



Education Secretary Appeals for Financial Literacy, Planning Instruction in Schools

(November 8, 2011; WASHINGTON) — Education Secretary Arne Duncan urged a special advisory council to dig deep as it crafts recommendations for improving Americans' financial literacy through education and training programs, arguing that personal finance should be integrated early into the curriculum as a core subject.

Speaking at the Treasury Department, Duncan was addressing the Advisory Council on Financial Capability that President Obama convened in January 2010 in response to the perception that far too many people lack the requisite financial planning skills to handle their money wisely and invest responsibly for their future.

"I think the challenge we face now," Duncan said, "is that we don't have a financially literate population," arguing that the shortfall in people's financial understanding can be attributed to the absence of systemic instruction on the subject in schools, as well as at home and in the workplace.

"As important as reading and math and social studies and science, I think today more than ever financial literacy has to be part of that," he said. "To continue to have a population that is relatively illiterate in these matters I think has real negative consequences to our democracy."

Too many people, he argued, are either "underbanked" or without a bank account altogether, let alone equipped to make longer-term planning decisions about investments and retirement. Adding a financial planning component to the public-school curriculum would instruct students about the mechanics of common retirement plans such as 401k employer-matching programs, and aim to attract broader investment in the stock market. It would also cover the nuts and bolts of personal finance such as credit cards and loan offers.

Many of the symptomatic blights of the gloomy macroeconomic situation, such as the mortgage crisis, low savings rates and lack of investment in markets and startup community businesses, can be attributed in part to the woeful state of financial literacy, according to Duncan.

"If we don't do things differently we're going to perpetuate these problems," he said. "This is not a place where we just need to get a little better. We've got to get a lot better, and we've got to get better faster."

The notion of developing a segment of the public-school curriculum around financial literacy assumes another urgency at a time when the employer-funded, defined-benefit



pension is a vanishing breed, Duncan said. That Americans bear more personal responsibility for funding their retirements than ever before elevates financial literacy to a high national priority on the social welfare front, while also offering a plausible explanation for why the subject has never been meaningfully integrated into the standard K-12 curriculum. As far as Duncan is concerned, the earlier the lessons come the better.

"I always think you have to start young. So if this is just one course, half a semester [or] a semester senior year, [it's] definitely late in the game," he said, suggesting that schools should begin incorporating basic financial instruction as early as kindergarten. He admitted, however, that the Department of Education has limited ability to implement such a move, given the broad authority that states and localities have over their own curricula.

Teacher preparedness is also an issue. Studies have shown that teachers are in broad agreement that students should learn more about personal finance, but that a scant minority say they feel qualified to deliver lessons in the subject.

As the advisory committee works toward its final recommendations to the president and the Treasury and Education departments, much of its work is informed by a comprehensive study that FINRA compiled in 2009 to survey Americans' relative financial literacy. The self-regulatory organization is looking ahead to refreshing that study with a new report next year.

The committee's recommendations will likely include an appeal for educators to engage with the stakeholders from the financial services industry to help devise finance planning curricula that address the core elements of personal finance.

"I just really encourage the council to be extraordinarily bold, and to push us very, very hard. Again, there are some problems where I think we're pretty close to solving them, we just need to tinker, and this is not one of those. We have to get so much better," Duncan said. "We have a state of crisis here. We have an emergency, and I feel this tremendous sense of urgency."

<http://www.financial-planning.com/news/education-secretary-duncan-financial-literacy-education-2675914-1.html>

Upcoming Events

Thursday, December 8; 4:30–8:30 p.m.

Federal Reserve Bank of Atlanta; Jacksonville Branch

Dinner and a Movie: It's a Wonderful Life

Share an evening of good cheer! Free workshop for teachers. View the holiday classic "It's a Wonderful Life" with new eyes as we discuss opportunities for using the movie to teach about economics and economic history. Get a free copy of the Great Depression curriculum for teaching about the economy during that era in American history. Dinner and all materials will be provided. For more information, please contact Lesley Mace at lesley.mace@atl.frb.org.

News Briefs

America's Student Loans Could Be Next Bubble to Pop

(October 29, 2011; *The Economist*) — The Federal Reserve Bank of New York estimates that outstanding U.S. student-loan debt is at least \$550 billion. "The size of the loan pool expands to enable students to pay ever higher fees to schools whose costs expand because money is coming their way," according to *The Economist*. "That was just about sustainable in the good times, a lot harder when there are fewer jobs to be had." <http://www.economist.com/node/21534792>

Parents Expect Students to Do More to Help Finance Education According to Schools.com Infographic

(November 15, 2011; Foster City, Calif. (PRWEB)) — As colleges and universities across the country continue to report, tuition costs are increasing, causing many families to shoulder an increased financial burden. According to a 2010 College Board report, areas like Washington D.C. and Iowa are seeing some of the highest student debt rates, despite lifetime efforts from parents to cover the costs.

Schools.com, a definitive digital resource for education, announced the launch of its most recent feature in its ongoing interactive content series: “*Making Cents of College*,” which looks at rising student debts and how students and their parents are working together to cover the costs of college. According to a Boston Globe report, 66 percent of parents want their kids to pitch in to cover tuition and fees by working part-time.

While parents are willing to take major responsibilities for their child’s education, like getting a second job or starting a savings account, experts say that even an account opened for toddlers will only cover about 16 percent of college expenses. Since 2009, 19 percent of full-time students have been attending public four-year schools that saw tuition increases of at least 12 percent, and it doesn’t look like these drastic price increases will stop anytime soon.

<http://www.prweb.com/releases/2011/11/prweb8965074.htm>

US Wealth Gap Between Young and Old is Widest Ever

(November 7, 2011; WASHINGTON) —The wealth gap between younger and older Americans has stretched to the widest on record, worsened by a prolonged economic downturn that has wiped out job opportunities for young adults and saddled them with housing and college debt.

The typical U.S. household headed by a person age 65 or older has a net worth 47 times greater than a household headed by someone under 35, according to an analysis of census data. While people typically accumulate assets as they age, this gap is now more than double what it was in 2005 and nearly five times the 10-to-1 disparity a quarter-century ago, after adjusting for inflation.

The analysis by the Pew Research Center reflects the impact of the economic downturn, which has hit young adults particularly hard. More are pursuing college or advanced degrees, taking on debt as they wait for the job market to recover. Others are struggling to pay mortgage costs on homes now worth less than when they were bought in the housing boom.

Other findings:

- Households headed by someone under age 35 had their median net worth reduced by 27 percent in 2009 as a result of unsecured liabilities, mostly a combination of credit card debt and student loans. No other age group had anywhere near that level of unsecured liability acting as a drag on net worth; the next closest was the 35-44 age group, at 10 percent.
- Wealth inequality is increasing within all age groups. Among the younger-age households, those living in debt have grown the fastest while the share of households with net worth of at least \$250,000 edged up slightly to 2 percent. Among the older-age households, the share of households worth at least \$250,000 rose to 20 percent from 8 percent in 1984; those living in debt were largely unchanged at 8 percent.

Read full report at: <http://www.foxnews.com/us/2011/11/07/us-wealth-gap-between-young-and-old-is-widest-ever-1527778329/#ixzz1d8W0ZNxH>

How Much Do You Owe? Guess Again

(October 20, 2011; *New York Times*) — It would appear that Americans don't even know how much they owe. Households underreport the magnitude of their credit card debts by at least one-third, according to a new study from the Federal Reserve Bank of New York. The difference for the average household is more than \$2,000.

Only 50 percent of households reported any credit card debt, while credit card companies reported that 76 percent of households owed them money.

The paper has the discomfiting consequence of raising questions about the accuracy of the Fed's Survey of Consumer Finances, widely treated as an authoritative source. The authors compared the debt levels reported by participants in that survey with data that lenders reported to the Equifax credit bureau. They found that consumers gave accurate testimony about most kinds of debt, including mortgages and student loans, but not when asked about credit card debt. In fact, borrowers reported owing only about 50 cents for each dollar claimed by credit card lenders.

Read full story at <http://economix.blogs.nytimes.com/2011/10/20/how-much-do-you-owe-guess-again/?ref=business>

Jay-Z Lends Voice, Wisdom to Buffett's Financial Literacy Cartoon

(October 20, 2011; *Accounting Today*) — School kids might have 99 problems, but Warren Buffett and Jay-Z are hoping financial literacy isn't one after they team up in a rebooted animated series, "Secret Millionaires Club," that teaches kids about practical money habits.

Berkshire Hathaway chairman and CEO Buffett voices a financial wizard who guides a group of kids that meet in a secret bunker out of various financial emergencies, reports *The New York Times*.

Rapper and entrepreneur Jay-Z guest stars as a cartoon version of himself who advises the students: "As a team you can put your interest in business to good use. That's what I've done; being a good business man has allowed me to help others."



Jay-Z congratulates a group of young entrepreneurs on their business decisions in an episode of Warren Buffett's web series "The Secret Millionaires Club." Photo: www.smckids.com

SunTrust Exec Stresses Importance of Advocating for Financial Education

(October 17, 2011; *Miami Herald*) — Jim Rasmussen, Suntrust's CEO in South Florida, is responsible for Miami-Dade, Broward, Palm Beach, Martin, St. Lucie and Indian River counties. Below is an excerpt from an interview on his challenges, and the bank's focus and philosophy.

Q. What do you see as the biggest challenges facing banking now?

The competitive landscape for banks continues to evolve, and consumers have changed how they look at their finances and their futures. Our research has told us that clients are defining what many have labeled the "new normal." Basically they say that the new normal means spending less, saving more and watching all of it much more closely. People are also busier now, and want more choices in how and when they manage their money.

Q. Can you tell us about SunTrust's community service?

We are really passionate about serving as an advocate for financial education and providing tools and resources to help people manage money. We are finding that many consumers don't really understand some of the basics of managing money, such as creating and sticking to a budget or building a credit history.

In April, more than 100 SunTrust teammates participated in a major financial literacy program as part of "Teach Children to Save Day." All 123 branches in the region partnered with elementary schools and led interactive workshops with the kids to teach them basic lessons on saving money and how to make it grow. Throughout the year we also provide financial education classes to families and their kids that are of great value to the community.

Read more: <http://www.miamiherald.com/2011/10/17/2459091/suntrust-exec-shares-his-focus.html#ixzz1c1FzUm5n>

South Floridians Paying Down Debt, Faster Than Rest of Country

(October 7, 2011; *Sun-Sentinel*) — Think of it as an upside to the economic downturn. Hard times have turned South Floridians into frugal souls who are paying down their debts more aggressively than the average American, a new credit report has found.

The average South Floridian's personal debt is below the national average of \$24,600, according to a new survey by Experian, the global information credit group. Miami-Fort Lauderdale residents are floating \$715 less debt than the average American; West Palm Beach residents are \$665 below the national average, Experian shows.

The debt data exclude mortgages but include all other debt, such as credit card balances, student loans, car payments and personal loans. The information is based on loan information Experian collects from more than 220 million Americans, as one of the nation's top three credit reporting bureaus.

"We've had a more severe recession than most of the nation, and people are more frightened and so are paying down debt at a faster rate," said William Stronge, professor emeritus of economics at Florida Atlantic University.

Since the start of the recession in late 2007, South Floridians have had to contend with plummeting home prices, layoffs, home foreclosures, work furloughs and smaller pay raises than the rest of the nation.

http://www.sun-sentinel.com/business/fl-less-borrowing-20111007_0,5678698.story

FINRA Foundation Supports First Lady's "Joining Forces" Initiative with Expanded Financial Education Offerings for Military Families

(October 6, 2011; WASHINGTON) — In support of First Lady Michelle Obama and Dr. Jill Biden's "Joining Forces" initiative, the FINRA Investor Education Foundation announced an expansion of the Foundation's Military Financial Education Project. The FINRA Foundation will give 50,000 service members and spouses free FICO(R) