Financial Smarts for Students
Florida JumpStart!
Financial Smarts for Students
JumpStart Coalition for Personal Financial Literacy
May 2012

College Students May Bear the Price of Politics with Higher Loans

TALLAHASSEE — With average student debt in Florida already topping $21,000, moves that Congress and the State University System make, or don't make, in June could go a long way toward deciding the future depth of the red ink. A doubling of interest rates on federal student loans is slated to occur July 1 unless Congress acts. If Congress doesn't act, it could cost Florida students an additional $443 million annually.

The State University System's Board of Governors also will decide tuition rates for Florida's 11 public universities next month. Gov. Rick Scott has said he opposes tuition hikes, partly out of concern for the IOUs piled up by students.

"I have strong concerns for the debt burden on our students and the number of graduates struggling to find jobs within their fields of study," Scott said last month in vetoing legislation aimed at letting the University of Florida and Florida State University set their own tuition.

In Congress and in this presidential battleground state, the clash over student debt is heavily colored by politics this election year. U.S. Senate Republicans last week again stalled a push by Democrats to maintain the 3.4 percent interest rate on the popular Stafford federal loans. GOP leaders say the country cannot afford the $6 billion annually it would cost to pay for the lower rates.

President Obama and Democrats see the loan fight as a chance to woo young voters to their side. More than 450,000 students from Florida have federal Stafford loans. But the focus on student debt also is challenging perceptions about Florida's higher education system. Florida's public universities are known for low tuition, with the state's average $5,626 annual rate ranked 45th in the nation.

Thousands of parents also buy prepaid tuition plans for their children, which help lower costs.

And even though they have been scaled back, Bright Futures scholarships for high--performing students can still cover most classroom expenses. Stories linger of high school graduates buying cars with the extra cash the taxpayer-financed scholarships provide.

'Low-cost is relative'. Still, a recent study showed 49 percent of Florida public university graduates in 2010 owed money when they finished school. The average $21,184 debt for Florida students was below the $25,250 national average, according to the Project on Student Debt study by the Institute for College Access & Success.

Florida ranked 42nd among states in the percentage of students graduating with debt and its average student debt ranked 37th nationwide, but that average is still formidable in a state where new graduates are struggling to find jobs and many family finances are stretched thin.

The Senate held two votes Thursday on measures to prevent Stafford loan rates from rising to 6.8 percent on July 1. Democrats offered one and Republicans the other,

but both failed to reach the 60-vote threshold needed to move forward. Florida's senators, Republican Marco Rubio and Democrat Bill Nelson, followed party lines.

"The disagreement is not about the student interest rates. The disagreement is about how do we pay for the cost of keeping the rates low for another year," Rubio said after a similar vote in early May. He noted at that time that he was still paying off his student loans for attending University of Miami law school.

Democrats proposed paying for a one-year extension of the 3.4 percent rate by ending a tax provision that allows executives of some small businesses to collect some income as business profits instead of wages, allowing them to avoid paying payroll taxes for Social Security and Medicare. Democrats want to end the provision for those making more than $250,000 a year. Republicans called it a tax increase on job creators.

Debt at Florida universities

The percentage of university students graduating with debt in 2010 and the average debt those graduating seniors carried, according to the Institute for College Access & Success' Project on Student Debt:

Florida A&M University	86%	$28,144
University of South Florida	52%	$21,679
Florida State University	48%	$20,993
Florida Atlantic University	46%	$18,342
Florida International University	45%	$16,026
University of Central Florida	41%	$18,966
University of Florida	40%	$16,013
University of North Florida	39%	$15,300
Florida Gulf Coast University	36%	$22,328
New College	36%	$11,458
University of West Florida	N/A	N/A
Florida average	49%	$21,184
U.S. average	65%	$25,250

http://www.palmbeachpost.com/news/state/college-students-may-bear-the-price-of-politics-2377727.html

Upcoming Events

May 30 - June 1

Florida Prosperity Partnership - Fourth Annual State Conference & Training
Loews Portofino Bay Hotel at Universal Orlando

FPP convenes individuals and organizations with the desire to leverage their talent, resources, and passion to improve the prosperity of Florida's families. Keynote Speaker is Ruby K. Payne, Ph.D. Sign up online at www.floridaprosperitypartnership.org

Saturday, June 2; 9am-6pm

Affordable Home Ownership (Spanish)

3191 Maguire Blvd, Ste 100, Orlando, FL 32803

Sponsored by CredAbility. Please contact 800.864.9481 x6260 to reserve a spot.

