



## Financial Literacy: The Time Is Now

When it comes to financial matters, Americans are functionally illiterate. That's the growing consensus among policymakers and educators, many of whom contend that the country's lack of financial sophistication is one cause of its current economic problems.

Advocates for financial literacy are seizing on the economic crisis as an opportunity to confront the issue directly. Thanks to the recession, they're getting a response from governments, nonprofits, schools, and employers.

Perhaps that's because there is plenty of evidence that, when it comes to money, Americans really don't know what they're doing. The recession has produced thousands of anecdotes of Americans buried in debt, stuck in foolish mortgages, or stung by huge investment losses. Those misfortunes can strike people with PhDs in economics, of course. But surveys show Americans also fail to grasp important abstract ideas about money.

*Boomers Fail Finance 101.* Take the concept of compound interest, the notion that interest isn't a one-time event. It builds on itself over time. That compounding is the bane of those in credit-card or mortgage debt, but it benefits long-term investors. When the University of Michigan 2004 Health & Retirement Survey asked a simple math problem requiring a knowledge of compound interest, only 18% of baby boomers got it right.

Another basic concept for investors is diversification. Only about half of respondents correctly said that investing in a pool of stocks, or a mutual fund, is safer than investing in just one stock. And, says Wharton School of Business professor Olivia Mitchell, since the question was posed as a true-or-false statement, many of the correct respondents were probably just guessing.

*Students and Workers Score Poorly.* Young people are equally confused about financial topics. In a 2008 survey by the Jump\$Tart Coalition for Personal Financial Literacy, just 17% of high school and 19% of college students knew that, over an 18-year span, stocks tend to provide better returns than government savings bonds or bank checking and savings accounts.

None of this is new. Economists have been lamenting for years Americans' low savings rate. The U.S. personal savings rate, about 11% in 1981, had fallen to near zero in recent years. But in an era of relative prosperity, as home values and stock prices moved higher, Americans' lack of crucial financial knowledge didn't attract as much notice.



*Literacy Advocacy Gains Support.* When talking about financial literacy, "Ten years ago everyone would nod their heads," says Laura Levine, executive director of the Jump\$Tart Coalition, which advocates for financial education for students. But "it wasn't a priority

for anyone. There weren't many opponents but there also wasn't an enormous amount of support." Now, she says, "our time has come."

It's all become clear, not just to financial experts but to the general public: Americans weren't saving enough. They got themselves into sticky financial situations, like credit-card debt. They signed expensive mortgages, subprime or otherwise, that they didn't understand.

For years, the Center for Working Families in Atlanta has taught low-income people how to build up savings through its Moving to Wealth program. It's now easier to convince people to save for a rainy day, says the center's president and chief executive, David Jackson, "because people are seeing the rainy day."

But today's world of money is complex, and many important lessons about personal finance aren't so obvious. Advocates of financial literacy say Americans need to be educated. And they're proposing a range of strategies to do that.

*Federal Funding for Education.* "A lot of people are making decisions not understanding their full consequences," says Matthew Greenwald, who as chief executive and president of research firm Matthew Greenwald & Associates has interviewed thousands of people on the topic of retirement. "Right now, because of a lack of financial literacy, people have undersaved and put their financial security in jeopardy."

A President's Advisory Council on Financial Literacy issued a 57-page report in January just before President Barack Obama took office. Among other recommendations, the council said states and the federal government should mandate financial education from kindergarten to grade 12, and require college students to take a financial literacy course before taking out student loans.



One of several bills in Congress addressing the issue would devote \$250 million per year to financial education, with the money split between K-12 schools and colleges. "I have been amazed at the number of people who told me they had no idea what they were signing and what it meant in the long run," says Senator Patty Murray [D-Wash.], one of the bill's sponsors. "We need to give people basic skills about how to manage their finances."

