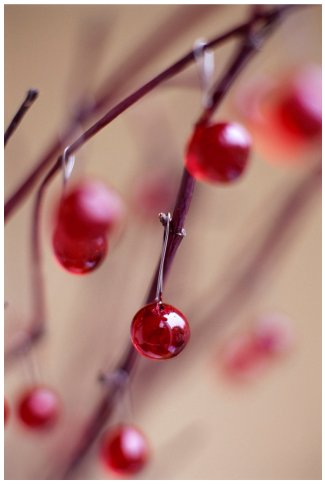
Florida Jump$tart! Financial Smarts for Students
Jump$tart Coalition for Personal Financial Literacy
November-December 2012



Happy Holidays to you and yours from the Florida Jump$tart Coalition!

Why Most High Schoolers Don't Know How to Manage Their Money

Do your children know the ABCs of money management?

High school students are studying up on calculus, advanced chemistry, and world history, but most aren't learning fundamental money lessons to help them financially navigate the real world.

Such is the case with Jessica Pollack's son Adam, an 18-year-old who graduated in May from Los Alamitos High School in Orange County, California. Much to Jessica's chagrin, the school doesn't require its students to take a personal-finance class to graduate.

Like Jessica's son, odds are your children will graduate from high school without being taught basic money lessons, including how to create a budget or write a check. Only 13 states require high school students to take a personal-finance class to graduate, according a survey released in March by the nonprofit Council for Economic Education (CEE). And although the recession has raised awareness about economic issues, it appears those heightened concerns have only prompted a few states to require a personal-finance class.

Interest is there, opportunity is not. An interest in personal finance among high school students doesn't appear to be the issue. A recent poll by Sallie Mae found that 84 percent of high school students desire more financial education. Among 16- to 18-year-olds, 86 percent said they would rather learn about money management in the classroom than make financial mistakes in the real world, according to a 2011 survey by investment bank Charles Schwab.

Parents have also expressed concerns over their children's lack of financial knowledge. According to an August survey by MasterCard, 64 percent of parents with college-bound children are worried about their children's ability to manage money.

A number of high schools appear to be doing the bare minimum to educate students about personal finance, says Ted Beck, who serves as chairman of the Jump$tart Coalition for Personal Financial Literacy, which trains teachers on how to instruct classes on personal finance. Beck also heads up the National Endowment for Financial Education (NEFE), a nonprofit that provides teachers with personal-finance training tools and the public with financial-education resources on its website, Nefe.org. He says many schools bring in guest speakers, but that it's not enough. "You can't learn a language in two hours, so having a two-hour visitor coming in to talk about money really doesn't provide the students with what they need," he says.

Conflicting viewpoints within a state's bureaucracy can also be an obstacle, says Maryland Comptroller Peter Franchot. Franchot is the key proponent behind a petition drive for the Maryland General Assembly to pass a bill in 2012 that would require all Maryland high school students to complete a standalone course in financial literacy to graduate. He says the state's current approach, which involves incorporating personal finance into other courses, is ineffective.

Franchot adds that many state officials who oppose the bill cite funding costs as their biggest concern. However, he points out that Maryland's Carroll County, which chose independently to implement a standalone financial literacy course for all eight of its high schools, did so with just $37,700.

Discomfort among teachers and parents. Although Carroll County's training course was a minimal expense, Beck says getting teachers to feel comfortable teaching the subject may be a bigger challenge. If teachers provide students with misinformation about the dos and don'ts of personal finance, it can have serious implications on their livelihood. Approximately 64 percent of Wisconsin teachers surveyed by the University of Wisconsin—Madison said they felt unqualified to address the state's financial literacy standards, and few felt "very competent" lecturing a class on topics such as risk management and debt. But more than 70 percent of teachers polled in a nationwide NEFE survey said they are willing to receive formal financial-education training to teach a financial literacy class.