Tuesday, June 19; Jacksonville

Teacher Workshop - Making Economics Come Alive!

This workshop will feature the John Stossel Making Economics Come Alive series, as well as the Federal Reserve's numerous multimedia and online teaching tools.

Sponsored by the Federal Reserve Bank of Atlanta-Jacksonville Branch. For more information, contact Lesley Mace at lesley.mace@atl.frb.org.

Friday, June 22; 9am-6pm

Seminar - Affordable Home Ownership
3191 Maguire Blvd, Ste 100, Orlando, FL 32803
Sponsored by CredAbility. Please contact 800.864.9481 x6260 to reserve a spot.

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.

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.

Thursday, July 26, 10-11 am

Florida Jump$tart Coalition Board Meeting, Conference Call

News Briefs

NYSE Euronext and SEC Offers 2012 Teachers' Workshops

NYSE Euronext and the SEC's Office of Investor Education and Advocacy offer professional development programs to help educators teach students about the financial marketplace and its importance in their lives and the global economy. The training sessions feature lecture-discussion sessions, hands-on activities, and field trips.

The 5-day Teachers' Workshop at the NYSE provides educators with an understanding of the capital-raising process and the NYSE trading platforms, and increases teachers' ability to include the financial markets across curriculum disciplines. Two Graduate Programs are offered for educators who have previously completed the NYSE Teachers' Workshop. The SEC Graduate Program, held in Washington DC, is designed to enhance understanding of the securities markets. The NYSE Graduate Program increases teacher understanding of complex market activities.

- *2012 Teachers' Workshop (held at the New York Stock Exchange in New York, NY) held on* June 25-29; July 9-13; July 16-20
- *2012 SEC Graduate Program (held at the SEC's headquarters in Washington, DC) held on* July 22-27
- *2012 NYSE Euronext Graduate Program (held at the New York Stock Exchange in New York, NY) held on* August 1-3

Teachers' Workshop and Fellowship Programs – Summer 2012 (information brochure and registration forms).

Teachers' Workshop Program Agendas, 2012 (program topics and daily schedules).

For inquiries, please email the NYSE's Educational Services Department at teachersworkshop@nyx.com.

St. Johns County Seniors Learning About Finance

(April 8, 2012, *St. Augustine Record*) — President and chief executive officer of Prosperity Bank Eddie Creamer presented a lesson in financial literacy to senior students in Wayne Ellison's Economics Class at St. Augustine High School. Creamer's presentation comes from a partnership between The Prosperity Bank Foundation and EverFiTM to help students learn various financial topics including saving for their future, using credit cards and the importance of maintaining a healthy credit score.

The Prosperity Bank Foundation also announces a partnership with St. Johns Technical High School in which 12th grade students will receive lessons in financial literacy through EverFiTM this spring.

Through the EverFiTM platform, students will become certified in over 600 topics in financial education, allowing them to become more informed, responsible citizens. The Prosperity Bank Foundation, which is providing the interactive financial management program at no cost to St. Johns Technical High School, is the only financial institution in northeast Florida to provide this resource to area high schools.

The EverFiTM financial management program is a 10-unit course which includes 6 hours of programming aimed at teaching, assessing and certifying students in a variety of financial topics. The program provides students who successfully complete the course with Certification in Financial Literacy.

The Prosperity Bank Foundation is also currently providing the EverFiTM financial management program to St. Augustine High School, Bartram Trail, Allen D. Nease, St. Joseph Academy (all in St. Johns County), Flagler-Palm Coast, and Matanzas High School (both in Flagler County).

Full article at http://staugustine.com/living/youth/2012-04-08/seniors-learning-about-finance

TD Bank Teams up with Auburndale High

(April 29, 2012, *News Chief*) — Financial products offered to adults are also offered to teenagers. Because teens haven't lived long enough to acquire financial wisdom, there is a group in Auburndale who has realized this, and has discovered the solution -- educate them.

"When I went to college at USF (University of South Florida), there were hundreds ofcredit card companies on campus trying to get us to get a credit card, just for a T-shirt. It is important to manage and be in control of that credit. Even when you go apply for a job, they check your credit. If your credit is out of control, you are at a disadvantage. This is very important to know, especially for seniors who are about to leave home and about to have their first credit card," Matthew Blankenship said. Blankenship is the dean of students at Auburndale High School. His responsibilities include college and career guidance for the students.

