Florida Jump$tart! Financial Smarts for Students
Jump$tart Coalition for Personal Financial Literacy
June 2011

It's Time To Change How We Teach Investors; Personal Finance Classes May be Having Unintended Consequences

(June 7, 2011, MarketWatch) — We simply haven't moved the needle all that much. That seemed to be the consensus of the world-renowned experts who spoke at the recent Life-Cycle Saving & Investing Conference at Boston University.

It's not that investors don't understand how the economy and markets work, though that is a problem. The problem is that we have — recent trends notwithstanding — a low savings rate and high personal debt. What's more, average investors typically have poor investment results, with various studies suggesting they tend to buy high and sell low, or trade frequently and at the wrong times.

We keep trying to teach people (children, teenagers, young adults, 401(k) participants and the like) about money at all the wrong times, using all the wrong formats and methods of delivery.

Experts said the time is now to think differently about how we teach people about investing, with some advocating for increased use of financial entertainment, or what some call edutainment. Others are calling for increased use of just-in-time learning programs, and still others say this nation needs to address the heart of the matter.

Personal-finance courses may hurt, not help

We also need to approach investor education with a "sense of humility," said Stephen Horan, a CFA charterholder and head of private wealth management at the CFA Institute. "There's a lot out there that we don't know," he said. "There's a lot of research and there's a lot of investor education, but there's really not a lot that we know about the outcomes." We need to approach investor education with a sense of humility about "what we think the right answers really are," he said.

At the core, one reason why Americans are illiterate when it comes to money and investing has to do with numeracy, Horan said. There's simply a lack of it among the general population. And, "when we look at the efficacy of financial literacy programs the evidence is not all that compelling," said Horan.

Horan said that Lauren Willis, a professor at Loyola Law School, published a paper in 2008 in which Willis noted that financial education, for some consumers, appears to increase confidence without improving ability, leading to worse decisions.

Horan also referenced a study that found that students in personal-finance courses often do worse on tests than students who didn't take a personal-finance course. "We

run the danger of creating overconfidence among an investor base and giving the illusion of education and the illusion of knowledge," Horan said. "That creates a setting where you can actually make worse decisions than they might have otherwise."

Yes, there's a sketchy track record for investor education. "When the education is directed specifically at financial literacy, it doesn't seem to be particularly effective," said Horan. "Education around numeracy does… Numeracy is the foundation by which people understand economics and finance." Horan said investor education without numeracy is like composition without grammar.

Investors may need a pro's help

To make investor education work better, Horan said it should start long before individuals become investors, even before they become savers. In addition, he said economic literacy depends heavily on numeracy and incentives.

Horan suggested educators might consider breaking down the skills they need to teach into three categories, not unlike categories in driver education. There are basic or universal skills. With driver education, it's defensive driving; with money, it's budgeting. There are do-it-yourself skills. With driver education, it's checking fluid levels; with money, it's diversification or dollar-cost averaging. And then there are the expert skills, skills that are good to have but best left in the hands of a professional. With driver education, it's changing brake pads; with money it's asset allocation, risk management and security selection.

"There are tasks that people really ought to delegate to the experts," said Horan. Knowing when you need a mechanic is perhaps more important than knowing how to replace your own transmission. "It's important to get people to know what they don't know and knowing when they need to get help," he said. "We can talk about investor education, but there will be a point at which we need to leave decision making up to an adviser. We need to get people to the right place. Financial advice picks up where education leaves off."

For her part, Willis is also of the opinion investors might be better off using advisers for certain tasks rather than doing it themselves. "Consumers generally do not serve as their own doctors and lawyers and for reasons of efficient division of labor alone, generally should not serve as their own financial experts," she wrote in what Horan said he regards as the seminal paper on investor education. So rather than focus this nation's efforts on teaching people about money, Willis says the "search for effective financial literacy education should be replaced by a search for policies more conducive to good consumer financial outcomes."

Besides teaching people the basics, Horan said educators need to focus on the format and delivery of content. "We need to go to where the investors are. They are not going to come to us. We need to provide them information in a format that they are expecting to receive it and are likely to receive it."

Financial entertainment might be the answer

Other experts, including Nick Maynard of the D2D Fund and Peter Tufano, the new dean of Oxford University's Saïd Business School, said they believe that financial entertainment is among the better ways to teach people about money.

At the moment, Tufano said there's not much evidence that financial entertainment is effective. But then again, it's still a bit early. It took a few decades before we learned that Sesame Street helped children become more literate about the alphabet before entering kindergarten and first grade. We just might be at the start of a similar revolution with regard to financial entertainment.