Many parents are also uncomfortable with teaching their kids about money management. David Bruzzese, who coauthored the book *The Teen's Guide to Personal Finance: Basic Concepts in Personal Finance that Every Teen Should Know* with Joshua Holmberg, chalks it up to parents lacking confidence in their own financial knowledge.

Consequently, money is among the lowest priorities in conversations between parents and their children—below talks about the importance of good manners and the benefits of good eating habits, according to a survey by Harris Interactive released in August.

While parents may not need to teach their children about advanced subjects like 401(k)s and mutual funds, they can teach the basics, such as the difference between wants and needs. Another important concept is learning how to apply the time value of money. "Not spending $1.50 a day on a soda can have a big impact on a person's

financial future, and that's something that young kids need to understand," Bruzzese says.

A look inside one personal-finance classroom. Some parents avoid the subject of money altogether. "My parents don't talk about finances whatsoever. The stock market comes up a lot, but that's pretty much the extent of what we talk about," says Jake Gallagher, a junior at Rock Bridge High School in Columbia, Mo.

Instead, Gallagher learns about money management in a personal-finance course—required by the state of Missouri for graduation—taught by Susan Lidholm. Lidholm's class is a one-semester course, but the school also offers an accelerated version online in the summer. It covers such topics as budgeting, banking, using credit wisely, and investing in human capital. "We all make mistakes in the finance world, but our class can help them avoid some of those catastrophes," Lidholm says.

Curriculum material is a minimal expense, Lidholm says. In lieu of a textbook, the Missouri Council on Economic Education provides support to teachers, supplying them with lesson plans and other materials. "We don't use a textbook because the economy changes so quickly that textbooks would become outdated fast," Lidholm says. She adds that there is a lot of free material available to teachers, so educators can create a tailored curriculum that meets their state's requirements.

Personal-finance competitions are another way for teachers to foster student interest in the subject. Lidholm served as coach to a Missouri team that included students from Rock Bridge in last year's National Personal Finance Challenge. To prepare, the students met twice a week to go over an expansive list of possible questions—chiseling down to such specifics as when you can cash in your IRA without incurring a penalty (it's 59 1/2). After winning regionals, the team went on to claim the national championship title. Lidholm says it's gratifying to watch her students take such an interest in personal finance that they spend time outside class to learn about it.

Timing and empowerment. Is high school the right time for students to take a personal-finance class? Or should it be taught earlier, in middle school or even elementary school? The Maryland State Board of Education's president and vice president, along with the state's interim superintendent, wrote a column published in the *Washington Post* in February arguing that financial education can't wait until high school, citing experts who say children begin to develop their understanding of money much younger.

Yet Lidholm says she thinks teaching the class to high school juniors syncs well with what's going on in their lives—they're getting driver's licenses and figuring out how to finance their first car, becoming more aware of gas prices, and starting to earn money from part-time jobs. And as juniors, they can learn about the implications of taking on student-loan debt while they're considering what college to attend.

Read full article at http://money.usnews.com/money/personal-finance/articles/2012/10/09/why-most-high-schoolers-dont-know-how-to-manage-their-money

Upcoming Events

Friday, December 21

Florida Students $ave Essay Contest – deadline for submissions extended

Sponsored by the Department of Financial Services' Division of Consumer Services. Visit www.MyFloridaCFO.com/YMM for details.

Friday, January 25

Earned Income Tax Credit Awareness Day

This seventh annual event promotes public understanding of the Earned Income Tax Credit (EITC). The Web site has information on how to participate in EITC Awareness Day and about the availability of free tax preparation sites.

Thursday, January 31

EIFLE Awards – deadline for submissions

Nomination guidelines and forms can be found at EIFLEawards.org or by calling (207) 221-3663.

February 25 - March 2

America Saves Week 2013

The Consumer Federation of America, the American Savings Education Council (ASEC) and America Saves host the annual America Saves Week. The goal is to encourage people, particularly lower-income families, to save money and build wealth. The event offers information and advice on paying down debt, building an emergency fund, and saving for a home, education, and retirement.