Students at AHS have been given the opportunity to attend a five-week financial class offered by TD Bank of Auburndale. Funding for this program comes from the TD Bank Charitable Foundation.

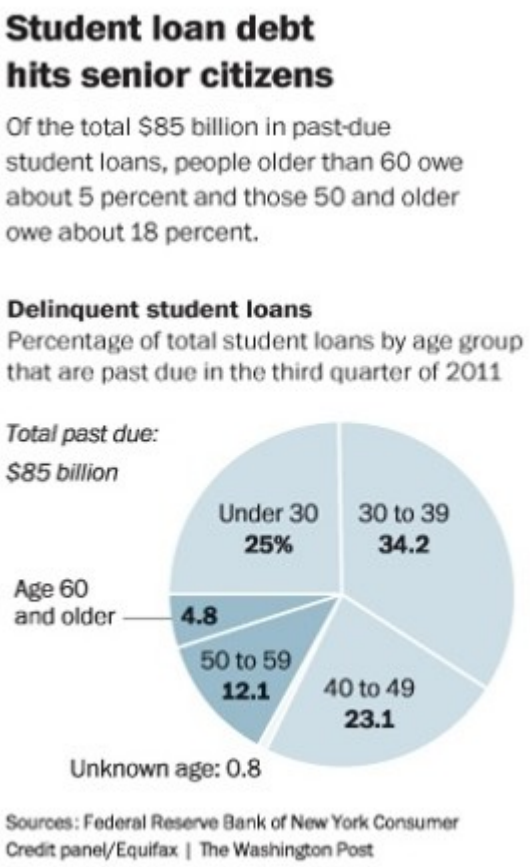
During the voluntary, after-school classes, the high school students are taught financial vocabulary through interactive games and presentations given by the bank's employees. They learn the difference between a debit and a credit, how to handle a financial risk, how to manage their spending and savings, losses, gains and stocks -- all terms which are not part of the core curriculum at AHS, according to Principal John Hill.

Terrah Soto, TD Bank Auburndale store manager, said this is the first type of class they have offered at a high school. She said, "Next school year, we hope to expand the offering throughout the county, and even offer financial literacy to the parents, too. Right now, they (students) can take these bank statements home and help their parents with theirs."

Read full article at
http://www.newschief.com/article/20120429/NEWS/204295017/1009/living?p=1&tc=pg

Senior Citizens Continue to Bear Burden of Student Loans

(April 2, 2012, *Washington Post*) — The burden of paying for college is wreaking havoc on the finances of an unexpected demographic: senior citizens. New research from the Federal Reserve Bank of New York shows that Americans 60 and older still owe about $36 billion in student loans, providing a rare window into the dynamics of student debt. More than 10 percent of those loans are delinquent. As a result, consumer advocates say, it is not uncommon for Social Security checks to be garnished or for debt collectors to harass borrowers in their 80s over student loans that are decades old.



That even seniors remain saddled with student loans highlights what a growing chorus of lawmakers, economists and financial experts say has become a central conflict in the nation's higher education system: The long-touted benefits of a college degree are being diluted by rising tuition rates and the longevity of debt.

Some of these older Americans are still grappling with their first wave of student loans, while others took on new debt when they returned to school later in life in hopes of becoming more competitive in the labor force. Many have co-signed for loans with their children or grandchildren to help them afford ballooning tuition.

The recent recession exacerbated this problem, making it harder for older Americans — or the youths they are supporting in school — to get good-paying jobs. And unlike other debts, student loans cannot be shed in bankruptcy. As a result, some older Americans have found that a college degree led not to a prosperous career but instead to a lifetime under the shadow of debt.

See full article at http://www.washingtonpost.com/business/economy/senior-citizens-continue-to-bear-burden-of-student-loans/2012/04/01/gIQAs47lpS_story.html.

Why Your Kids Are in Danger and What to Do About It

(May 17, 2012, *Forbes*) — Members of the graduating class of 2012 will have an average of over $25,000 in student loan debt totaling over a trillion dollars. It's not going

to get any easier for their little brothers and sisters following behind them. There are hundreds of thousands of children today who will be faced with even more difficult issues. It's not just the increasing cost of college education that will be harder for them. Retirement planning will be too. Consider how anticipated changes in Social Security could mean people born in 1960 or later may have to wait beyond age 67 (the current full retirement age) to collect full Social Security benefits. They are also less likely than their parents to have pension plans. They are truly going to have to make it on their own, which is why this next generation of children will need to be the most money savvy of any in recent history.

