



**FLORIDA JUMPSTART COALITION ANNUAL SUMMIT**  
**Thursday, August 23**  
**9 am to 4:30 pm**  
**Orlando**

*Make plans now to join us in person or online for this key financial education summit. More details to follow soon.*

**Consumer Credit Use Rising, Despite Lack of Financial Knowledge and Bad Credit**

(June 4, 2012; SCOTTSDALE, Ariz.) — Although credit card use is rising, more than 40 percent of Americans don't consider themselves financially literate, according to a recent consumer finance survey. Financial experts believe this minimal financial comprehension contributes to low credit and a misunderstanding of personal finance in general, which can be overwhelming to the average consumer.

"Before the Credit CARD Act, 100 percent of the cards we looked at included practices regulators found to be harmful or unfair," said Nick Bourke, director of the Pew research group's Safe Credit Cards Project. "The [credit] market really wasn't working. It was much more difficult for consumers to identify a good card from a bad one," continued Bourke.

The majority of credit card agreements in the United States are written at a 12th-grade reading level, three grades above the average American's reading comprehension.

Although the Credit CARD Act of 2009 attempted to increase safety and transparency for consumers by reforming credit card regulation, challenges remain and the need for financial education continues.

**Post-Reform, Use of Credit among Consumers Remains High**

Equifax released consumer credit data earlier this month indicating that the rate of newly issued bank cards increased by nearly 37 percent in February 2012 from the same time last year.

However, recent industry research suggests financial knowledge among U.S. adults and adolescents remains staggeringly low. According to the 2012 Consumer Financial Literacy Survey, when asked to assign



themselves a grade level appropriate to their financial understanding, 42 percent of Americans did not award themselves a passing grade.

The National Endowment for Financial Education also found that fewer than 20 percent of teachers feel they are knowledgeable enough to teach personal finance curriculum to their students.

If Americans are trapped in a world of financial misinformation, and many educators find they lack the knowledge themselves, consumers are left with few options to turn to for financial education. Analysts attribute consumers' lack of financial understanding to their confusion regarding what credit is available, and how to improve their financial standing and qualify for a better credit card.

The three credit bureaus maintain over 220 million consumer files in the United States, and 1 in 5 of those files belongs to a consumer with bad credit. According to TransUnion, the average debt per cardholder came to \$4,962 at the end of Q1 2012.

Many Americans feel bombarded with so much financial information, but are unable to make sense of it. Minimal understanding of financial knowledge coupled with trouble regaining credit standing, presents a strong and evident need for viable consumer credit resources.

#### **Credit Resource Offers Guidance**

Shopping for a credit card involves more than simply choosing a card offered by your current provider. It's an individualized process that lets consumers find a tool to help enhance their spending power, pay down debt, and improve their financial standing.

"Not everyone has the same needs so being able to compare features and benefits of multiple cards side by side can really help consumers find the cards that best suit their individual needs," said Stephanie Cobb, Business Developer for Credit Card Select. "Our Credit Card Comparison Tool allows consumers to add their favorite cards to a compare bin or shopping cart so they can easily come back to them later and compare their favorites side by side."

Comparing credit cards has typically been a complicated task, but CreditCardSelect.com makes it easy by matching consumers with card options that are more tailored to their needs, based on certain specifications including card type, brand, credit range and more. Credit Card Select partners directly with many of the leading credit card issuers in the consumer credit industry to provide hundreds of options complete with real customer reviews.

<http://www.marketwatch.com/story/consumer-credit-use-rising-despite-lack-of-financial-knowledge-and-bad-credit-2012-06-04>

## **Upcoming Events**

### **Thursday, June 28, 10-11 am**

**Florida Jump\$tart Coalition Board Meeting, Conference Call**

### **Tuesday, July 10, Jacksonville**

#### **Teacher Workshop - Economics in History and the History of Central Banking**

This workshop will connect economics with events in U.S. history, as well as focusing on the story of central banking from its beginnings to modern times. Sponsored by the Federal Reserve Bank of Atlanta-Jacksonville Branch. For more information, contact Lesley Mace at [lesley.mace@atl.frb.org](mailto:lesley.mace@atl.frb.org).

### **Tuesday, July 24, Jacksonville**

#### **Teacher Workshop - Macroeconomics for High School Teachers**

Economic Indicators, Money and Banking, Monetary versus Fiscal Policy, the role of the Federal Reserve, International Economics- This workshop will focus on all topics

Macro, with an emphasis on hands on lessons. Sponsored by the Federal Reserve Bank of Atlanta-Jacksonville Branch. For more information, contact Lesley Mace at [lesley.mace@atl.frb.org](mailto:lesley.mace@atl.frb.org).

