviewed representatives of organizations that address financial literacy within the federal, state, private, nonprofit, and academic sectors; and reviewed materials of the Financial Literacy and Education Commission. While this statement includes no new recommendations, in the past GAO has made a number of recommendations aimed at improving financial literacy efforts.

To read the full transcript, please see <http://www.gao.gov/products/GAO-11-504T?source=ra>.

Should Financial Literacy Be Mandatory?

(APRIL 7, 2011) – At the epicenter of the housing crisis was a black hole of financial literacy--masses of consumers making calculations with unrealistic mathematical expectations.

"We are bombarded with mobile phone tariffs, direct debits, standing orders and complicated deals," Justin Tomlinson told the BBC--he's a British MP heading up the "Financial Education for Young People" group. Today, the British education system is a haphazard mix of voluntary and compulsory programs, and there is no across-the-board standard to ensure a basic understanding of personal finance.

This lack of education, both in Britain and America, has led to dismal levels of financial literacy. According to a Brookings Institute report, among individuals aged over 50, only half could answer this question:

"Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow: more than \$102, exactly \$102, less than \$102."

Yet another survey found that one in five Americans believed that "the most practical strategy for accumulating several hundred thousand dollars" for their retirement was *the lottery*.

Given the deep-seeded ignorance of the average consumer, is the arm of public education long enough to pull them out?

Is education the answer? Maybe. The Brookings report notes, "None of the four traditional approaches to financial literacy--employer-based, school-based, credit counseling, or community-based--has generated strong evidence that financial literacy efforts have had positive and substantial impacts."

Yet, a ray of academic sunlight suggests that states with mandatory and specific education requirements do show signs of success. Programs may fail if they address illiteracy too late in life or if they are only a single semester long.

– [Fast Company.com](http://FastCompany.com)

AICPA and SHRM to Reward Employer Financial Education Programs

(APRIL 1, 2011) – The American Institute of CPAs and the Society for Human Resource Management have joined up to recognize employers that are contributing to the financial education of their employees.

The Workplace Leader in Financial Education Awards will be handed out in October to employers that offer financial programs that improve the well-being of the staff.

The AICPA and SHRM have been working with the President's Advisory Council on Financial Literacy; its subcommittee on Workplace Financial Education suggested the award's creation. According to a 2009 SHRM survey, 64 percent of employers offer financial education to their staff.

All corporate, not-for-profit and government employers with offices in the United States are eligible for the award and can submit applications through July 1 to www.wlife.org. The website includes a toolkit and information for companies to set up their own financial education programs.

– AICPA.com

Florida Ranks Number 2 for Fraud, ID Theft by FTC: South Florida Worst Place in State

(APRIL 5, 2011) – Beat out only by Colorado, Florida ranks second in the nation for fraud and identity theft complaints, according to a report by the Federal Trade Commission. The Miami-Fort Lauderdale-Pompano Beach metropolitan statistical area, also known as South Florida, unfortunately earned the highest rate of ID theft complaints in both the state and nation with 184 complaints per 100,000 residents, according to the FTC records.

More than 1.3 million consumer fraud complaints were filed in 2010, resulting in losses of about \$1.7 billion dollars. The top categories of complaints include ID theft, debt collection, Internet services and lotteries. The average loss by each victim was nearly \$600 each.

Full Story: <http://blogs.sun-sentinel.com/consumerblog/2011/04/05/florida-ranks-number-2-for-fraud-id-theft-by-ftc-south-florida-worst-place-in-state/>

Textbooks are Eligible for an IRS Tax Credit

(MARCH 22, 2011, OBERLIN, OHIO) – The National Association of College Stores is urging students and their families to take advantage of the American Opportunity Tax Credit, which applies to textbooks and other course materials in 2009 through 2012.

The credit covers textbooks and other course material expenses —as well as tuition and fees not covered by scholarships or grants up to \$2,500 each year for the first four years of college. Forty percent of the credit is refundable.

The NACS has created a Web site, www.textbookaid.org, to provide information about how to best take advantage of the program, according to NACS director of government relations Rich Hershman.

– Accounting Today.com

Financial Literacy Month Contest Stresses Education and Responsibility

(MARCH 22, 2011, ORLANDO) – InCharge Debt Solutions has launched the "Be InCharge of Your Debt Contest." All United States citizens with eligible credit card debt are encouraged to enter the contest between April 4, 2011 and April 29, 2011.

To enter, contestants must complete an e-learning personal finance literacy course, "[Mind Your Finances](#)," and submit a video response about what they learned from the course that will help them become financially empowered and "InCharge" of their debt.

Videos should be less than 2 minutes in length and must comply with contest rules as posted at <http://www.incharge.org/mind-your-finances/>.

The top ten videos, determined by public vote through May 31, will advance to the final round of judging. One winner will be selected based on originality, creativity, overall appeal, and demonstration of learning from the course. The winning contest entrant will receive a grand prize of up to \$10,000 that will be paid directly on their behalf to their unsecured credit card account(s).

The contest winner will be announced Thursday, June 30, 2011.

For details and to enter, visit www.InCharge.org.

Swiping Is the Easy Part

(MARCH 24, 2011) – The cellphone has been more than a cellphone for years, but soon it could take on an entirely new role — standing in for all of the credit and debit cards crammed into wallets. Instead of swiping a plastic card at the checkout counter, consumers would merely wave their phones.

There's just one hitch: While the technology is already being installed in millions of phones — and is used overseas — wide adoption of the so-called mobile wallets is being slowed by a major behind-the-scenes battle among corporate giants.

Mobile phone carriers, banks, credit card issuers, payment networks and technology companies are all vying to control these wallets. But first, they need to sort out what role each will play and how each will get paid.

The stakes are enormous because small, hidden fees that are generated every time consumers swipe their cards add up to tens of billions of dollars annually in the United States alone.

– *The New York Times* Read full article at

<http://www.nytimes.com/2011/03/24/technology/24wallet.html? r=1>

Florida Is No. 1 for Identity Theft

(MARCH 14, 2011) – Charlene Rambo still is haunted by the experience of being arrested twice. She was released both times after law enforcement and prosecutors learned it was someone else using her name to write thousands of dollars worth of bogus checks from a closed account.

Brevard ranked 137 among the nation's worst areas for identity theft, up from 156th a year earlier, according to Life Lock, an identity theft protection company. According to Life Lock, 11 million Americans were victims of identity theft in 2009, one of the fastest-growing crimes in the nation. Florida ranks as the worst state for identity theft with about 22,000 cases reported to federal authorities the same year.

"Identity theft has been around forever," said Wayne Ivey, Florida Department of Law Enforcement. "You can trace identity theft back to biblical times. Today, we use computers," Ivey said. "It's not new. It's evolved."

Mike Prusinski of Life Lock said the problem continues to grow in Florida. "They are the worst state for identity theft," he said. "We want people to be educated." Prusinski said that 250,000 identity theft complaints were filed last year with the Federal Trade Commission, but 35 percent of victims never filed a police report. There were more than 21,500 such complaints from Florida residents, but Prusinski said that many other victims file a police report but go no further.

– *Florida Today* Read full article at:

<http://www.floridatoday.com/article/20110314/NEWS01/103140319/Florida-No-1-identity-theft?odyssey=tab|topnews|text|Local%20News>

White House Introduces Tax Cut Calculator

(APRIL 7, 2011, Washington, D.C.) – The White House has debuted a new online calculator to help taxpayers understand how last December's tax cut legislation is affecting their paychecks and household finances. In addition to the new calculator, the Obama administration has also introduced a new Tax Cut Checklist to help taxpayers better understand how they benefit from the more than 40 tax cuts signed into law. The Tax Cut Calculator can be accessed at <http://www.whitehouse.gov/issues/taxes/tax-cut-calculator>.

– *Accounting Today.com*

Welcome New Partners and Representatives

A 123 Credit Counselors

Miami

(407) 312-3423

Elizabeth Garcia

President and CEO

egarcia@a123cc.org

Access Counseling, Inc.

Winter Park

(407) 312-3423

Al Duarte, Vice President of Business

Development

al@accesscounselinginc.org

In Memoriam

Angela Heine, We Will Miss You!