Parents need to prepare their children but many aren't prepared themselves. Our latest research reports that only 14% of employees are on track to replace 80% of their income in retirement, and a recently released LIMRA study found that 49% of Americans aren't saving for retirement at all. How is the next generation supposed to be ready? The truth is financial security is not achieved by luck. Most people create financial security by making the most of what they bring in, and living within their means. If the next generation can learn to be wise with their cash flow, they can be successful. Here are some forces they have to contend with, and some ideas on how to counter them.

Advertisers want to separate you from your money; teach your children to hold tightly to theirs. Our children are bombarded with advertisements. According to the Campaign for a Commercial Free Childhood, children ages 2-11 are exposed to 25,000 ads a year on TV alone. And it's not just TV. Whether it is in the form of pop-up ads on the internet, or text messages to cell phones, advertising is everywhere. Even money-strapped school districts have gotten into the act by allowing advertising on school buses as a way to generate revenue. Now we see children waving to Ronald McDonald as they get on the bus.

Technology can be an "attractive nuisance"; are you allowing it to be a mind drain, or using it as a mind builder, for your children? Steve Jobs and his team at Apple did an amazing job of capturing an adult's inner child by making the technology easy to explore—almost too easy—creating a truly hands-on experience that a child could use. And they do. It struck me how easy the other technology was—swipe your finger and stuff appears. This generation doesn't need easy, they need challenging tasks that they can struggle with and overcome.

Counter the nuisance of technology that allows you to do things without thinking by directing your child's learning in such a way as to unlock their imagination. Nurture their talents. Set up a "family only" YouTube channel where they can learn to make videos and post them to a password-protected site to share with family and friends. Have them direct a short play, focusing on things like the lighting, camera angles, and anything else creative. Encourage their use of technology in their school work to make them a master of technology rather than a victim.

Mastering cash flow equals mastering wealth. Teach children to make the most of the money they earn. Children learn by doing – if they have never managed cash flow in their life, how can they be expected to suddenly do it when they are an adult? At an early age, have them manage some aspect of their finances, such as purchasing their own toiletries. Let them save the difference between what you give them and what they spend. It is amazing how pre-teens will use every drop of shampoo, or buy two-in-one body wash, when they are spending their own money versus Mom and Dad's. Fortunately, today it's cool to use coupons and to watch the sales—capitalize on that.

Counter the urge to spend by giving them more and more responsibility as they get older. If they want something, have them find a way to get it. Lock in the habit of living below their means so it becomes a matter of course later in life.

See full article at http://www.forbes.com/sites/financialfinesse/2012/05/17/why-your-kids-are-in-danger-and-what-to-do-about-it/

SunTrust Team Talks to Kids about Handling Money

RICK RUNION | LEDGER PHOTOS; AUNDRE BELL glues a money leaf on a poster board Monday, held by SunTrust Bank City President Jim Chaffin, during the bank's financial literacy class.

(May 14, 2012, *Lakeland Ledger*) — Most children might run off to buy candy with any penny they lay their hands on, but second- and third-graders at Philip O'Brien Elementary School learned there's a better way to handle money — save it. A team from SunTrust Bank spent part of Monday morning at the school, talking to the children about the importance of saving, using a money-tree to illustrate the concept.

"First of all, it's never too young to start saving money," said David Fuller, president and CEO of SunTrust Banks Inc.'s Central Florida Division. "By going in and talking with them at an early age, we can help them develop lifelong saving habits."

The Atlanta-based SunTrust Bank takes part in the American Bankers Association's Teach Children to Save program that aims at educating children about money as early as possible. American Bankers Association started the program 16 years ago with curriculums designed for children of different age groups. Different banks voluntarily get involved in the program, which has so far reached more than five million school children nationwide.

The Teach Children to Save program involves bankers using interactive activities and scenarios, to teach students financial skills, such as saving, budgeting and investing. Asked what they would save for, in child-like but cognizant ways, the children's answers ranged from saving for a coveted toy or a car to buying parents a gift.
http://www.theledger.com/article/20120514/NEWS/120519644/1178?template=printpicart

New Tech Program Charting Financial Literacy in Schools

(April 16, 2012, *South Florida Times*) — Superintendent of Schools Alberto M. Carvalho and EverFi honored Miami Edison Senior High School students recently with certification in financial literacy for completing the Florida Financial Scholars program. EverFi is a web-based program that uses the latest in new media technologies — video, animations, 3-D gaming, avatars, and social networking — to bring complex financial concepts to life for today's digital generation.