**Thursday, July 26, 10-11 am**

**Florida Jump\$tart Coalition Board Meeting, Conference Call**

**Thursday, August 23, 10-11 am**

**Florida Jump\$tart Coalition Board Meeting, Conference Call**

## News Briefs

### Colleges' Bank Deals Saddle Students with Big Fees

(WASHINGTON (AP) — As many as 900 colleges are pushing students into using payment cards that carry hefty costs, sometimes even to get to their financial aid money, according to a report released Wednesday by a public interest group.

Colleges and banks rake in millions from the fees, often through secretive deals and sometimes in apparent violation of federal law, according to the report, an early copy of which was obtained by The Associated Press.

More than two out of five U.S. higher-education students - more than 9 million people - attend schools that have deals with financial companies, says the report, written by the U.S. Public Interest Research Group Higher Education Fund.

"For decades, student aid was distributed without fees," said Rich Williams, the report's lead author. "Now bank middlemen are making out like bandits using campus cards to siphon off millions of student aid dollars."

Programs like Higher One's shift the cost of handing out financial aid money from universities, which no longer have to print and mail checks, to fee-paying students, Williams said. The fees add to the mountain of debt many students already take on to get a diploma. U.S. student debt tops \$1 trillion, according to the Consumer Financial Protection Bureau.

Student loans have surpassed credit cards as the biggest source of unsecured debt in America, according to the CFPB, which regulates cards and private student lenders. It took Mario Parker-Milligan less than a semester to decide that he was paying too many fees to Higher One, the company hired by his college to pay out students' financial aid on debit cards. Four years after he opted out, his classmates still face more than a dozen fees — for replacement cards, for using the cards as all-purpose debit cards, for using an ATM other than the two on-campus kiosks owned by Higher One.

Among the fees charged by Higher One, according to its website, is a \$50 "lack of documentation fee" for students who fail to submit certain paperwork. The U.S. Department of Education called the charging of such fees "unallowable" in guidance to financial aid officers issued last month.

Among the fees charged to students who open Higher One accounts: \$50 if an account is overdrawn for more than 45 days, \$10 per month if the student stops using his account for six months, \$29 to \$38 for overdrawing an account with a recurring bill payment and 50 cents to use a PIN instead of a signature system at a retail store.

Higher One has agreements with 520 campuses that enroll more than 4.3 million students, about one-fifth of the students enrolled in college nationwide, according to public filings and the U.S. PIRG report. Wells Fargo and US Bank combined have deals with schools that enroll 3.7 million, the report says.

Students can opt out of the programs and choose direct deposit or paper checks to receive their college aid, but relatively few do. The cards and accounts are marketed aggressively using college letterhead and websites carrying the endorsement of

colleges. Higher One also warns students that it will take extra days if they choose direct deposit or a paper check.

In the end, students feel locked into accounts before they have a chance to shop for a better deal, Parker-Milligan said. He said that's especially tough for poor students who rely on food stamps and other social services. Those students budget down to the penny, and don't plan on paying a fee when Higher One's ATM runs out of cash, he said.

Offerings by financial companies vary by campus. Some issue checking accounts with debit cards. Others offer prepaid debit cards, which are similar to bank debit cards but can carry higher fees and offer fewer consumer protections. Often, students' campus ID cards double as payment cards. TCF Bank's university partners give students multi-use cards that can serve as school IDs, ATM and debit cards, library cards, security cards, health care cards, phone cards, and stored-value cards for vending machines, the report said.

Having such visibility on campus is a big benefit for banks seeking exclusive access to an untapped group of potential customers. Many banks are willing to pay universities for the privilege.

Under its contract with Huntington Bank, Ohio State University will receive \$25 million over 15 years, plus a sweetener of \$100 million in loans and investments for the neighborhoods around campus, the report said.

Florida State receives a portion of every ATM fee paid by a student, it says.

It's difficult to get a full picture of how much money the schools are getting because most of them refuse to release their contracts with banks. Only a handful were available to the authors of the report.

Ohio State and Florida State did not immediately respond to requests for comment. The National Association of College and University Business Officers, a trade group involved in the issue, did not respond to multiple requests for comment.

Campus card deals have become more popular in part because of recent legal changes that cut into the profits banks can generate from students. A 2009 law banned credit cards given to students who had no way of repaying. It forced colleges to disclose deals with credit card companies and stopped some forms of marketing, such as offering students free gifts in exchange for obtaining a credit card.

Until recently, banks also made a lot more money from student loans. They extended federal aid to students, and also offered confusingly similar, higher-cost private loans alongside the government programs. Congress cut them out of the equation in 2010.

Neither change affected debit cards. As the recession forced states to slash higher education budgets, companies such as Higher One, Wells Fargo and US Bank approached colleges with an attractive proposition: The companies would assume the cost and hassle of handing out student aid funds, often paying for the privilege.

[http://www.google.com/hostednews/ap/article/ALeqM5gyo\\_bPT3RwDMHtpye1sllz9mL0sQ?docId=662a4f8f3a504705bed5ed063af2fdfe](http://www.google.com/hostednews/ap/article/ALeqM5gyo_bPT3RwDMHtpye1sllz9mL0sQ?docId=662a4f8f3a504705bed5ed063af2fdfe)



## Financial Literacy Resources

### IRS Launches New Free Tax Curriculum

The Understanding Taxes (UT) Program is a free, easy to use, web-based, interactive curriculum that makes understanding the U.S. Federal Tax System fun and relevant.

UT makes teaching taxes as easy as ABC.....Accessible, Bringing learning to life, and Comprehensive. This web-based product makes real world connections to classroom instruction. It is a great resource for middle school, high school and community college educators, and the public for learning more about the history, theory and application of taxes in the United States. Understanding Taxes was designed for and by educators and focus tested on educators and students.

UT has two sections: one for teachers and one for students. The teacher side has lesson plans that take the guesswork out of teaching all about taxes while the interactive student side has activities, tax simulations, tutorials and self-assessments. UT has great tools that support and enhance learning, such as instructions on how to use the materials in the classroom, a glossary of tax terms, additional resource links to national and state standards. Visit our website at IRS.gov, key word "Understanding Taxes," and experience the ease and flexibility of the program.

For more information, contact Barbara Acebal, IRS – Senior Tax Consultant, Miami, at (305) 982-5082.

## Financial Literacy Research

### Financial Finesse: New Research Reveals the Gender Gap in Financial Literacy is Widening

(June 21, 2012, EL SEGUNDO, Calif) — Financial Finesse, the nation's leading provider of workplace financial wellness programs and one of the only firms collecting and analyzing primary data on employee financial issues, has released its third special research report on the Gender Gap in Financial Literacy for 2012.

The report found that even with women's great strides forward in achieving parity in the workplace, and despite societal shifts making financial independence more achievable for women, they continue to lag behind men in many key areas of financial planning, with the gender gap being most pervasive in two areas that are critical to their ability to achieve financial security:

Basic money management, the foundation of all financial planning.

- Only 43% of women reported having an emergency fund in place to cover unexpected expenses, compared to 63% of men.
- Only 52% of women said they were comfortable with the amount of non-mortgage debt they had, compared to 71% of men.
- Investing knowledge and confidence, crucial to women's ability to build their wealth.
- Only 37% of women said they have taken a risk tolerance assessment and are aware of their conservative, moderate, or aggressive investment strategy, compared to 57% of men.
- Only 25% of women reported rebalancing their investment accounts to keep their asset allocation plans on track, compared to 49% of men.



The gap was narrowest in two areas that tend to be more proactive in nature: retirement planning, with women showing virtual equality with men in retirement plan participation, and estate planning, an area that Liz Davidson, CEO and Founder of Financial Finesse, says taps many of the natural skills women possess.

The report also identified that the gap between the genders is widening in nearly every area of financial planning which Davidson says is highly disconcerting. "Women should actually be the ones spending more time and putting more focus on improving their finances because they face so many more challenges than men in financial planning," she says.

Research has found that women live approximately 5 years longer than men on average, and 9 out of 10 women will be solely responsible for their finances at some point in their adult lives, due to divorce or death of a spouse, according to the National Center for Women and Retirement Research (NCWRR).

Davidson points out that beyond living longer, women generally make less throughout their lifetimes than men due to spending time out of the workforce caring for children, making it difficult to become financially secure. All these factors, combined with lower average social security payments and higher health care costs, put them at a distinct disadvantage financially.

The good news, Davidson says, is that women are seeking financial education and information at very high rates--typically about 2 to 1 compared to men--and are taking the education to heart. "As employers continue to deliver financial education programs that effectively reach women, we should start to see this gap narrowing," she says. "We need to help women see how important closing this gap is to creating financial security for themselves and their families."

<http://www.marketwatch.com/story/financial-finesse-new-research-reveals-the-gender-gap-in-financial-literacy-is-widening-2012-06-21>

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



Inquiries or articles may be sent to:

Florida Institute of Certified Public Accountants  
325 West College Avenue  
Tallahassee, FL 32301  
Attn: Brenda Hubbard  
850-224-2727, Ext. 419

[FLJumpstart@ficpa.org](mailto:FLJumpstart@ficpa.org)

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