



Does Financial Education Work?

Lately, financial education for kids and adults seems to be right up there with Mom and apple pie as a crowd-pleaser. Nearly everyone acknowledges that financial literacy is a worthy goal, and more than a dozen states require some form of personal-finance education in high schools. There's just one problem: It doesn't seem to be working.

That was the sobering conclusion of a panel of experts at a conference on lifecycle saving and investing that I recently attended at Boston University. The problem, the participants agreed, is that broad-based efforts to improve financial literacy don't hit people when they really need it. The best time to provide financial education, says Annamaria Lusardi, director of the Financial Literacy Center sponsored by the Rand Corp., Dartmouth College and the University of Pennsylvania's Wharton School, is "when people actually have to make financial decisions." (At Dartmouth, for example, new employees are given a simple, one-sheet walk-through of the retirement plan during orientation. The handout is then supplemented by short videos that explain such principles as compounding and diversification and offer profiles of real people telling how they save and invest.)

The same is true of personal-finance curricula aimed at kids, says Lewis Mandell, a professor at the University of Washington's Foster School of Business. After a career specializing in consumer financial behavior, Mandell has concluded that financial education doesn't have a lasting impact on financial literacy. He ticked off a number of problems: Lessons aren't "sticky," to use the Web vernacular. Classes are generally one-offs that aren't reinforced. And the subject matter isn't relevant to kids' immediate experiences -- not unlike trigonometry.



Paul Solman, economics correspondent for *The PBS NewsHour*, noted that a long-term study in New Zealand has shown that adult financial habits can be determined as young as age 3. Children with the least amount of self-control at that age have the most difficulty managing their money as adults.

To improve self-control among kids, the study's associate director, Terrie Moffitt, of Duke University, recommends -- guess what? -- giving them an allowance, along with help on how to manage it.

Good advice. All of this was fascinating but not that surprising. In fact, it was encouraging to get academic backup for the real-world advice I've been giving for a long time.

For example, it makes sense to me that lessons about life insurance and Social Security wouldn't be "sticky" for high school students. But sticking them with the responsibility of paying for their own clothing or cell phone does make an impression. That's why I've always been a big advocate of an allowance that's tied to financial responsibilities. Based on what I heard at the conference, I'll stick with some other good advice.

Don't rush things. Children, like adults, operate on a need-to-know basis, so teach them lessons that are age-appropriate and don't overwhelm them with information.

If you begin an allowance around age 6 or 7, which is a good time to start, keep it simple by giving kids one financial responsibility (perhaps purchasing their favorite collectibles) that you can build on later. Nothing beats a first paycheck for giving teens a crash course in taxes. And high school students may not care much about retirement, but when your college grad gets her first job and has to sign up for the 401 (k) plan, I guarantee you'll get a phone call asking for help.

Make it fun. In my experience, the best way to get students interested in learning about money is to entertain them. Mandell's research shows that playing a stock market game is far more efficient at promoting financial literacy than taking a class in personal finance.

In the classroom, I'd also recommend other hands-on games that let kids make real-world decisions about choosing a career, buying a home and paying the bills. And any kind of competition (like a raucous game of financial soccer that I recently witnessed) gets them pumped and increases the chances that they'll remember the lesson even after they've taken the exam.

Read more: <http://community.nasdaq.com/News/2011-06/does-financial-education-work.aspx?storyid=83043#ixzz1Qfm8r17u>

Upcoming Events

Tuesday, July 12 **2:30-4 p.m.**
President's Advisory Council on Financial Capability; Washington, DC

July 20-23

2011 HOPE Financial Literacy Forum; New York, NY

Operation HOPE, NYSE Euronext and New York Bankers Association are co-hosting a forum bringing together leaders from finance, business, government and academia to address the future of the financial industry and the effect on underserved communities. See <http://nyforum.operationhope.org/>

Friday, July 26 **8 a.m.-3:30 p.m.**

Teaching Middle School Economics Standards; Jacksonville

Workshop sponsored by the Federal Reserve Bank to give middle school teachers content, lessons, and activities to teach Florida's Next Generation standards for middle school economics. Content lessons and activities in both economics and personal finance will focus on core concepts as well as money, international trade, economic institutions in a market economy, and entrepreneurship.