"It's encouraging to see the involvement of so many distinguished financial institutions in this program that provides our students with valuable insights into financial literacy," said Superintendent Carvalho. "These students are at a vulnerable age, where they can and should learn to make wise decisions that will help them set a positive course for college and the years ahead."

District-wide sponsor Burger King and local sponsors BankUnited, Espirito Santo Bank, and Florida Community Bank partnered to make the program available to every high school in Miami-Dade County Public Schools as part of an initiative to make innovative financial education available to all students.

http://www.sfltimes.com/index.php?option=com_content&task=view&id=9680&Itemid=144

News from our Partners

Richard Schram, CredAbility and Florida Jump$tart Board Member Retires

Richard Schram, Regional President of CredAbility, a Nonprofit Credit Counseling & Education, retired in early May. Richard was also a member of the Florida Jump$tart Board of Directors. Florida Jump$tart President, Michael Gutter, along with the Board thank Richard for his service to the organization and for his overall passion to advancing financial literacy. We wish you well in retirement and know you will continue to be an advocate in financial education!

InCharge Program Trains Future Educators to Teach Financial Literacy

(May 17, 2012, *Florida Today*) — Today, too many Americans feel unprepared to handle their personal finances. Reports from a variety of advocacy groups and organizations highlight our nation's deficiencies and the broader economic implications for future generations if financial knowledge doesn't improve.

A new program, "Teach Money," can be a guide for improving financial literacy among all Americans. Its goal is to train the future educators of Florida, and nationwide, for the benefit of our next generation. Getting young adults on the right track makes it much more likely they will be financially successful adults.

Educating our future teachers in Florida is a great way to build the strong educational foundation we'll need to start our students on the path to financial literacy. To achieve this, the "Teach Money" program sponsored by Chase and InCharge Debt Solutions starts with teachers.

According to a 2010 study from the National Endowment for Financial Education, fewer than 20 percent of teachers reported feeling very competent to teach any financial education courses being considered for high school.

Chase and InCharge Debt Solutions, an Orlando-based non-profit that provides general financial education to all individuals, are implementing a program to provide future teachers with the knowledge and materials to teach financial literacy. The program will improve participants' own personal financial situations, help them incorporate a financial curriculum into their lesson plans and develop champions for implementing financial literacy lessons across our state's school districts.

This "teach the teachers" approach not only empowers new teachers to educate students, but also enables them to manage their own finances. The 36-month program will equip future educators with the personal finance tools to succeed, and work with them to develop their own confidence and capability to impart this knowledge to their students, laying the foundation for an understanding of personal finance and positive money-management habits.

Full article at
http://www.floridatoday.com/article/20120517/COLUMNISTS0205/305170005/Guest-column-Money-lessons?nclick_check=1

Financial Literacy Resources

Vanguard Rolls Out Free Basic Financial Education Program to Schools

(May 15, 2012, VALLEY FORGE, Pa.) — Say you're a fifth-grader, and it's the first day of school. Your teacher starts with some surprising news: This year, you'll need to pay rent for your desk. Fortunately, you can earn a "salary" for the rent by doing a classroom job or earning bonuses through exceptional performance. And if you're a good saver, you can do more: bid at class auctions—or even buy your desk and never pay rent again.

Those lessons about earning, budgeting, saving, and delaying gratification are at the core of My Classroom Economy (www.myclassroomeconomy.org), a new financial education program that investment management firm Vanguard is offering free of charge to teachers. The program uses fun, experiential learning and a simulated microeconomy to teach K through 12 students how to make wise money decisions. My Classroom Economy, which meets many common core curriculum and personal finance education standards, introduces more complex financial life skill concepts as students grow older.

"The basic tenets of financial responsibility—saving adequately, living within your means, and delaying gratification of purchases—are important at any age. But if learned early on, these principles can help more young people create financial security as they become older and need to make more difficult financial decisions. My Classroom Economy is designed to help teachers supplement what many parents are doing at home to teach their children smart money skills," said Vanguard CEO Bill McNabb. "Outreach of this type is a natural extension of Vanguard's long history of providing 'plain talk' financial and investor education."

Vanguard teamed with award-winning educator Rafe Esquith to create the program and make it available to teachers throughout the United States. My Classroom Economy builds on Mr. Esquith's work with an interactive program that includes an instructional website featuring teacher guides and downloadable student materials. The program is a simulated economic system in which students earn school "dollars" by completing classroom jobs and performing exceptionally. They use their salary to rent their desks. They can earn additional income by completing extra-credit assignments, achieving exceptional grades, or participating in extracurricular activities. They can also be fined for not meeting classroom expectations regarding schoolwork or behavior.

At the end of each month, students may spend their discretionary income at a class store or auction where grade-appropriate items like markers, small toys, and lunch with the principal are sold. Students assess their budget, bills, and income to determine how much they can spend. Alternatively, they can choose to save money by not buying at all or delaying purchases. With their savings, they can eventually buy their desks outright and thus stop paying rent. Supersavers can also purchase the desks of other students and earn rent themselves.

http://eon.businesswire.com/news/eon/20120515006268/en/Vanguard/financial-literacy/financial-education

Financial Literacy Research

Women, Children and the Challenges Debt Presents

(May 22, 2012; Columbia, MD) — The providers of CareOne Debt Relief Services, thought leaders in the debt relief industry, recently published an infographic exploring recent trends for women with children in debt. Women and men alike are dealing with financial stress, threats of home foreclosure, medical debt and loss of income from layoffs or divorce. Contributing to the collective financial stress on Americans is the need for extra help dealing with debt. Unsecured debt remains a problem, particularly for the middle class. These unsecured debts come with high interest rates and associated fees. A growing number of women are seeking debt help with increasingly unmanageable amounts of debt.

CareOne reviewed data from more than 50,000 customers. The findings demonstrate that the recession has seriously increased the amount of debt women are carrying and it has created a drastic demographic shift in the types of women seeking debt consolidation.

Among the key findings:

- The percentage of moms asking for help with their debt increased by 32 percent.

- 33 percent of women had $50,000 plus in debt two years ago; today 45 percent of women have $50,000 plus. On average, women are carrying significantly more debt now than just two years ago.
- The largest growth in woman seeking debt relief assistance came from upper income households, which saw a 38 percent increase.
- Medical expenses were the cause of a 12 percent increase among women.
- The percent change in the share of women in debt rose most drastically for those who are either preparing to enter retirement or who are early into their retirement. These ages also saw the greatest increase in the percentage of women with more than $50,000 in debt.

To view the full report, please see
http://community.careonecredit.com/b/straight_talk_on_debt/archive/2012/03/09/women-in-debt-infographic.aspx

AICPA Finds Technology Leads to Bad Spending Habits

(April 18, 2012, *Accounting Today*) — The ready availability of technology is leading consumers to spend more money on digital purchases rather than save their cash, according a new survey by the American Institute of CPAs.

Americans who subscribe to digital services spend an average of $166 each month for cable TV, home Internet access, mobile phone service and digital subscriptions, like satellite radio and streaming video—the equivalent of 17 percent of their monthly rent or mortgage payment. Consumers who download songs, apps and other products spend an average of an extra $38 per month according to a national phone survey of 1,005 U.S. adults conducted for the AICPA for Harris Interactive in conjunction with National Financial Literacy Month.

The survey found that 56 percent of Americans believe that technology has made it easier to spend money and only three out of 100 say it has made it easier to save. Thirty-seven percent of the survey respondents said they are split on the issue, saying technology has made it easier to both spend and save.

"Our gadgets and connections can bring benefits like mobility and efficiency," said National CPA Financial Literacy Commission chairman Jordan Amin. "But they can also bring financial challenges, like taking money that could go to savings, for instance, or contributing to credit card debt. We have to mind these expenses and budget for them to ensure the benefits outweigh the costs."

Forty-one percent of U.S. adults download and pay for digital products or services, the survey found. The survey respondents who purchase such content said they buy an average of five digital songs per month, five movies or TV shows, two apps, two games and two eBooks. Sixty-nine percent of the survey respondents with annual household incomes of $100,000 or more said they download and pay for digital products and services, which is significantly higher than the roughly one quarter of those, 28 percent, with annual household incomes of less than $35,000.