On March 28, the Florida Jump\$tart Coalition lost a shining star – **Angela Heine with Moonjar**. According to the FHP, Angela died within hours of being struck head-on by a wrong-way driver on State Road 417 in Orlando. She was 44.

Angela had worked with Moonjar for seven years and was based in Orlando. She was active with the Florida and Washington state coalitions and participated in the National Teacher Conference both years. Many of you will remember her from our Partner Showcase this past December. (See photo). For those not familiar with Moonjar, Angela describes it best ...

“We are a Seattle-based company that makes three-part banks/moneyboxes that teach SAVE-SPEND-SHARE. We have lesson plans along with financial literacy books and games. Our primary age range is 4-8 and we have high schoolers using Moonjar for community service hours by teaching money skills to elementary children. Moonjar is also utilized by credit unions, community banks, schools, non-profit orgs, scouts and churches - basically any group wanting to bring financial literacy to young children.”

We will miss you, Angela. You were energetic, kind, enthusiastic, and a real financial literacy advocate.



E.T. York, Founder of IFAS, Dies

GAINESVILLE, Fla. — E.T. York of Gainesville passed away on Friday, April 15, 2011. He was chancellor emeritus of the State University System and former University of Florida vice president for agriculture and natural resources, executive vice president, and interim president. A native of Mentone, Ala., he was 88.

During his tenure at UF, York created the **Institute of Food and Agricultural Sciences, or IFAS**, to facilitate closer coordination of the agricultural, teaching, research, and extension functions. Under IFAS, York mandated a thorough evaluation of the teaching program with a consolidation of numerous courses and curricula, expansion of the graduate program, resulting in an increase in teaching productivity of more than 50 percent in four years, and an enrollment increase of more than 135 percent. Read more at <http://news.ufl.edu/2011/04/15/e-t-york-dies/>.

Financial Literacy Resources

INTUIT: Financial Fun! Mint.com Launches 'Quest for Money'

(March 30, 2011) – Developing good money management skills just got a little more fun with Mint.com's new online "Quest for Money" game. The online game provides free

tools to help middle school students learn essential and long-lasting personal finance skills and is part of Intuit Inc.'s financial literacy program.

Mint and Scholastic, the global children's publishing, education and media company, designed "Quest for Money" as a fun way for young people to learn about money management strategies like earning and saving money, and budgeting to meet specific financial goals. The game challenges players with questions about money, shopping and saving - rewarding them for smart choices and correct answers.

In addition to the "Quest for Money" game, Mint's financial literacy program provides teachers with lesson plans and online resources, and parents with family activities and worksheets that can be used at home. The materials teach students about commonly used personal finance terms and explain complicated concepts, such as compound interest, with everyday scenarios and easy-to-understand language.

To play the new game, download lesson plans and find financial education information, visit: <http://www.mint.com/education>. Materials also are available online for teachers at www.scholastic.com/mint and will be distributed in 30,000 classrooms nationwide this year.

Financial Literacy and Education Summit 2011 On-Demand Video Available

The fifth annual 2011 Financial Literacy and Education Summit, entitled *The Role of Government in Financial Literacy*, took place at the Federal Reserve Bank of Chicago on April 4. If you missed part of the Summit, you can view the on-demand video. The event, co-hosted by Visa Inc., featured discussions by leading financial literacy experts, including Visa's Chief Financial Officer Byron H. Pollitt. Two separate panel discussions delved into the role of government in financial literacy policy both from global and domestic perspectives. Panelists addressed how government, financial education leaders and providers could work together to equip consumers with the tools needed to make wise financial decisions. To watch the on-demand Summit video or invite a friend or colleague to watch, visit the Summit site at

<http://www.practicalmoneyskills.com/summit2011/>

Take the CredAbility Financial Literacy Quiz and See If You Are Making the Best Use of Your Money

(March 31, 2011, ATLANTA) – How well do you understand the basics of money management? Take this quiz from CredAbility to see if you are making the best use of your money. The correct answers are the end of the quiz. Below is a sample question and answer. See the entire quiz at <http://www.prnewswire.com/news-releases/april-is-financial-literacy-month---can-you-answer-these-15-questions-118986174.html>

8. You purchase a \$20,000 car with 10 percent down and take out a loan with a 10 percent interest rate for 60 months. About how much will your monthly payments be?