Read full article at http://www.marketwatch.com/story/its-time-to-change-how-we-teach-investors-2011-06-07?reflink=MW_news_stmp

Upcoming Events

June 20-22 9 a.m.-4 p.m.

Accounting Careers and Money Program; Miami
Student outreach program sponsored by the Florida Institute of CPAs for high school juniors and seniors, and college freshman. Covers business, accounting, personal finance, and college life. More information at http://www.ficpa.org/Content/FutureCPAs/Students/Programs.aspx

Thursday, June 23 8 a.m.-3:30 p.m.

Insight to Inside the Federal Reserve, Jacksonville
Workshop sponsored by the Federal Reserve Bank on the history of the Fed, the Fed's structure and its independence within the government, how the Fed uses economic indicators to make policy decisions, and how it influences changes in liquidity and credit to promote sustainable economic growth and stable prices. Online registration link: http://www.frbatlanta.org/forms/register_110623_jck.cfm

Friday, June 24 8 a.m.-3:30 p.m.

Teaching Personal Finance: Introductory High School; Jacksonville
Workshop sponsored by the Federal Reserve Bank on financial responsibility and decision making, financial planning and money management, consumer protections, saving, investing, and credit. Core content will be infused with numerous lessons and activities for teachers to take back to the classroom and all participants will receive copies of the Federal Reserve's personal finance curricula. Online registration link: http://www.frbatlanta.org/forms/register_110624_jck.cfm

Thursday, June 24 3-4 p.m.

Florida Jump$tart Board of Directors Meeting; conference call

Friday, July 12 8 a.m.-3:30 p.m.

Hands on History: The Great Depression; Jacksonville
Workshop sponsored by the Federal Reserve Bank to introduce teachers to a series of simulations, role-playing activities, group activities, and classroom demonstrations designed to effectively teach high school students about the Great Depression. Online registration link: http://www.frbatlanta.org/forms/register_110712_jck.cfm

July 13-15 9 a.m.-4 p.m.

Accounting Careers and Money Program; Tampa
Student outreach program sponsored by the Florida Institute of CPAs for high school juniors and seniors, and college freshman. Covers business, accounting, personal finance, and college life. More information at http://www.ficpa.org/Content/FutureCPAs/Students/Programs.aspx

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

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. (SFEPD), Arlington, VA
Opportunity for financial educators to learn about new developments and network with colleagues from across the country. See http://www.sfepd.org

Wednesday, October 20

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

November 17-18

Florida Asset Building Coalition Annual Conference, Orlando
Contact Karen Landry for additional information at klandry@waronpoverty.org

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War on Poverty
Jacksonville

Riyan Jackson
Project Manager
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News Briefs

Financial Education: World Bank Wants Money Conflict on TV

(June 9, 2011; *CBS Money Watch*) — Money themes in the movies are fairly common; from the Jimmy Stewart classic *It's A Wonderful Life* to Eddie Murphy's *Trading Places* to *Wall Street* with Michael Douglas. There's a good bit of it on TV, too.

But the hands-down winner when it comes to financial education as entertainment is a gem from the *Cosby Show*. Below is a four-minute vintage video. Try not to focus on the concept of a $400-per-month apartment in Manhattan. That's the only aspect of this scene that is dated:

http://www.youtube.com/watch?feature=player_embedded&v=nFY0HBkUm8o

The World Bank is now researching the effectiveness of financial education through entertainment, seeing more personal finance themes in the soaps and maybe even Reality TV as one way to raise awareness of common money problems.

The organization is holding a conference on the subject later in June in Washington D.C., where one of the featured speakers will be Lewis Mandell, a senior fellow at the

Aspen Institute and long-time advocate of financial education. The conference will explore how to "creatively use commercial entertainment media (TV, radio, film) and new media (cell phone apps, SMS, social media, blogs) to achieve better outcomes in finance" and other areas.

The idea is to make a financial point through an emotional story. "You could show somebody's mother who has worked hard all of her life and no longer has the physical stamina to keep working in her 70s, like a lot of people," Mandell says. "But she never put aside any money for retirement. How does she exist in today's society? Does she move back in to the damp basement of her daughter's home?"

Such storylines may be just as compelling from an entertainment point of view as, say, much of the cops, docs and lawyers on TV. And it would have the beneficial effect of showing the consequences of poor financial decisions. That's the hope anyway.
http://moneywatch.bnet.com/retirement-planning/blog/bank-dad/financial-education-world-bank-wants-money-conflict-on-tv/1182/

Americans Borrow More, but Not on Credit Cards

(June 7, 2011, *CNBC*) — Americans borrowed more money in April for the seventh straight month, but they cut back on using their credit cards. The Federal Reserve says consumer borrowing rose by nearly $7.2 billion, fueled by greater demand for school and auto loans. A category that measures credit card use fell for the second time in three months. It has risen only twice since August 2008, the height of the financial crisis.