News Briefs

Big Bank Theory: High School Seniors Get a Financial Education

(Nov. 19, 2012; LAKEWOOD RANCH) — Living through a still-recovering economy isn't easy. Even if you're a high school senior.

Lakewood Ranch High School senior Andrew Ezazi is the single provider for his family and lives paycheck to paycheck. He's contemplating asking his wife, a stay-at-home mom with their 6-month-old baby, to find employment because he can no longer keep up with the $400 monthly grocery bills.

Channing Weir, also a senior at Lakewood Ranch, is a low-income secretary without a college degree. She was forced to rent out space in her home to a friend to help keep a roof over the heads of her unemployed husband and 4-year-old child.

Fortunately for these seniors, their situations are fictitious. The scenarios are a part of the Big Bank Theory, a two-day financial simulation program for Manatee County high school seniors.

The Manatee Chamber of Commerce, in partnership with the Manatee Community Federal Credit Union, visited Lakewood Ranch High in its second installment of the program.

Business volunteers from several local companies like Tropicana, the University of South Florida financial responsibilities of housing, utilities, transportation, food, clothing, employment and childcare. Students are asked to make decisions appropriate for their household.

"It was pretty insightful and enlightening," Ezazi said. "It shows you how much everything really costs," said Chase Comnin, a senior at Lakewood Ranch.

Comnin's simulation taught him how random life occurrences can become burdensome. His car stereo and cell phone suddenly stopped working and he couldn't afford to replace them until he inherited some money from a family member.

The program aims to help teens who may lack experience in making good financial decisions.

"It's not too early to learn about budgeting and financing, but also life planning," said Jahna Leinhauser, the chamber's assistant vice president of community development. During the pilot launch of the program last year, Leinhauser said a graduating senior didn't plan to attend college changed his mind after participating in the program.

The program has made stops at Bayshore, Palmetto, Southeast and Lakewood Ranch schools. Braden River and Manatee will be the final schools on the tour.

The students understand financial hardships are a reality most Americans face today.

Source: http://www.bradenton.com/2012/11/19/4284120/big-bank-theory-high-school-seniors.html

2013 EIFLE Awards Nominations

- Do you know of an educator who goes above & beyond to help students understand and practice sound money management concepts?
- Is there an organization working to make effective financial education ubiquitous in your community?
- Have you read a book, for either children or adults, that made financial literacy concepts accessible and actionable?
- Have you participated in an education program, for either children or adults, which you feel deserves special recognition?
- Do you know of a game that makes financial literacy fun and educational?
- Have you read a research paper that shed new light on financial literacy education?

Nominate that educator, organization, book, education program, game or research paper for an EIFLE Award!

Each year, the Institute for Financial Literacy presents the Excellence In Financial Literacy Education (EIFLE) Awards to individuals and organizations that have shown exceptional innovation, dedication and commitment to the field of financial literacy education.

The work of these authors, educators, organizations and researchers inspires others to strive toward excellence as well, increasing the availability and effectiveness of financial literacy education in communities across the country.

The deadline to submit nominations is January 31, 2013. Nomination guidelines and forms can be found at EIFLEawards.org or by calling (207) 221-3663.

Fed Chair Bernanke Leads Star-Studded Ensemble of Financial Leaders at HOPE Summit on Global Financial Literacy and Dignity

(Nov. 19, 2012; ATLANTA) — Federal Reserve Chairman Ben Bernanke led a star-studded group of global financial leaders and thinkers participating in the Operation HOPE Global Financial Dignity Summit in Atlanta on November 14-15, 2012. These leaders joined government, non-profit and private sectors leaders from around the world to discuss solutions to critical issues relating to the economy and financial literacy and dignity.

Chairman Bernanke, who delivered the formal Summit event's keynote address on Nov. 15, making one of his first public appearances in over a month. Founder and CEO of Operation HOPE, John Hope Bryant, and former Atlanta mayor and UN Ambassador, Andrew Young, co-chaired the Summit.

On November 14, the program featured a community bus tour of Atlanta, a forum on global dignity, and a ribbon cutting ceremony for the grand opening of Operation HOPE's Financial Dignity Center at the Martin L. King Sr. Community Resource Complex at Ebenezer.

For more information about the Summit, visit summit.operationhope.org.

Watching These 5 TV Shows Will Make You Richer

(Nov. 11, 2012; GoBankingRates.com) — Basic courses in personal finance for children are not taught in classrooms, and a lack of financial education can trigger poor financial decisions in adulthood. According to a 2009 study by Sallie Mae — an agency

that provides student loan financing — the average college undergraduate carries approximately $3,100 in credit card debt, and about half of college students have four or more credit cards in their names.

Although many young adults eventually learn smart money habits by means of trial and error, many popular television shows hosted by well-known personal finance experts remove the guesswork and provide practical, easy-to-follow guidance.

Ready to get your finances on track and increase your net worth? Here are five television shows that not only entertain, but can make you richer.

1. The Suze Orman Show – MSNBC

Suze Orman's "tell-it-like-it-is" attitude is certain to give your personal finances a complete makeover. This financial guru connects with her audience and offers practical tips to help you achieve your life goals. Whether you need to pay down your debt or add to your retirement savings account, Suze Orman stresses the value of early planning, living within your means and creating an eight-month emergency cushion.

During her "Can You Afford It" segment, Orman closely examines each caller's financial situation to determine whether they can afford a particular purchase — vacation, new home, home remodel, etc. Plus, she addresses a number of viewer questions and concerns via webcam. Tune in every Saturday night and she'll motivate you to take a hard look at your own finances and make financial decisions based on logic, not emotion.

2. Money 911 – NBC Today Show

David Bach, one of the financial experts on Money 911, provides on-air answers to questions received by Today Show viewers. Bach tackles questions on topics, such as credit card debt, home appraisals, mortgages, investments and saving. He educates viewers on the difference between good debt and bad debt, and he preaches the importance of financial freedom through debt elimination. Learning how to live on less is Bach's strategy for finishing rich.

3. Clark Howard Show – HLN

Clark Howard believes that saving money and penny-pinching is the way to survive tough financial times. Always on the watch for the next best deal, Howard offers advice for scoring discounts on practically everything — vacations, mobile phone service, groceries and entertainment. His tips will make you think twice about paying full price. And once you master the art of comparison shopping, you'll understand the connection between smart spending and personal wealth.

4. Mad Money – CNBC

One glimpse of Jim Cramer's energetic, high-strung antics, and you may reach for the remote control. But if you can get pass his sound effects, the rants and yelling, Cramer offers practical advice for playing the stock market. He encourages diversification, discusses how to identify danger zones, as well as when to sell and buy. Cramer also offers his pick of potentially profitable stocks. Even if you don't have a strong interest in the stock market, Mad Money is good entertainment.

5. Til Debt Do Us Part – MSNBC

Financial expert Gail Vaz-Oxlade takes couples therapy to another level. Each week she meets with a different couple and helps them through their toughest financial problem - consumer debt. There's no sugarcoating as Vaz-Oxlade forces couples to come face-to-face with their balances and realize the long-term consequences of excessive spending.

Through a series of challenges, couples learn how to live on less and develop a financial recovery strategy. For couples who follow her advice, they receive a considerable sum to help pay down their debt balances.

As a personal finance junkie who made many money mistakes in my early twenties, I believe in the importance of learning smart money skills young — preferably before graduating high school. Let's face facts, a large percentage of high school seniors will never use the formulas they learn in advance mathematics courses. But they will write a check, apply for a credit card, buy a house and eventually retire.