Online registration link: http://www.frbatlanta.org/forms/register_110726_jck.cfm

Thursday, July 28 10 a.m.-1 p.m.

Economics Foundations for Civics Teachers webinar; sponsored by the Florida Council on Economic Education

The FCEE is offering this webinar, at no charge, to school districts throughout Florida, to prepare all middle school Civics teachers and English for Speakers of Other Languages (ESOL) teachers to incorporate economics and personal financial literacy into their classrooms as they implement new legislatively mandated civics education requirements of the Justice Sandra Day O'Connor Civics Education Act for 2012-13. To register, click [FCEE Registration](#)

Friday, July 29 9-10 a.m.

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

October 3-4

4th Annual Leadership Conference – sponsored by the Society for Financial Education and Professional Development, Inc. (SFE PD), Arlington, VA

Opportunity for financial educators to learn about new developments and network with colleagues from across the country. See <http://www.sfepd.org>

October 3-9

Financial Planning Week

During the week, the Financial Planning Association and its nationwide network of chapters host financial planning education events, seminars, workshops, hotlines, and more to improve financial literacy across the nation.

See <http://www.fpanet.org/WhatisFinancialPlanning/FinancialPlanningWeek>

October 20-21

Southern Regional Asset Building Coalition Conference; Grand Hotel Marriot Resort, Golf Club & Spa in Point Clear, Alabama

CLOSING THE WEALTH GAP: Building Family and Community Economic Success

The purpose of the SRABC conference is to bring together organizations whose work is dedicated to building the assets of low-income families and communities. For more information, contact Gena McClendon at ggunn@wustl.edu.

Wednesday, October 20

Get Smart about Credit Day; sponsored by the American Bankers Association

November 4-6

National Educators Conference; Washington, D.C.

The Jump\$tart Coalition's third annual nationwide conference offers tools, resources, and support for teaching personal finance in pre-kindergarten through high school classrooms. The conference also offers workshops focused on policy, content, personal development, free financial planning sessions; and an exhibit hall. For information, see: <http://www.nhjumpstart.org/NationalEducatorConference.htm>

November 17-18

Florida Asset Building Coalition Annual Conference, Orlando

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

Welcome New Partners

Debt Management Credit Counseling Corp.

700 West Hillsborough Blvd;
Bldg 1, Ste 105
Deerfield Beach, FL 33441
(954) 418-1466
www.dmcccorp.org

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News Briefs

Why Don't Colleges Offer Personal Finances Classes?

(June 24, 2011; *FOX Business*) — The Class of 2011 is not only entering a labor market with a 9.1% unemployment rate, it also has the distinction of being the most indebted class to graduate from college. Many recent grads will not have their financial lives in order by the time they enter the real world of paycheck stubs, APR rates, taxes and creating a household budget.

The push for colleges to offer and even require personal finance courses is growing stronger in the wake of the financial meltdown that exposed Americans' tendencies to over borrow and under save.

According to a July 2010 study conducted by Higher One Holdings, Inc., almost 70% of students polled believed that their colleges should increase financial education programs and expand on those that teach students to be mindful with their money.

"There are so many things that young people starting out are faced with when they're out on their own and having to fend for themselves and being able to make a paycheck stretch," says Debbie Saccoccio, associate director for programs in finance at NYU School of Continuing and Professional Studies, which offers several personal finance courses. "If we can get people to invest or think about their finances and their future from their first job, it actually helps them build their nest egg because they have more time."

In today's world where an education is viewed as an investment, why isn't personal financial education more valued?

Read more: <http://www.foxbusiness.com/personal-finance/2011/06/24/why-dont-colleges-offer-personal-finances-classes/#ixzz1QTi5KqWb>



Certification of Financial-Literacy Providers Would Prove Challenging, GAO Says

(June 28, 2011; *The Chronicle*) — The U.S. Government Accountability Office released a [report](#) today on the feasibility of having a federal certification process for financial-literacy providers. Its review of nearly 30 studies found that several methods of teaching financial literacy could be effective, among them, one-on-one credit counseling and classroom education. While developing a certification process could help consumers identify competent providers, the report says, it would also be costly, especially given the diversity of the field. The report was mandated by the consumer-protection law enacted last year. See more at <http://chronicle.com/blogs/ticker/certification-of-financial-literacy-providers-would-prove-challenging-gao-says/34271>.