The report includes auto loans, student loans and credit cards, but excludes mortgages and loans tied to real estate. The Fed will give a more complete picture of Americans' debt when it issues its quarterly report on household net worth.

Households began borrowing less and saving more to cope with the recession, which ended in June 2009. Credit card use has plummeted nearly 19 percent over the past 20 months and it has dropped 5 percent over the past year.

Read full article at http://www.cnbc.com/id/43314436

As Debt Mounts, Few College Students Understand Loan Payoff Process

(June 2, 2011; *Naples News*) — Janea Soliven is more than five years out of college, and she's still learning how her student loans work. In that respect, her husband's return to college has been both a blessing and a curse. Together, the Fort Myers couple are taking on additional debt as he earns his degree in accounting at Florida Gulf Coast University.

"The only reason I know even more is that my husband is in school, and now we have the Pell grant," Soliven said, referring to the federal program that provides free tuition assistance to needy students. "I had a friend in college who had a Pell grant – was a little bit jealous." Soliven, who was deemed ineligible for Pell grants, instead financed her education with student loans. She still owes roughly $20,000.

Soliven's family sits at the nexus occupied by many American college students – they make too much to have their education fully covered by the need-based assistance, but not enough to avoid taking out costly and confusing loans.

Throw financially illiterate 18-year-olds into the mix, and you've created a recipe for disaster. Few college students understand the loans they are using to finance their education.

In Naples this week, college financial aid advisors and directors from all over the state have gathered for an annual conference. Though it takes place every year, a perfect storm of changes – both planned and environmental – are giving the 700 members of the Florida Association of Student Financial Aid Administrators a lot to talk about.

And among those talking points, nearly every session and seminar at the conference seemed to return to one point: the importance of arming the students – the borrowers – with information about what their loans mean and how to pay them off.

In Florida alone, reductions to the Bright Futures scholarship program mean that students in the top tier of recipients will get $3,030 next school year for a 30-hour course-load, down 19 percent from $3,750. At the same time, tuition in Florida is rising 15 percent; students at FGCU will pay roughly $5,500 starting this fall.

Meanwhile, as the federal government is trying to make student loans less confusing and simpler to pay off, some of the regulatory changes are still being worked out at the federal level. That means the advisors gathered in Naples this week are still parsing out how to navigate these changes in order to turn around and explain them to students. There was a lot of frustration voiced about how the government is making the transition.

Recent estimates state that the average graduate has $23,000 in loan debt. At this week's conference, attendees are discussing how to promote financial literacy among students, how to navigate the various repayment options and how to keep down default rates — all among a rising tide of increasing student debt and changing laws.

Read full article at http://www.naplesnews.com/news/2011/jun/02/debt-mounts-few-college-students-understand-loan-p/

Sun Life Financial, Dolphins Seeking Grant Applications

(June 3, 2011; *South Florida Times*) — Sun Life Financial Inc. and the Miami Dolphins have announced they are accepting applications for the "Sun Life Rising Star Award" grants from non-profit organizations that advocate for youth from under-served communities.

The awards are designed to improve the lives of under-served youth by providing financial resources and education to students and non-profit organizations committed to increasing success in high school and beyond. Each successful organization will receive a grant of $50,000 and other resources. Also, as part of the application process, each organization will nominate an exemplary student for a $5,000 Sun Life Rising Star scholarship to help pay for college, with the goal of helping students achieve long-term financial stability.

The program, which is now in its second year, will provide more than $1 million to students and non-profit organizations in major markets across the country, a statement said. It is the educational cornerstone program of the Miami Dolphins Foundation.

To be considered for a grant, organizations must have tax-exempt status and must promote skills that result in success for high school students under age 21. Applications will be reviewed by a local judging panel comprising community leaders and senior-level educators.

Nominees for the student scholarships must be high school seniors actively involved in an organization that shares the program's mission. They must also plan to pursue post-secondary education, exhibit leadership qualities and demonstrate a strong commitment to their communities.

Students who are nominated must submit a 750-word essay on how financial education contributes to future success.

*The deadline for submitting applications is **July 1**. Application forms are available at www.SunLifeStadium.com/RisingStar*

Read full article at http://www.sfltimes.com/index.php?option=com_content&task=view&id=7254&Itemid=185

IRS Asks for Feedback on Form 990 Changes

(June 2, 2011; *Accounting Today*) — The Internal Revenue Service is asking for public comments on its redesigned Form 990, which requires tax-exempt organizations to answer questions about executive compensation and other matters.

Form 990, "Return of Organization Exempt from Income Tax," was extensively redesigned for tax year 2008 to promote tax compliance and increase transparency. The IRS said it continues to refine the form in response to questions and comments from the public. As the second filing season for the redesigned form nears completion, the IRS has issued Announcement 2011-36, which invites public comments on transitional issues and frequently asked questions involving the redesigned Form 990.

Debt Piles Up For College Graduates

Student Loan Debt Exceeds Nation's Credit Card Debt

(May 30, 2011; JACKSONVILLE) —Students loans can be a huge burden for college graduates. Many graduates oftentimes need to land job immediately after college so they can start to pay down that debt. The problem is that finding a job nowadays can be difficult, so some people are thinking twice about how far they'll go to finance their future.

Rebecca Mantilla is banking on her degree. "I've got about about $20,000 in student loan debt right now from my undergrad and my graduate (degrees)," she said.

Mantilla hopes to find for a job with a starting salary high enough to pay off her debt. But that's a gamble more recent college grads are losing.

The cost of education continues to rise, so much so that the amount of student loan debt recently exceeded the nation's credit card debt.

This growing problem is the reason that at Florida State College at Jacksonville, the administration has requested the power to deny students' federal loans if they have too much debt.

At the University of North Florida, Anissa Agne said a large part of her job as financial aid director is teaching financial literacy. "We're trying to encourage students, if you live on campus, don't get the car. Don't bring your car," he said.

Agne offers this advice: Apply for as many scholarships as possible, start saving before college, work and think hard about your major and how much money you can honestly expect to earn in that field after graduation.

Read full article at http://www.news4jax.com/education/28071566/detail.html

Emergency Funds out of Reach for Nearly Half of All Americans

(May 23, 2011; *Wall Street Journal*) — Nearly half of Americans couldn't get their hands on $2,000 within a month for unexpected expenses, according to a paper by the National Bureau of Economic Research. Only 24.9% of respondents to the question "If you were to face a $2,000 unexpected expense in the next month, how would you get the funds you need?" said they would be certainly able and 25.1% probably able to get the money. The rest would resort to payday loans, loans from family members or credit cards.

IRS Struggles to Control Taxpayer Identity Theft

(May 26, 2011; *Accounting Today*) — The Internal Revenue Service found over 245,000 identity theft incidents last year, according to a new government report that assessed the IRS's efforts to stem the growing problem, as victims testified before the Senate. Since 2008, the IRS has identified 470,000 incidents of identity theft affecting more than 390,000 taxpayers. The thieves typically steal, or attempt to steal, the victim's tax refund.

In a new report by the Government Accountability Office, the GAO acknowledged that the hundreds of thousands of taxpayers with tax problems caused by identity theft represent a relatively small percentage of the expected 140 million individual returns filed, but for those affected, the problems can be extremely serious

The report was presented during a hearing of the Senate's new Subcommittee on Fiscal Responsibility and Economic Growth.

"Victims of tax-related identity theft are the casualties of a system ill-equipped to deal with the growing proficiency and sophistication of today's tax scam artists," **said Sen. Bill Nelson, D-Fla**., who chairs the newly formed subcommittee during its first hearing.

He noted that taxpayer victims can spend countless hours obtaining the necessary documents to prove who they are. "Inconsistent messages and conflicting instructions from customer service agents at the IRS can worsen the situation," Nelson added. "Innocent taxpayers whose identities have been stolen frequently find themselves in a confusing and frustrating form of bureaucratic ping-pong."

National Taxpayer Advocate Nina Olson told the committee that the IRS has made numerous improvements over the past several years to assist identity theft victims. However, she added, "despite these changes, we are seeing unprecedented levels of identity theft casework." She noted that the IRS Identity Theft Protection Specialized Unit is struggling to effectively manage identity theft cases, and the population of taxpayer accounts with an identity theft indicator has grown significantly, subjecting almost a million accounts to business rules.

Identity theft harms innocent taxpayers through employment and refund fraud, the GAO report noted. In refund fraud, an identity thief uses a taxpayer's name and Social Security number to file for a tax refund, which the IRS discovers after the legitimate taxpayer files. In employment fraud, an identity thief uses a taxpayer's name and SSN to obtain a job. When the thief's employer reports income to the IRS, the taxpayer appears to have unreported income on his or her return, leading to enforcement action.

The IRS has taken multiple steps to resolve, detect, and prevent employment and refund fraud, the GAO noted. The IRS will mark taxpayer accounts to alert its personnel of a taxpayer's identity theft. The purpose is to expedite the resolution of existing problems and alert personnel to potential future account problems.

http://www.accountingtoday.com/news/IRS-Struggles-Control-Taxpayer-Identity-Theft-58521-1.html

Fed's Duke Says Financial Literacy Should Be Taught in Schools

(May 24, 2011; *Bloomberg*) — Federal Reserve Governor Elizabeth Duke said that school-age children should be taught financial literacy concepts to help prepare them for the complicated financial decisions they'll need to make later in life.

"It is important that these skills be included in curriculum and measured in student achievement tests," Duke said in remarks prepared for a speech in Boston today. "If our schools can't spare the resources to provide financial literacy as a subject unto itself, I believe that the concepts required for sound financial decision-making should, at a minimum, be incorporated into existing subject areas."

Duke didn't comment on the U.S. economic outlook or monetary policy in her remarks at a conference on saving and investing, sponsored by the Boston University School of Management and the Boston Fed.

Duke said that little is known about how effectively financial education can improve individuals' economic well- being. "While much attention and many resources have been devoted to financial education, we still have surprisingly little information about the effectiveness of financial literacy efforts," she said.

http://www.bloomberg.com/news/2011-05-24/fed-s-duke-says-financial-literacy-should-be-taught-in-schools.html

Dos and Don'ts For Talking To Kids About Money

(May 19, 2011; *NPR*) — A poll conducted by a financial education non-profit found 70% of teens said their parents were the most important influence on their spending habits. But fewer than half thought their parents were telling them enough. Tell us: How do you teach your kids about money? Listen to the story on *Talk of the Nation*

http://www.npr.org/2011/05/19/136468139/dos-and-donts-for-talking-to-kids-about-money

News and Recent Events From Our Partners

My Word: Give Teens Tools to Lead

(June 7, 2011; *Orlando Sentinel*) — Only about a quarter of U.S. teenagers will land a summer job in the coming months as a result of the poor job market. So what's a teenager to do? The same thing that adults have to do: market themselves, network, refine their skills and practice interviewing.

Some kids are even becoming their own bosses by embracing entrepreneurship. In fact, about 3.7 percent of high-school seniors want to become business owners or entrepreneurs, based on a survey of 1.9 million students by the National Research Center for College & University Admissions.

But teenagers need to be taught how – and encouraged – to land a job (or be their own boss). Since Florida law doesn't require job preparedness skills, financial literacy or entrepreneurship to be part of a school curriculum, we're graduating students who don't know what it takes to secure – and keep – a job. They also don't understand how credit cards work, and many don't know how to avoid debt in the first place. Having a summer job is an integral part of understanding personal finance. I fear the low employment among young people will have a negative long-term effect if we become complacent.

Let's start by giving future generations the tools to prevent another economic crisis, the kind of financial acumen that will empower them to never have to say, "I didn't understand what I was signing."

Work-force readiness and financial literacy should be a personal responsibility — but if we're not offering the resources, we can't blame the next generation for making our same mistakes. In 1961, **Junior Achievement of Central Florida** began teaching economics as one of its core curriculum measures to high-school students.

Fifty years later, we're teaching the same concepts, but with an even stronger focus on entrepreneurship, financial literacy and work-force readiness with age-appropriate curricula for kindergarten through 12th grade. Although checkbooks are going the way of vinyl records, and mobile payments will likely replace swiping debit cards, the same financial principles apply.

In 2010, JA of Central Florida trained volunteers from our community to teach 84,000 students in 4,300 classrooms throughout the region – but we're on a mission to deliver our curriculum to even more young people. Our organization is certainly not the only resource available, and we also know that we alone can't teach these principles.

I remember seeing a humorous bumper sticker that read, "Hire a teenager while they still know everything." Obviously, they don't know everything. But it's up to community and business members, parents, teachers and even employers to stress that money education matters – regardless of your age or employment status.

Jim Cross is chairman of the board at Junior Achievement of Central Florida.

http://www.orlandosentinel.com/news/opinion/os-ed-teen-summer-jobs-myword-060711-20110606,0,3906621.story

FCEE Annual Governor's Awards

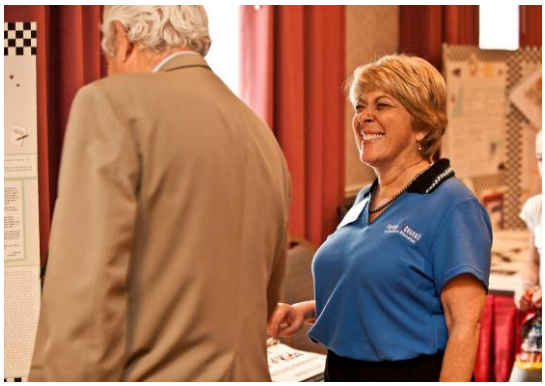
The Florida Council on Economic Education (FCEE) and Publix Super Markets Charities are pleased to announce the winners of the 32nd Annual Governor's Awards for Excellence in Teaching Economics. The event was held on Friday, May 6, 2011, at Disney's Yacht & Beach Resort. Florida's finest educators, as well as statewide business and legislative leaders were in attendance.