A. \$257 B. \$382 C. \$469 D. \$512

(B) – Put 20 percent down, and you will reduce your payments to \$340 per month. Finance for 48 months instead of 60 and your payments will be about \$74 more per month, but you will save just over \$1,000 in interest charges over the life of the loan.

Financial Education: 3 Great Sites for Money Lessons on Video

FoolProof offers six online training programs aimed at high school and college students, and adults. They teach financial literacy and critical thinking skills related to money. The programs are interactive, presented in module format, and self-grading. The new *Burning Money* series has videos and instruction on budgeting, spending, and saving decisions, and addresses behaviors of individuals as well as technical aspects of money management. Visit www.aboutfoolproof.com.

The **Kahn Academy** Website has over 2,100 short learning videos on math and science, including subsets on economics, banking, money, and finance. More than 1 million students a month tune in at their convenience. (This is a great site for explanation of terms and concepts to aid with homework.) The founder, Salman Kahn, is a former hedge fund analyst who got the idea for his site while tutoring his distant cousins via a chalkboard demo on YouTube. Visit <http://www.khanacademy.org/>.

The **Wharton School of Business** at the University of Pennsylvania has created a comprehensive video glossary of hundreds of business-related terms. Puzzled by the concept of "operating income" or need some help with your "competitive advantage?" Click on the word listed in the glossary and a brief videotaped definition will pop up featuring a Wharton professor explaining the meaning and using the word in a sentence for further clarity. Visit <http://kwhs.wharton.upenn.edu/glossary>.

– *CBS Moneywatch.com*

Top 10 FDIC Online Resources for Consumers

(March 8, 2011) – Consumers of all ages are increasingly turning to the Internet for help with managing their finances, but knowing where to go online for reliable, practical money tips can be challenging. That's why the Federal Deposit Insurance Corporation has compiled a "Top 10" list of FDIC online resources for consumers on subjects ranging from deposit insurance to shopping for a bank account and avoiding financial fraud.

1. **"EDIE," the FDIC's Electronic Deposit Insurance Estimator:** An online calculator that assists consumers and businesses in determining their deposit insurance coverage for each FDIC-insured bank where they have deposit accounts.
2. **FDIC Consumer News:** The FDIC's quarterly publication for consumers offers information and tips on credit cards, bank accounts, loans, scams, money management, and much more.
3. **Bank Find:** Our online directory that consumers can use to locate an FDIC-insured institution, learn what happened to a bank that changed names or no longer exists, and more.
4. **Customer Assistance Form:** An easy-to-use form to submit a question to the FDIC or a complaint regarding a financial institution. Consumers with questions or concerns can also call the FDIC toll-free at 1-877-275-3342.
5. **Consumer Alerts:** Warnings about financial frauds and scams.
6. **Small Business Web Page:** Useful information for small businesses, especially regarding access to loans, plus an online form to ask the FDIC a question or register a concern.
7. **The FDIC YouTube Channel:** Videos on topics such as deposit insurance and Internet fraud and messages from FDIC Chairman Bair.
8. **Money Smart:** A financial education curriculum concentrating on the development of consumers' financial skills and positive banking relationships.
9. **Foreclosure Prevention Toolkit:** A Web page that provides easy access to helpful information for homeowners on avoiding foreclosure and foreclosure "rescue" scams.
10. **E-mail updates:** Sign up to receive e-mail notices of each new issue of FDIC Consumer News, Consumer Alerts, and other announcements and publications from the FDIC. Consumers can also follow the FDIC on Twitter and Facebook.

– *SmartPros.com*

Financial Literacy Research

NFCC Financial Literacy Survey Reveals Troubling Contradictions

Consumers Ready to Begin Spending but Admit Lack of Personal Finance Skills

(APRIL 5, 2011, Washington, D.C.) – The results of the National Foundation for Credit Counseling's (NFCC) fifth annual Financial Literacy Survey suggest some troubling contradictions.