Asked to choose the one action they would most likely take when facing a budget crunch, 41 percent of the respondents said they would cut back on eating out, 20 percent said they would cut off cable TV, 8 percent said they would end cell phone service and 8 percent said they would stop downloading songs and digital products.

http://www.accountingtoday.com/news/AICPA-Technology-Spending-Digital-62376-1.html?zkPrintable=true

Money-Smart Kids: Good News from the Financial Literacy Summit

(May 17, 2012, *Chicago Tribune)* — At the recently held sixth annual Financial Literacy and Education Summit, I announced the results of the 2012 Global Financial Literacy Barometer, which surveyed residents of 28 countries. The U.S. finished fourth,

behind Brazil, Mexico and Australia. Obviously, the U.S. could have done better. But given the concern about financial capability, it was somewhat surprising that we fared as well as we did.

In the survey, which was commissioned by Visa, respondents were asked whether they discuss financial issues with their children, and whether they think teens and young adults in their country were adequately prepared to manage their money. In more than half the countries, a majority of respondents thought that their kids didn't understand money-management basics, such as budgeting, saving, managing debt and spending responsibly. In the U.S., a whopping 70.5 percent of those surveyed shared that sentiment, putting the U.S. at the bottom of the pack.

Parents in wealthier nations in general reported spending less time talking to their children about money. Plus, residents of many countries felt that schools should teach financial education at an earlier age than did Americans. The worldwide average was 11 years old, compared with about age 12 in the U.S. and age 9 in top-ranking Brazil.

The U.S. finished a surprisingly high sixth on a question about budgeting, with 54 percent of respondents saying that they follow a budget closely or most of the time. But that doesn't necessarily translate into higher savings. The Chinese were the world's best savers, with 3.9 months' worth of expenses, on average, squirreled away. In the U.S., the figure was 2.9 months.

By Janet Bodnar Kiplinger's Money Power

http://www.chicagotribune.com/business/sns-201205031800--tms--kplngmpctnkm-b20120517-20120517,0,941091.story

Most People Mistaken about their Financial Stability – New Survey from Citi

(April 24, 2012, *Accounting Today)* — Three-quarters of Americans consider themselves to be financially stable, but more than 48 percent lack the savings they say they would need to achieve actual stability, according to a new survey.

The survey, by banking giant Citi, found that 51 percent of the respondents plan to use their tax refunds this year to save, invest or pay down debt. However, 25 percent said they do not plan to save any money this year, even though a majority of them acknowledged that saving is important.

More than half (51 percent) of the 2,001 survey respondents said the amount of money they would need to achieve financial stability is less than $100,000 and more than one in five (22 percent) believe it to be less than $10,000. Americans understand the importance of savings—76 percent say it is very or extremely important—but nearly two-thirds of the respondents indicated they have no savings goals and 25 percent say they expect to save $0 in 2012.

While many Americans say they will not save in 2012, many of those getting a tax refund plan to save it or use it to pay bills or debt. Most (55 percent) expect or have already received a refund, and more than half say their top priority for it is to either save or invest it (29 percent) or pay off debt with it (22 percent). A quarter (25 percent) plan to pay bills with their tax refund and only 8 percent of the respondents said they would use it for a new purchase, while 7 percent said they would use the money to take a vacation.

Of those who expect a tax refund or have already received one, 27 percent said it would be less than $1,000, 17 percent expect between $1,000 and $2,000, 12 percent expect between $2,000 and $3,000 and 25 percent expect more than $3,000. The other 19 percent are unsure what they will get back. The average expected refund is $2,675.

Half of Americans (51 percent) realize that they do not save as much as they should, while just one-third (33 percent) say they do save as much as they think they should. This is especially true at lower income levels. Just 25 percent of Americans earning under $50,000 say they are saving as much as they think they should.

The survey, conducted by Hart Research Associates for Citi, also found that 58 percent of consumers believe local business conditions in their area will improve over the next 12 months, an 11-point increase from November 2011. In addition, 65 percent of the survey respondents said they are optimistic that their own financial situation will improve over the next 12 months, a three-point uptick. Both increases mirror a similar surge of optimism in the first quarter of 2011 that was then followed by a steady decline.

http://www.accountingtoday.com/news/Most-People-Mistaken-Financial-Stability-62424-1.html?zkPrintable=true

AICPA Survey: Just 17% of Young Adults Check Bank Accounts Daily

(April 25, 2012, NEW YORK*)* — Three times as many young adults check their social media accounts daily as check their bank accounts, according to the results of a national telephone survey conducted for the American Institute of CPAs by Harris Interactive.

According to the survey, more than half, or 54 percent, of 18- to 34-year-olds check their social media accounts at least once a day -- 7.5 times on average -- while just 17 percent check their bank accounts daily. Those that check their bank accounts daily do so 3 times on average, the survey found.