Funding has been a problem on the federal level. The Financial Literacy & Education Commission established a Web site, MyMoney.gov, and a phone hotline [888 MY-MONEY] to help Americans with financial questions. But a report from the U.S. General Accountability Office in April lamented the commission's "limited resources" and lack of an independent budget.

*Who and What to Teach?* There is considerable debate about what aspects of financial literacy to teach -- and where to do the teaching.

"If we're going to make a wholesale change to our attitude about money and saving, we do have to start with kids," says Jump\$tart's Levine. On the state and school district level, groups are pushing for more emphasis on financial education. In July, New Jersey approved a law making financial education a specific graduation requirement. Only three other states have similar requirements, though 18 other states require financial literacy to be incorporated in other subjects.

One weak link in the push for more financial literacy training for young people is teachers, who often lack financial savvy themselves. "You get a real multiplier effect if you get a teacher prepared well," says Joseph Peri of the Council for Economic Education. – *Yahoo Finance, July 23, 2009*

## Florida Coalition News

### Coming Soon !!!

- **Connect to Florida Jump\$tart Coalition through social media sites**



In the near future, you'll be able to connect to partners more easily through our Facebook and Twitter social media sites. See upcoming announcements for more details.

- **Watch your e-mail for a member survey this fall**

We'd like your opinion on how to make your partnership more valuable and advice on a number of Coalition items.

- **Remember our grant funding**

We have limited funding available to support those who are conducting financial education workshops. See [Grant Application](#) and [Grant Criteria](#) for details.

## Upcoming Events

### Friday, August 28, 10 a.m.

**Florida Jump\$tart Coalition Board Meeting** by conference call

### Friday, September 25, 10 a.m.

**Florida Jump\$tart Coalition Board Meeting** by conference call

### Thursday, October 15

**Get Smart About Credit Day**

Start planning your outreach activity now!

### October 21-23, 2009

**2009 Annual Conference on Financial Education™**

**Hyatt Regency at Penn's Landing, Philadelphia, Pennsylvania**

To learn more about the conference and speakers or to register [click here](#), send an [email](#) or call (207) 221-3611.

### November 5, 2009

**Florida Jump\$tart Coalition Board Annual Strategy Meeting**

### November 6, 2009

**Florida Jump\$tart Coalition Statewide Partner Meeting and Workshop**

Details coming soon

### November 6-8, 2009

**Jump\$tart National Educator Conference; Washington, DC**

### November 19-20, 2009

**First Annual Florida Asset Building Conference; Orlando**

To facilitate development of asset building policies, to broaden savings and asset ownership opportunities for low-to moderate income families who have limited resources at their disposal. For further information contact: [sokoya@earthlink.net](mailto:sokoya@earthlink.net)

## February 21-28, 2010

### Florida Saves Week

Start planning ahead on how your organization will reach out to youth and young adults as part of this special initiative!

## News Briefs

### Reform May Make Fixed-Rate Credit Cards a Thing of the Past

(July 10, 2009) – Credit card reform means some big issuers -- including Bank of America and Chase -- will switch customers from fixed-rate to variable-rate credit cards. The firms are signaling that the switch is necessary to manage costs under the reformed credit card industry. – *BusinessWeek*

### U.S. Treasury Office of Financial Education Appoints Michelle Greene

(July 2009) – WASHINGTON — Michelle Greene has been appointed Deputy Assistant Secretary of Financial Education for the U.S. Treasury Department, heading the Office of Financial Education. She replaced Dan Iannicola.) In this role, Michelle supports the expansion and improvement of financial education across the United States. These activities include testifying before Congress, publishing the first national strategy on financial literacy, and advising companies, schools, non-profits and state and local governments on financial education strategies. She will also serve as executive director of the President's Advisory Council on Financial Literacy.

### Comptroller Dugan Supports Regulatory Reform Plan, Urges Revision to Some Details

(July 24, 2009) – WASHINGTON — Comptroller of the Currency John C. Dugan told Congress that he supports efforts to enhance consumer protection standards for financial service providers, but expressed significant concerns with some elements of the proposed Consumer Financial Protection Agency. "It makes sense to consolidate all consumer protection rulewriting in a single agency, with the rules applying to all financial providers of a product, both bank and nonbank," Mr. Dugan said in testimony before the House Financial Services Committee. "But we believe the rules must be uniform, and that banking supervisors must have meaningful input into formulating them. Unfortunately, the proposed CFPA falls short on both accounts."

The rules would not be uniform because the proposal expressly authorizes states to adopt different rules and would repeal federal preemption that has allowed national banks to operate under uniform federal standards. This radical change will make it far more difficult and costly for national banks to provide services to consumers – costs which will ultimately be borne by consumers, the Comptroller said. To provide meaningful input into rules from banking supervisors who are most familiar with the activities of the firms, the proposal must be changed to allow more banking supervisors on the CFPA board and provide a formal mechanism for banking supervisor input.

## News from the National Coalition

### Financial Literacy of Young American Adults Publication Now Available

Researcher Lew Mandell has published his book on the 2008 survey of high school and college students, *The Financial Literacy of Young American Adults*. Starting this year, the book is available electronically in the Downloads section of the Jump\$tart (national) website. This searchable format will make it quicker, easier and less

expensive to provide data to researchers, policymakers, members of the media, and others.

### **Jump\$tart National Educator Conference**

Through the generosity of Experian and with guidance from the National Education Association, Jump\$tart will conduct its **first national educator conference** for classroom teachers on **November 6-8, 2009**, at the Capital Hilton in Washington, DC. Because of Experian's grant, teachers have the opportunity to attend the conference for \$175 (covers registration, hotel accommodations, and conference meals). Travel costs are not included.

Registration for teachers will open around Labor Day after most schools have started back. This will give teachers across the country the same opportunity to sign up for the limited and highly subsidized registration spaces at the conference. Please see the [Jump\\$tart.org](http://Jump$tart.org) Web site for registration information. Also, please promote this excellent opportunity to your teacher contacts in Florida.

Additional sponsorship and exhibitor slots are still available. If your organization is interested in supporting the conference, please contact Dan Hebert at (603) 731-1812 or [dhebert2001@worldnet.att.net](mailto:dhebert2001@worldnet.att.net)

## **“Financial Fridays” from National Jump\$tart**

### **July 10**

When consumers have debt problems, **Consolidated Credit Counseling Services** ([www.consolidatedcredit.org](http://www.consolidatedcredit.org)) is there to offer financial solutions. Consolidated Credit is dedicated to helping consumers gain the necessary skills to manage their credit and money effectively. We partner with businesses and organizations to bring personal finance educational programs to the community. Currently we work with Broward School Systems, Kids Hope United-Miami, Kids in Distress, Angel's Pediatric House, eSchool Solutions, The Children's Services Council of Broward County, as well as corporations like Royal Caribbean, American Airlines, Pepsi Bottling Group, among others.

The staff provides financial education to individuals who might not have access to this much-needed information. Our outreach managers provide free seminars, financial literature libraries and Web-based financial tools.

We are seeking partners to assist in the development of an educational Webinar series to address consumers' economic concerns and provide financial strategies to survive the recession. If you would like a partner to work with producing Personal Financial Webinars, please let us know!

Consolidated Credit is approved to provide housing and foreclosure avoidance counseling as a Housing and Urban Development (HUD) housing counseling agency. We will also provide Post-Purchase Counseling to help struggling homeowners. We also provide Predatory Lending Education, Financial Management/Budgeting, and Home Buyer Education Workshops. These workshops are designed to provide basic financial literacy skills and other information homeowners and prospective homebuyers can use to make wise financial decisions regarding their homes, to get the best possible rates to which their credit entitles them, and to help them avoid unscrupulous lenders and unregulated financial institutions.

### **July 17**

**American Savings Education Council (ASEC)** is a national partnership of public- and private-sector organizations committed to making saving and retirement planning a

priority for all Americans. ASEC is a program of the Employee Benefit Research Institute, Education and Research Fund, a non-profit organization ([www.ebri.org](http://www.ebri.org)).

ASEC conducts an annual Retirement Confidence Survey® (RCS). To review the current 2009 survey results, go to <http://ebri.org/surveys/rcs/>.

The ASEC Web site [www.ChoosetoSave.org](http://www.ChoosetoSave.org) was developed as a portal site for all individuals interested in finding savings and retirement planning tools and resources. It features both the print and interactive Ballpark E\$timate® planning worksheet, in English and Spanish, to help all individuals take the first step toward success by setting a goal based upon one's individual circumstances. Such resources include:



- ChoosetoSave.org, which includes more than 100 online calculators, brochures, savings tips, links to related resources, and other tools to help individuals and their families manage their finances.
- A variety of free savings tools and brochures focused on topics such as *Saving for Your Family's Future*, *Just Starting Out*, *The Magic of Compounding*, *Maximizing Your Company Savings Plan*, *Why Open an IRA*, *It's Never Too Late to Save*, and many more.

The Choose to Save® public education program has delivered savings education to the public through radio and television since 1997. All CTS PSAs and related materials are free to the public; there are approximately 90 PSAs and financial education specials available for viewing on the YouTube page. Resources and information are available at:

Facebook: <http://www.facebook.com/home.php?#/pages/Choose-to-Save/56756038533?ref=ts>

Twitter: [www.twitter.com/choosetosave](http://www.twitter.com/choosetosave)

YouTube: [www.youtube.com/ctspas](http://www.youtube.com/ctspas)

## July 24

**America Saves** is a nationwide social marketing campaign that assists and motivates individuals to save money, reduce debt and build wealth. The campaign, which is run by the **Consumer Federation of America**, works with a broad coalition of financial institutions, government, corporate and not-for-profit partners to provide savings opportunities and encourage take-up. This effort focuses especially on low- to moderate-income individuals and includes more than 40 local campaigns and target market efforts like Military Saves, Black America Saves, and Youth Saves.



America Saves provides a wealth of resources to help organizations promote saving. Because the campaign's goal is "behavior change," the campaign encourages partners to develop concrete opportunities for staff, customers or the public to save money and reduce debt. Partners can also encourage their audience to enroll as "Savers" with America Saves, which involves creating and committing to a basic savings plan. America Saves will stay in touch with enrolled Savers with savings advice and encouragement.

Available resources include:

- **Local campaigns in more than 30 communities.** Partner with a campaign for event, media, and outreach opportunities. Visit [www.americasaves.org/local](http://www.americasaves.org/local) to find a local campaign partner.
- **Brochures, flyers, posters, statement stuffers and other promotional material.** These materials can be downloaded for free at [www.AmericaSaves.org](http://www.AmericaSaves.org)

and [www.AmericaSavesWeek.org](http://www.AmericaSavesWeek.org). Many can be co-branded electronically with your company or organization logo.

- **Sample press materials.** Publicize your work with America Saves Week, encourage your audience to save during tough economic times, or otherwise communicate with the public about the need to save and the help you offer.
- **Benefits for individuals.** Those that enroll as “Savers” with America Saves receive the monthly e-Wealth Coach series, with practical savings advice, and the quarterly *American Saver* newsletter. Local campaigns typically help enrolled “Savers” open a savings accounts or begin to save automatically, and also offer wealth coaching or debt counseling.
- **Benefits for your organization.** Helping employees, students, customers or others become financially stable benefits your company or organization in the long run. You also can become part of network of other groups promoting savings, debt reduction and sound money management.

For archives of past Financial Fridays, see the Download tab at [www.jumpstart.org](http://www.jumpstart.org).

## News and Recent Events From Our Partners

*Send us your news and pictures!*

## Welcome New Partners

### The Economic Empowerment Center

1500 Calming Water Drive #4501  
Fleming Island, FL 32003  
(904) 589-0574

*April Murdaugh*

*Founder/President*

[info@empoweredeconomically.com](mailto:info@empoweredeconomically.com)

## Financial Literacy Resources

### Adding Educational Information to Your Credit Report

Consumers have the right under the Fair Credit Reporting Act to add a statement of up to 100 words to their credit report, and credit bureaus (Experian, Equifax, TransUnion) are required to include this statement whenever their credit report is accessed by anyone. Consumers can use this statement for many different reasons, including improving their credit image. In the case of a prospective employer or landlord looking at the report, the 100-word statement may be of value.

Many consumers are turning to a legitimate certified credit counselor for help to manage their money and payments and more recently to their employer as a provider and conduit of financial education. Consumers should also not forget the statements added are out there. As their credit recovers over time, they may want to pull the statement so they do not draw attention to outdated or a former negative situation.

Below are sample 100-word statements.

*Money Smart Program*

I received a certificate of completion (number SSSSSS), certifying that I have successfully completed the self-directed certification exam through the Money

Smart Program. Proof of my certificate of completion and testing information can be verified with the Community Credit Counseling, Corp.

*[Sample Credit Counseling]*

I recently completed the financial education program offered by [Sample Credit Counseling]. The program included information on [list main topics such as debt, budgeting, investing], and other personal finance topics. [Sample Credit Counseling] can verify my participation and provide additional information about the program.

*[Sample Financial Literacy Program]*

I received a certificate of completion (number SSSSSS), certifying that I have successfully completed 12 study chapters and completed the self-directed 60-item exam on [list main topics such as debt, budgeting, investing] within the [Sample Financial Literacy Program]. Proof of my certificate of completion and testing information can be verified with the [Sample Financial Literacy Program].

– *Adapted from the Louisiana Jump\$tart Coalition.*

## Volunteer Opportunities

### Volunteer(s) Needed to Provide Financial Literacy Training to Youth in Miami

A pediatric health care clinic at the University of Miami is seeking a volunteer(s) to conduct financial education for young adults ages high school through college (18-25). These youth have lived with chronic illness and are in transition from pediatric to adult healthcare.

Instructional Request: The clinic provides Life Skills training one day per month for 4 hours. They would like have one hour of this time devoted to personal finance. The first session is on banking. The provider would like a 60-minute presentation that covers how to open a checking and savings account, how to write a check, how to balance your accounts, overdraft charges, fees, and other banking basics. Future monthly sessions could include such topics such as credit, interest rates, how to buy a car, how to buy a home, what it means to have good and bad credit and how that is established, how one qualifies for a loan, and other relevant topics.

If you can help or would like more information, please contact Jenni Birkett Pfeiffer, LCSW direct at (305) 431-1624 or JPfeiffer1@med.miami.edu.

*Do you need assistance with a project or outreach effort? Let us know.*

## Florida Jump\$tart Coalition® for Personal Financial Literacy, Inc.



Inquiries or articles may be sent to:  
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325 West College Avenue  
Tallahassee, FL 32301  
Attn: Brenda Hubbard  
850-224-2727, Ext. 419  
FLJumpstart@ficpa.org

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*Please contact us if you believe that you are receiving this newsletter by mistake, are a current Partner that has not been receiving the newsletter, or wish to update your contact information. Any additional concerns or questions should be directed to [FLJumpstart@ficpa.org](mailto:FLJumpstart@ficpa.org).*

*This newsletter is one of our primary communication tools. We invite Partners to submit articles, photos, or news briefs about your innovative ideas, research, activities and events. Financial education is rapidly growing in Florida. We need your help to stay on top of trends and information. Please submit your information to [FLJumpstart@ficpa.org](mailto:FLJumpstart@ficpa.org).*

*All articles are subject to editing. Statements of fact and opinion are the responsibility of the author(s) and do not imply an opinion on the part of the Board or Partners of the Florida Jump\$tart Coalition®.*