The event recognized 37 outstanding educators for their innovation in teaching economics, free enterprise and financial literacy. Over 90 Kindergarten through 12th grade educators submitted materials and lesson plans to showcase their efforts in teaching economic principles to Florida's students. The top honor of the day, the Charles Harper Economic Educator of the Year, was presented to Mary Chowenhill from Robert E. Lee High School in Jacksonville.

The selection committee was overwhelmed by the quantity and quality of applications. Participating teachers won a variety of prizes for their extra efforts, and due to the generosity of Publix Super Markets Charities, every teacher in attendance and their guests enjoyed EPCOT for the day.

The Florida Council on Economic Education wishes to congratulate all the outstanding educators who were in attendance at the 2011 Governor's Awards.

Mary Chowenhill honored as Economics Educator of the Year.



FCEE director and Florida Jump$tart board, Robin Warren, talks with a participant.

Leslie Mace, Federal Reserve Bank of Atlanta and Florida Jump$tart board, talks with a teacher regarding the many products available to educators.

Florida Jump$tart partner, Chris Cummings, presents a check for $22,000 on behalf of State Farm to FCEE.

Florida Jump$tart President, Michael Gutter, talks with teachers about the Florida Jump$tart Coalition.

Florida Jump$tart board members at display table – (left to right) Michael Gutter, George Owen, and Brenda Hubbard

Most photos from Gian Carlo Photography

A younger visitor to the Florida Jump$tart table

Send us your news and pictures!

Financial Literacy Resources

New Consumer Regulator Opens Website and Facebook Page

The Consumer Financial Protection Bureau, established by the Dodd-Frank Act, has set up shop on the Internet with a new website and Facebook page. Tasked with educating and protecting consumers, the agency includes a Consumer Education and Engagement department. This department lists the following as its responsibilities: financial education, consumer engagement, older Americans, service members, students and community affairs.

The Best Credit Card Choices from College to Retirement

(May 19, 2011, *Forbes*) — Like with clothes, tastes, interests and countless other things, people grow out of certain types of credit cards as they age. While this shouldn't be a surprise, it's not something you're likely to think about often, so you might fail to recognize when a new card is necessary in order to save money on interest costs or tap into your full rewards potential. A little foresight is all that's necessary to prevent this, however, so read up on this list of the best types of credit cards for different stages in life and get a leg up on your financial future.

Going to College

Too often, young adults go to college armed with high school diplomas—evidence of preparation for the academic rigors of higher education—but without the financial literacy necessary to responsibly handle financial independence. To make matters worse, the Credit CARD Act of 2009 restricted credit access for people under the age of 21. Therefore, whether you demonstrate steady income, find a co-signer or simply wait until your 21st birthday, your primary objective in using a credit card while in college is building credit.

A solid credit history is integral to one day taking out a loan, qualifying for a mortgage, buying a car or even getting certain jobs that require thorough background checks. Since you want to build credit as cost-effectively as possible, the most important thing to look for in a credit card at this time in your life is a low fee structure.

That being said, you might want to consider: the Orchard Bank Secured MasterCard (free first year and $35 annual fee thereafter); or the Citi Divident Platinum Select Credit Card for College Students (no annual fee, 5% cash back on limited purchases during first 6 months, 1% cash back thereafter)

Read full article at http://blogs.forbes.com/moneybuilder/2011/05/19/the-best-credit-card-choices-from-college-to-retirement/

New FinancialPsychologyCeus.com Course Explores Connection between Money and Mental Health

(May 12, 2011; ATLANTA) — Financialpsychologyceus.com, a continuing education website for mental health professionals, announced the addition of a new online course, Money, Mental Health and Financial Psychology, an introduction to financial psychology and an exploration into the impact money has on an individual's mental health.

The Financialpsychologyceus.com course examines the interconnection between money and mental health and the underlying psychology linking the two. Money, Mental Health and Financial Psychology covers the characteristics of disordered money struggles; common types of problematic money-related behaviors; psychological components impacting an individual's relationship with money; and possible psychotherapy treatment strategies for working with money-related struggles.

"Discussing money is historically taboo, even for psychotherapists," said Joe Lowrance, Psy.D, author of the course. "Unfortunately, this social prohibition has caused money to become possibly the most neglected topic in psychological research and in psychotherapists' education, training and practice. Consequently, the ability for psychotherapists to serve their clients' well-being regarding one of daily life's most important issues of daily life often has been compromised."