Reversing the trend witnessed over the past few years, 26 percent of U.S. adults now report that they are spending more than they did one year ago, shedding some of the more conservative spending habits they adopted during the recent recession. At the same time, more than two in five Americans grade themselves as C, D or F in their knowledge of personal finance, acknowledging that they lack the know-how to make sound financial decisions.

“An admitted lack of personal finance skills coupled with increased spending is a recipe for financial disaster,” said Gail Cunningham, spokesperson for the NFCC. “The good news is that just over three in four, 76 percent, recognize that they could benefit from the advice of a financial professional. Hopefully, this indicates that Americans will take the steps necessary to improve their financial literacy instead of falling back into the financial sins of the past.”

Whether it is due to the stubbornness of entrenched behaviors, the release of pent-up consumer demand, or other factors, the survey reveals that Americans are spending more, saving less, and still carrying credit card debt. As a result, it is not surprising that nearly half of Americans are concerned about having insufficient retirement and “rainy day” savings.

Credit card debt continues to present challenges for many Americans. Although just over two-thirds of adults pay for most purchases with cash or debit cards, two in five still carry credit card balances from month to month.

The full survey is at <http://www.NFCC.org>.

Searching for the Holy Grail of Financial Literacy

For those of us who toil in the fields of financial literacy, the long-elusive piece of our otherwise rewarding work has been to demonstrate that our efforts are actually making a difference.

Many studies have shown that financial literacy improves the knowledge level of the intended audiences but what they do with that knowledge is another matter all together. We all know we should wear seatbelts and exercise more. Not all of us do. Who would admit to not acting wisely? It's not that people overtly mislead. In many cases they genuinely believe they've made substantive changes with their money management, even if they really haven't.

In her white paper entitled “Improving Americans’ Financial Literacy: Educational Tools Work”, co-authored by KayAnn Miller and Kitch Walker, Dr. Donnini documents positive behavioral change from financial literacy. Using data provided by Wells Fargo, her paper shows that first time credit cardholders with Wells Fargo who completed our financial literacy tutorial had dramatically better financial behaviors. She uses hard data – not self-reported – that demonstrates reduced late fees, lower bankruptcy rates and better FICO scores for those who took the tutorial. Her findings include:

- Customers who completed the online education program demonstrated a 51.2 percent improvement in bankruptcy rates compared to customers who did not log on and go through the educational program.
- The 60-day delinquency rate for the customers who completed the education program was 45.1 percent better than those who didn't complete the program.
- The increase in FICO scores for the customers who completed the program was 240 percent better than the increase for those who did not.
- The percentage of cardholder accounts with a late fee was 22.8 percent less for those who completed the education program than those who did not.

- Average revolving monthly balances among online-education participants was 20 percent less than that of those who didn't take the lessons, even though use of their credit cards increased, pointing to more responsible credit use among this group.

This treasure trove of data could be the Holy Grail that financial literacy researchers have been searching for these many years. Dr. Donnini's paper is available at: http://www.practicalmoneyskills.com/summit2011/wp_imp_fl.pdf

Financial Education in the Math Classroom

Recent economic hardships have demonstrated that the understanding of financial and mathematical basics is critical in keeping this country afloat. Too many people learn their financial lessons the hard way as adults, which raises the question "How can we effectively prepare our children to become fiscally responsible adults?"

The answer lies in education. Along with parents, teachers play a vital role in equipping students with the skills they'll need to become financially responsible. There is a growing need to provide teachers with fun, engaging, practical, and shareable resources on the topic of financial mathematics. In response to this ongoing need, Drexel University recently launched the Math Forum – <http://mathforum.org/fe/>, a website dedicated to providing resources and realistic conversations on teaching financial concepts in the classroom. In learning to apply mathematics in a financial context, students build on prior personal knowledge to deepen their understanding of core mathematics concepts and their applications, and to address some of the fundamental competencies inhibiting financial literacy.

– *Drexel University* Read full story at <http://math-blog.com/2011/03/07/financial-education-in-the-math-classroom/>

Researcher Finds Financial Literacy Makes a Difference

As director of finance for one of the country's largest health professions universities, Kimberly Brown has fielded countless questions about rising college costs and the amount of education debt students are taking on to pay for their chosen field of study. Many colleges - including Midwestern University, where Brown works - have addressed these concerns with campus-based financial literacy programs and counseling sessions. These efforts aim to help students make informed financial decisions about managing their money, credit cards and student loan debt.