Source: http://www.gobankingrates.com/savings-account/tv-finance-gurus-suze-orman-jim-cramer/

News from our Partners

Welcome New Partners

BrightStar Credit Union; Sunrise, Florida
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InCharge Provides Free Financial Literacy Support to "Yellow Ribbon" Programs for Returning Vets in Orlando

(Nov. 13, 2012; ORLANDO) — InCharge Debt Solutions will provide financial literacy support for the Department of Defense's "Yellow Ribbon Reintegration Program (YRRP)" when thousands of National Guard and Reserve members gather at the Rosen Centre Hotel, 9700 International Drive, Orlando, Florida from November 17-18, 2012. These mandatory events provide 30-, 60- and 90-day transition programs designed to connect National Guard and Reserve members with information on health care, education and training opportunities, financial, and legal benefits.

InCharge provides free credit counseling, foreclosure assistance, home buyer education, and civilian transition guidebooks to service members attending "Yellow Ribbon" events like this one, as well as at future Orlando programs being planned for 2013. YRRP also hosts events in Miami and Tampa and InCharge will participate in events throughout the state of Florida as they occur.

"The 'Yellow Ribbon' program is such a vital service, and it is a perfect fit for our efforts to assist military members and their families with the financial challenges they face in and around a pre- and post-deployment," said Shawn Walsh, InCharge's

Outreach Programs Director and Florida Jump$tart board member. "InCharge offers free financial counseling and other tools and programs that these American heroes need in order to keep their homes and their finances sound."

Known officially as the Yellow Ribbon Integration Program, it is a congressionally mandated program that was established in 2008 under the National Defense Authorization Act (Section 582 of Public Law 110) which called for information events and activities for National Guard and Reserve service members and their families, to facilitate access to services supporting their health and well-being throughout the deployment cycle.

For more information, contact Shawn Walsh at 407-532-5894, swalsh@incharge.org.

Financial Literacy Research

Degree in Red Ink

(Oct. 20, 2012; *New York Post*) — Parents, don't let your babies grow up to be financially illiterate. That's the take-away from a new study by the financial-services company PNC, which shows that twenty-somethings are saddled with an average of $45,000 in debt. And it gets worse.

The study found that average amounts ranged from $12,000 for 20- to 21-year-olds to $78,000 for 28- to 29-year-olds holding debt.

Half of their debt is outstanding student loans, and about a quarter is credit-card debt. Parents and the schools are failing to provide effective financial education, say financial pros.

This means that many young people live in constant state of stress over money — especially in the current job market, in which the unemployment rate for 18- to 29-year olds is 11.8 percent.

Financial professionals blame a lack of knowledge about money for causing problems for millions of young Americans, many of whom begin their adult lives struggling with debt.

"Most parents don't teach children about money. Often young adults end up learning about finances when they are overwhelmed by debt," says Howard Dvorkin, a certified public accountant who is also founder of Consolidated Credit Counseling Services.

According to the PNC study, "On average, total debt [of those between 20 and 29 years old] is $45,000, ranging from $12,000 for ages 20-21 to $78,000 for 28-29 year olds holding debt," PNC said.The problem of youth debt begins early.
http://www.nypost.com/p/news/business/degree_in_red_ink_K5I36ZtWPL0ROR9oO3xZgL

Despite Pay Increases, Employees Contributing Less to 401(K)s

(Dec. 4, 2012; *BenefitPros.com*) — Participants in 401(k) plans have seen their salaries rise since 2007, but they are contributing less to their retirement plans over time, according to new research by JPMorgan. And target date funds continue to have too much volatility embedded in their portfolio design.

"Ready! Fire! Aim?" examines the effectiveness of various target date strategies to see if they are helping 401(k) participants save enough for retirement. The research was designed to help plan sponsors think through portfolio and glide path design to make more effective decisions around the type of strategy that best meets a particular plan's needs and goals.

What it found is that contribution rates for auto-enrolled participants are even lower than the average starting contribution rates of plan participants. It also found that a large

number of participants continue to take sizable account loans, and pre-retirement hardship withdrawals and withdrawals by younger participants are on the rise. Post-retirement, most participants continue to withdraw their entire account balances within three years after they stop working.

Read full article at http://www.benefitspro.com/2012/12/04/despite-pay-increases-employees-contributing-less?ref=hp

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