An Atlanta clinical psychologist, Dr. Lowrance is part of a growing movement of mental health professionals who recognize the significance of raising the subject of money with their clients. He is also a member of the Georgia Consortium for Personal Financial Literacy, on the editorial board of the Journal of Financial Therapy, associate producer of the documentary film Money and Life, developer of moneyandmylife.com, and founder and CEO of FinancialPsychologyCeus.com.

http://www.prweb.com/releases/2011/5/prweb8407774.htm

Nearly 60% of Parents Provide Financial Support to Adult Children

(May 21, 2011; *Forbes*) – This month, young adults across the nation are donning graduation robes and tweaking resumes, while parents ready their Canons and Kleenex. At the podium, guest speakers will motivate and inspire, but they will likely omit one tiny detail: Many of those grads will remain financially dependent on their parents for years.

According to a new survey, 59% of parents provide financial support to their adult children who are no longer in school. The online poll by ForbesWoman and the National Endowment for Financial Education (NEFE) of 1,074 U.S. adults—non-students aged 18 to 39 and their parents—was conducted by Harris Interactive in May.

"Parents are continuing their involvement longer than we expected," says NEFE chief executive Ted Beck. "Financial pressures are higher for this generation. If I was in their shoes, I would be concerned."

Young adults are feeling the heat: 65% say the financial pressures faced by their generation are tougher than those faced by previous generations, and one in three parents agree that their offspring are worse off.

Today's young adults graduated into one of the worst recessions since the depression and carry a crippling college debt burden. Above the national average of 9%, unemployment rates spike to 14.2% among 20- to 24-year-olds and 10.2% in the 25 to 29 bracket. Meanwhile, the average four-year college student borrowed $24,000 in 2009–double the $12,000 she borrowed in 1993.

"Parents were expecting their kids to get jobs that were high paying enough to manage payments, but they are finding that they can't," says Jean Chatzky, financial editor for the Today show. "You don't want to see your kids struggle."

In fact, among the parents offering financial support 43% say they are "legitimately concerned" for their kids' financial well-being, and 37% say they have struggled and don't want their children to struggle too. Thus, they are providing financial assistance in record numbers and on a scale that ranges from occasional cash to complete dependence. The majority of parental help is housing (50%), living expenses (48%), transportation costs (41%), insurance coverage (35%), spending money (29%) and medical bills (28%).

New York-based psychologist and author of Face It, Vivian Diller, Ph.D., believes the trend extends beyond the economy. "In the last 20 to 30 years, the family structure has become more child-centered," she says. "Boomer parents were very willing to make sacrifices for their kids, giving them the sense that it would continue until they were on their feet. Now parents are supporting kids' lifestyles."

Diller says the trend may bring families closer. Among the young adults living at home, 75% contribute to the household financially—with groceries (52%), utilities (34%), gas for the family car (31%) and rent or mortgage help (29%)—and 42% provided non-financial help like cooking, cleaning or childcare. Those young adults are also expecting to repay their parent's goodwill as they grow older and begin needing more help themselves, says Diller.

However, increasing financial support could have dangerous side effects. "Because they have been protected, some children don't learn reasonable ways to manage money, and they run into trouble," Diller warns. "You can enable kids to become more independent, but you can disable them too."

Read full article at http://abcnews.go.com/Business/60-parents-provide-financial-support-adult-children/story?id=13648780&page=2

Girls Just Want to Have Funds

(May 21, 2011; *Wall Street Journal*) — Women are a majority on college campuses and a growing force in the American workplace. But in survey after survey, they rate themselves as less confident—and less knowledgeable—about money and investing than men do.

This disconnect can carry a steep potential price. Since they are likely to earn less than men and live longer, women may have a greater need for their savings in their later years—but they would benefit from the kind of confidence that men have in their own investing prowess to get there.

One thing is in their favor: When they do invest, their humility and caution make them far less likely than men to trade excessively or to take outsize risks, which can benefit them in the long run.

Only 26% of women were confident making their own investment decisions, compared with 44% of men, according to a survey by MassMutual Financial Group of 1,500 participants in its retirement plans published in March. Both were less confident than a year ago.

Women also expressed much less investing confidence than men in recent surveys conducted by market-research firm Mintel Group and Brinker Capital, an investment-management firm that questioned more than 300 clients of 78 financial institutions.

Tellingly, the surveys find that neither men nor women feel overwhelmingly confident or knowledgeable about the broader investing process. "Both genders are in horrific need of basic help," says Manisha Thakor, founder of the Women's Financial Literacy Initiative.

In surveying 2,000 adults about investment accounts that they direct themselves, Mintel found that men were more likely to invest in stocks, exchange traded funds, futures and options, while women were more likely to invest in mutual funds.