To determine if such programs actually change how students behave in their everyday financial decision making, Brown conducted a comprehensive study of her own, as part of her doctoral dissertation. She found that, while financial literacy programs are a common part of higher education today, studies that measure their effectiveness are not.

"I quickly discovered that no studies had been conducted on the impact of literacy efforts on students' financial decision making - there were only satisfaction surveys," Brown says.

Responses to the written survey portion of Brown's research suggested a key correlation between financial literacy education and financial decision making. Brown also discovered that financial training had an effect on students' lifestyle choices, such as what they spend on groceries.

Results from the focus groups reinforced this theme, suggesting that financial literacy programs influenced students' budgeting and spending habits, as well as their credit card use. Data from the study also reiterated the potential benefits to students of incorporating financial literacy training into a university's curriculum.

Two of the schools that participated in the research project use USA Funds Life Skills, a Web-based financial literacy program that helps schools teach students to manage their time and money during school and after graduation.

Based on the results of her study, Brown offers several recommendations with regard to financial literacy programs. She hopes her study's findings not only will generate increased awareness about financial literacy education and its influence on students' financial choices, but also lead to the development of a standardized assessment tool that colleges can use to measure the impact of their curriculum on students' financial decision making.

The study is available on the USA Funds website.

<http://www.usafunds.org/schools/Life%20Skills%20General/LSWhitePaper.pdf>

Interesting Blogs

Consumer Education and Personal Finance Classes May Do Little to Improve Financial Behavior

(APRIL 5, 2011) – When I was in high school, I took a consumer education proficiency test and passed it with flying colors, demonstrating that I had the knowledge needed to manage my own money and be a savvy shopper. Within ten years, I was buried in debt.

This isn't an experience that's unique to me. On Facebook I recently asked "Did you take a personal finance or consumer ed class in school? Was it useful to you? Did it keep you from making financial mistakes later on?"

Quite a few people publicly stated the uselessness of their personal finance education, while still others emailed me or sent me direct messages about it. A sampling of the comments:

Annie J.: "We had a small personal finance chapter in Home Ec./Family Relations class and no, it wasn't helpful." Even some who got value from their classes saw that it didn't impact their peers. Amanda H. stated: "I took a college personal finance course at the behest of my father. It wasn't perfect, but it gave me a whole new awareness on things like investing and how interest works. And how important it is to get started young. Which I think was rare and put me miles ahead of my college-age peers."

Many others didn't recall any sort of education, which either means there literally wasn't a class or the class had so little impact on them that they did not recall it at a later date.

Simply put, personal finance education as it currently exists is not reaching people when they need it. Quite often, they learn about it later on through their own difficult experiences. In fact, I think "experience" is the key word here.

Consumer education and personal finance education is often lumped in with many other classes at the high school level. They're taught in a classroom environment with minimal examples that actually impact the lives of students in any way. Sometimes it's a class all its own, but other times it's just a small piece of another class and at yet other times it's not dealt with at all.

How can we possibly make personal finance education relevant (beyond the simple step of making sure that it's at least presented)?

1. Homework (and classwork) should focus on discussion and actually *doing* things.
2. Put a big emphasis on personal stories.
3. Recognize that you're trying to plant key concepts that may not "click" for years. Don't spend a day talking about the difference between 401(k)s, 403(b)s, and Roth IRAs. Instead, make absolutely sure they understand the key things that they're going to face.
4. Focus on goals and how to approach them.

The simple truth is that a typical classroom experience isn't going to reach most students – and even trying new things won't reach every student. Instead, focus on doing everything you can to hammer home a few key ideas – debt is bad, saving money is good, planning ahead is great – and try to relate that to their life.

Read the full blog at: <http://www.csmonitor.com/Business/The-Simple-Dollar/2011/0405/Can-financial-education-prevent-blunders>

“Financial Fridays” from the National Coalition

March 4

Federal Citizen Information Center (FCIC)

March 11

Business Professionals of America (BPA)

March 25

VISA



For archives of past Financial Fridays, www.jumpstart.org / News & Publications tab.

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