Bringing Financial ABCs to School Curriculums

(July 5, 2011; *NPR Staff*) — Each summer, the University of Arizona offers the "Take Charge America Institute" program, which helps instructors learn how to teach students about handling personal finances. Host Michel Martin discusses the importance of teaching financial literacy early with the program's director Michael Staten and one of its participants, Glenda Seward.

See transcript or listen to the interview at <http://www.npr.org/2011/07/05/137624202/bringing-financial-abcs-to-school-curriculums>

New Consumer Financial Protection Bureau – Website Launches

The link to the web site for this new agency is at <http://www.consumerfinance.gov/>

The central mission of the Consumer Financial Protection Bureau (CFPB) is to make markets for consumer financial products and services work for Americans—whether they are applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products.

At the consumer bureau, we will: educate, enforce, and study.

Above all, this means ensuring that consumers get the information they need to make the financial decisions they believe are best for themselves and their families—that prices are clear up front, that risks are visible, and that nothing is buried in fine print. In a market that works, consumers should be able to make direct comparisons among products and no provider should be able to build, or feel pressure to build, a business model around unfair, deceptive, or abusive practices.

Program Offers Financial Education Help for Families

(July 2, 2011; *Daytona Beach News Journal*) — Many families and individuals are struggling in today's economy. Some may have experienced a decrease in income or increase in expenses that make it difficult to make ends meet.

A University of Florida program aimed at providing financial mentoring to residents is producing encouraging results as it enters its second year.

The Florida Master Money Mentor program provides financial education to low- to moderate-income families with emphasis on one-on-one peer education. Since its inception in 2010, 170 mentors have been trained and more than 150 Florida residents in 14 counties have utilized the program's services.

So how does the program work? Mentors receive approximately 20 hours of intensive training in basic money management, strategies for dealing with financial problems, credit and debt management, savings, mentoring techniques and connecting to community resources. Following their training, each volunteer provides financial mentoring to individuals in their respective county.

The program is organized by the University of Florida Extension Service and is supported in Florida thanks to a gift by Bank of America. Anyone is welcome to apply to become a mentor, and no previous financial education is required. Organizations are encouraged to promote the program to employees in order to enhance the services they already provide.

If you are interested in becoming a Master Money Mentor with the University of Florida, contact Michael Gutter at msgutter@ufl.edu. <http://www.news-journalonline.com/business/money/consumer-news/2011/07/02/program-offers-financial-education-help-for-families.html>

News and Recent Events From Our Partners

Send us your news and pictures!

Financial Literacy Resources

CreditScoreQuiz.org

The Consumer Federation of America and VantageScore present CreditScoreQuiz.org for consumers to test their knowledge of credit scores. The site also offers useful information about credit reports. See <http://www.creditscorequiz.org/>

Griffith Insurance Education Foundation

The Griffith Insurance Education Foundation offers "Curriculum Online" to give kindergarten through 12th grade teachers the resources they need to teach insurance and risk management to students, and make them aware of career opportunities in the insurance industry. See <http://www.griffithfoundation.org/k-12/curriculum-online/>

Graduating? Learn 12 Good Money Habits to Start You on the Path to Financial Health

The Financial Planning Association offers information for recent college graduates to help them better manage their finances. See: <http://www.fpanet.org/ToolsResources/ArticlesBooksChecklists/Articles/FinancialPlanning/GraduatingLearn12GoodMoneyHabits>

Ohio Insurance Institute

The Ohio Insurance Institute offers insurance-themed lesson plans designed for ninth through 12th grade students. See http://www.ohioinsurance.org/teachers/lesson_plans.asp

Here is What Corporate America is Reading

800-CEO-READ, a leading direct supplier of book-based resources, compiles a monthly list of best-selling business books based on purchases by its corporate customers nationwide. From the best sellers for May 2011 is:

#4 - "Unfair Advantage: The Power of Financial Education" by Robert T. Kiyosaki; Plata Publishing

In this timely new book, Robert Kiyosaki takes a new and hard-hitting look at the factors that impact people from all walks of life as they struggle to cope with change and challenges that impact their financial world.

Read more: <http://www.miamiherald.com/2011/06/26/2284864/here-is-what-corporate-america.html#ixzz1QTff345g>

Financial Literacy Research

Money Matters: The Case for Teaching Financial Literacy

(*Education Week*) – President Obama has made college readiness a major component of his education platform, but is "college readiness" only about being academically prepared? The "MetLife Survey of the American Teacher" recently found that more high school students worry about financing their education than about getting into college or being successful at college. And not long ago, administrators at California State University Fullerton stated that they lose more students to credit card debt than to academic failure.

The National Financial Educators Council defines financial literacy as "possessing the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual's personal, family and global community goals."

From study - More students worry about **financing** their education than about **getting into** or **being successful** at college. Six in ten (57%) worry a lot about having enough money to pay for college, compared to 31% who worry a lot about being able to get into college and 33% who worry a lot about being able to succeed in college. Hispanic and African-American students are more likely than white students to worry about being able to get into college (47% vs. 32% vs. 24%) and being able to succeed in college (48% vs. 34% vs. 27%).

The complete study is at:

[http://www.metlife.com/assets/cao/contributions/foundation/american-teacher/MetLife Teacher Survey 2010.pdf](http://www.metlife.com/assets/cao/contributions/foundation/american-teacher/MetLife_Teacher_Survey_2010.pdf)

Financial Finesse Releases New Study on the Gender Gap in Financial Literacy

Report shows women are still far behind men in financial knowledge and confidence and are in danger of not meeting long-term income needs

(June 23, El Segundo, CA) – Financial Finesse, the leading provider of unbiased workplace financial education in the U.S., has released its second special report for 2011, tracking the gender gap in employees' financial literacy.

The report found that women are still significantly behind men in their knowledge and confidence in virtually all areas of finance, despite the fact that the gap has narrowed since 2010.

Among the report's findings:

- **The gender gap was most notable in investing and budgeting.** 25% of women reported feeling confident with how their investments were allocated compared to 42% of men, and only 63% of women said they had a handle on their cash flow versus 80% of men.
- **The smallest gap was in retirement preparedness but both women and men are woefully unprepared.** Only 12% of women and 19% of men are confident they will be able to replace 80% of their income in retirement.
- **Women and men are participating equally in their employers' 401(k) or retirement savings plans** with 92% of women and 91% of men saving, yet women may be investing too conservatively to meet their income needs in retirement.



Liz Davidson, CEO and founder of Financial Finesse, says these findings are disconcerting since women generally face more obstacles than men in meeting long-term goals and income needs in retirement.

According to Davidson, "Women face more financial obstacles than men do. They earn less on average than men, but have significantly longer retirements due to the fact that women live an average of 5 years longer than men. They also face higher health care costs throughout their lives. To overcome these obstacles, they should be saving more than men, and investing their savings more aggressively to get a strong long-term return that will sufficiently grow their portfolios. Instead, we see the opposite happening and this could put women in a dangerous position of not being able to meet their financial needs later in life."

Read complete study at <http://www.financialfinesse.com/research-best-practices/financial-finesse-special-report-the-gender-gap-in-financial-literacy-2011/>

CU's Ask: What Do Women Want?

Credit Union Marketers Increase Focus on the Decision Makers

(June 29, *Credit Union Times*) – With many women issuing the final word on financial decisions, marketing to this group seems to be taking off at credit unions.

From microsites tailored to women between the ages of 28-55 and creating entire programs just for mothers to developing programs aimed at helping divorced and single women, credit unions continue to try to connect with this group that, according to consulting firm A.T. Kearney, determines 80% of consumption, purchases 60% of all cars and owns 40 % of all stocks.

Despite this, a "Financial Fitness Report: Gender Gap in Financial Literacy," found that women were significantly behind in virtually all areas of financial knowledge and faced more challenges in meeting their retirement and other long-term goals. In addition, only 25% of women felt confident about how their investments were allocated compared to 42% of men and 63% of women felt as though they have a handle on their cash flow each month compared to 80% of men.

See full article at <http://www.cutimes.com/2011/06/27/cus-ask-what-do-women-want>

"Financial Fridays" from the National Coalition

June 3

You may have heard a lot of buzz recently about financial literacy and the importance of educating young children about money. **The Money Mammals** – the first to feature singing and dancing puppets to teach financial literacy to young children – have been entertaining kids and families since 2006. We've developed several other programs and products to continue to build upon our initial message of sharing, saving and spending smart. We make learning about financial literacy fun for kids AND parents.



We offer a DVD and a 'Saving Money Is Fun Kids Club' program, with credit union partners all across the country. As a part of the program, we've created some online games, like.

- Save Money. Save Energy. Watch out for the Money Monsters!
- Run your very own credit union with Joe the Monkey's help in **Joe's Credit Union Game**.
- Help Joe figure out the differences between **Needs vs. Wants**.

June 10

InCharge® Education Foundation, Inc. is a national 501(c)(3) non-profit organization dedicated to changing lives through empowering financial education. Its in-person workshops, newsletters, online courses, websites and tips-oriented public service announcements reach more than one million people each year.



MilitaryMoney.com is the leading financial resource for U.S. service members, worldwide. From the GI Bill to VA loans, MilitaryMoney.com features more than 1500 articles, podcasts, and video clips.

Be InCharge of Your Future serves teens and young adults with in-person workshops and online education. The InCharge staff has recently delivered the following workshops: Saving for College, Your First Job, and Cell Phone Economics. These materials will be available on the website soon.

NOTE: InCharge is looking for funding to expand the Be InCharge or Your Future program to all Orlando-area AVID students. The AVID program targets students in economically-challenged neighborhoods in the academic middle, helping them get on the college track and stay there. The Be InCharge of Your Future program features classroom workshops and an e-learning component designed to reinforce key concepts in personal finance. Contact Karen Carlson at kcarlson@incharge.org for more information.

InCharge is pleased to announce a new video series featuring military-style debt drills. Sergeant Debt stars InCharge Customer Care representative and United States Army Reserve Drill Sergeant, Stone Gomez.

InCharge® Education Foundation, Inc. is a partner of the Florida Jump\$tart Coalition.

June 17

The Sallie Mae Fund, a charitable organization sponsored by Sallie Mae, achieves its mission—to increase college access for America's students—by supporting programs and initiatives that help open doors to higher education. Studies show that those who need information about financial aid the most—low-income and minority families—often have the least access to it. The Sallie Mae Fund offers a variety of free, educational resources, in English and Spanish on saving, planning, and paying for college to educators and college-access organizations. Since 2001, The Fund has contributed more than \$123 million to address key barriers to college access and support the community.



The Fund's free ***Saving, Planning, and Paying for College*** workshop series helps families navigate the process of preparing for and funding higher education. The workshops are very beneficial, especially for students with limited access to information about financial aid, which is a critical part of preparing for college.

Experts agree that middle school is a critical time for instilling in students a passion for college. **Kids2College®** is a unique program that uses the career aspirations to expose low-income and minority sixth-grade students to the value and accessibility of a higher education. It is the only free, national program that engages local colleges for a memorable introduction to college.

June 24

The Society for Financial Education and Professional Development, Inc. (SFE&PD, Inc.)

www.sfedp.org is a nationally recognized non-profit organization, and its mission is to enhance the level of financial and economic literacy of individuals and households in the US. SFE&PD, Inc. offers personal financial education seminars and workshops for education institutions, corporate, government, and community-based organizations. SFE&PD, Inc. offers face-to-face personal financial education seminars and workshops in – credit management, personal money management, homeownership and investor education.



The **Financial Success Quarterly** newsletter provides articles that cover a wide variety of financial planning topics, from establishing financial goals and following economic trends to retirement planning and investments.

The **Annual Financial Literacy Leadership Conference** is held during the fall of each year. The conference brings together leaders in the field of financial literacy to develop effective strategies and create partnerships to address the issues that have been broadly discussed in various forums. The primary goal of the conference is to create a forum for leaders of Federal, state, local, corporate, consumer groups, community-based organizations, schools, colleges/universities, financial institutions, other interested organizations and individuals to "roll-up" their sleeves to expand the process to enhance the level of financial literacy at all levels of the American society.

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

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



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This newsletter is published monthly by the Florida Jump\$tart Coalition® for Personal Financial Literacy, Inc. and is sent to partners and friends. Florida Jump\$tart Partners represent a broad array of organizations, including business corporations, non-profits, faith-based organizations, federal and state government agencies, regulatory authorities, and academic institutions. Previous issues of the newsletter can be found on the Web site at www.FLJumpstart.org.

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.

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.

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®.