Most investors in the survey don't trade very much: More than half of men and more than three-quarters of women traded, at most, a few times a year. But a third of men said they traded at least several times a month, while only half as many women did.

There are other differences: Women are more likely to get their investment information from people, such as financial advisers or family, than from newspapers, books or websites, according to the surveys, and see themselves as risk averse. In the Brinker survey, 42% of men said they were "extremely" or "very" comfortable taking investment risks, twice the rate of women.

Women see themselves as more collaborative, while men see themselves as the decision makers. About 60% of married men said they make the investment and financial decisions in the household, the survey found, while fully three-fourths of married women said the decisions are made jointly.

The survey results signal that financial advisers, mutual funds and investment firms still are falling short in how well they educate and support their customers. That is significant, since surveys that track retirement-account participation repeatedly show that customers who actively engage in financial education or get regular advice are more likely to increase their contributions and diversify their investments and are far less likely to pull out of the market when it swoons.

Read full article at
http://online.wsj.com/article/SB10001424052748704281504576331173793741378.html?mod=googlenews_wsj#printMode

"Financial Fridays" from the National Coalition

May 13

At **Bank of the West**, we are dedicated to helping improve the social and economic health of the communities we serve, particularly by promoting financial education. Bank of the West supports a variety of financial literacy programs and nonprofit organizations, such as Operation Hope, Inc., Junior Achievement, The National Theatre for Children and other Jump$tart partners. Our comprehensive approach to financial literacy engages people of all ages and backgrounds, complements education with incentives and reinforces local efforts with a national strategy. To learn more about Bank of the West's commitment to community, visit www.bankofthewest.com/community.

May 27

Family and Consumer Economics programs are offered through the USDA – NIFA, Institute of Youth, Family, and Community in the Division of Family and Consumer Sciences. The nation's financial attitude, behavior, and knowledge start within the family unit. The **National Institute of Food and Agriculture** (**NIFA**), in partnership with the Land-Grant University and Cooperative Extension System helps strengthen families, farms, communities, and the economy. The NIFA Division of Family and Consumer Sciences (FCS) programs focus on the human dimensions of food and agriculture, addressing priority issues through scientific research and its application; strategic partnerships with federal, state and local agencies; extension education; and preparing the next generation of Family and Consumer Sciences professionals.

The USDA-NIFA deliverables are:

- *Research* - enables us to develop the knowledge needed to solve many of the issues facing our nation and the world.
- *Education* - strengthens schools and universities to train the next generation of scientists, educators, producers, and citizens.
- *Extension* - brings the knowledge gained through research and education to the people who need it most—in the United States and around the world.

Each year, America's high schools graduate thousands of young adults who are unprepared in matters of employment and financial decisions. Ohio State University Extension professionals developed the ***Real Money, Real World*** curriculum that simulates real-life experiences to help make youth aware of the money management skills they need. The curriculum focuses on making students aware of the correlation between educational attainments and earning power. *Real Money, Real World* programs are designed to be a partnership of the county Extension Office, the school, and the business community. An active, hands-on experience, it gives young people the opportunity to make lifestyle and budget choices similar to those they will make as adults. See www.realmoneyrealworld.osu.edu

May 27

The **Griffith Insurance Education Foundation** was founded in 1947 to promote the study and teaching of risk management and insurance (RMI). Today the Foundation supports college and university RMI programs nationwide, provides risk management and insurance education programs for K through 12 students and teachers, and offers basic principles seminars and workshops for public policymakers.

The Insurance Education Institutes are designed for teachers, junior high through high school, who will integrate insurance into their financial literacy curriculum or another subject such as business, consumer education, economics, social science, family and consumer science, mathematics, or driver's education.

We also offer a complete online course on risk management and insurance that is loaded with great information, supplemental materials and even video clips. "Curriculum Online" promotes the teaching of insurance and risk management in a manner that is fun, engaging and relevant. It's available at http://www.griffithfoundation.org/k-12/curriculum-online, and provides teachers with a classroom-ready product.

"Risk, Responsibility, Reality," is a DVD with vignettes on various risk management and insurance situations. A careers DVD, "A Future Full of Possibilities," is a seven minute video with interviews with a number of young professionals that highlights the number of interesting careers in risk management and insurance industry.

Teachers may order materials, free of charge, at http://www.griffithfoundation.org/k-12/teacher-resources.

The Foundation teamed up with the National Youth Leadership Council to create service-learning projects for students that not only offer an experiential learning encounter, but also provide meaningful services to their community. The Service-Learning Guide is available for download at www.griffithfoundation.org/service-learning.

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

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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.

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