Here are four tips from the National CPA Financial Literacy Commission on checking your finances:

-- Plan "Financial Fridays." Each Friday, stop by an ATM, log into your bank account or call your financial institution to verify your balances and the accuracy of your transactions. This will give you a more informed start to the weekend, when you're more likely to have discretionary purchases.

-- Check your financial status. Make a deal with yourself, when checking your friends' social media status, take the time to check your financial status as well. Once a day check your bank account register online or by phone to verify the accuracy of your transactions. This will help you spot any looming problems or discrepancies faster.

-- Set up text alerts with banks and credit card companies. When your balances reach pre-determined thresholds, you'll get an automatic reminder to check in.

-- Set a recurring reminder. Use your calendar to remind you to check your retirement and other long-term financial planning accounts quarterly. You want to keep an eye on the performance of your portfolio to ensure you're moving toward your long-term financial goals.

http://www.marketwatch.com/story/aicpa-survey-just-17-of-young-adults-check-bank-accounts-daily-2012-04-25

Survey: Students Fail the Credit Card Test

(April 16, 2012, *CreditCards.com)* — American college students are laden with credit cards, use them frequently, and have no idea what they are doing. Consequently, they are swamped with debt -- and the problem is growing worse by the year.

Those are among the discouraging findings of an academic paper on credit card debt and the larger, even more troubling issue of general financial literacy on campus. Results of the survey, conducted by researchers from five American universities, were published in April 2012, coinciding with Financial Literacy Month, and the findings are disquieting.

The primary takeaways: 70% of American college students have credit cards, five of every six of those students do not know their cards' interest rates, 75% of them do not know their late payment charges and 70% of them do not know what their over-balance-limit fees might be.

The result is predictable -- more than 90% of college students who hold credit cards are carrying monthly credit card debt.

And these were business students. It gets worse. Nearly all of the 725 students who took the survey in fall 2009 were business majors -- young people likely to be among the most financially astute of their generation. Credit card knowledge and general financial literacy are likely even worse among others of the millennial generation, both on campus and off campus.

Others who have studied the problem see even wider implications. "It's not just college students -- it stems across the younger age group," said David Wegge, a professor at St. Norbert College. "You could argue that college students ought to be better educated about these things," Wegge said. "But you could also argue that young people out in the work force, from a practical standpoint, should be more educated about this because they see these [financial] issues in play every day."

Key findings of the study, "Financial Literacy and Credit Cards: A Multi Campus Survey:"

- This study and previous surveys find that "credit card use has snowballed in the last decade" on campus. In 2004, the average college student had $946 in credit card debt. By 2009, the average stood at more than $4,100.
- Though the Credit Card Accountability, Responsibility and Disclosure (CARD) Act of 2009 sharply curtailed the distribution of credit cards to college students, it came after decades of campus-related hyperactivity by credit card companies.
- "Some have exclaimed that credit cards are [a] greater threat on campus than alcohol or sexually transmitted diseases ... ," the study's authors said. "It is too late to implement a ban when nearly every student already has a credit card."
- Of the 70% of surveyed college students who carried credit cards, more than one in three of those young people had two or more cards. About half claimed to use the cards only for emergencies, with 13% saying they used the cards frequently.
- "This study has it right," Wegge said. "A lot of students have been lured into getting credit cards by companies that often set low initial limits and then start pumping them up. They get into it as a way to enhance their cash flow, but they're not really thinking too much about the long-term ramifications about what they're getting themselves into."
- Only 9.4% of credit-card-carrying college students paid off their debt in full each month, a sharp drop from the 32% found by a survey in 2003. "This change could be caused by the economic downturn as students struggle financially and must keep a balance on their credit cards," the researchers noted.
- Demographically, younger students used credit cards more often than older students, students who had taken an ethics class tended to be more aware of interest rates, employed students and married students tended to be more responsible users of credit cards, and gender made no significant difference.
- The general on-campus ignorance concerning interest rates, late payment charges and over-limit fees shocked the researchers, particularly when it came to interest rates. Only 14.6% of the surveyed students claimed to know their interest rates -- and the actual percentage probably was much lower.

The survey was conducted by researchers at the University of Central Oklahoma, Midwestern State University in Texas, Texas A&M University, the University of Texas and Framingham State University in Massachusetts. It was published in the April 2012 edition of the International Journal of Business and Social Science.

Read more at http://www.foxbusiness.com/personal-finance/2012/04/09/survey-students-fail-credit-card-test/

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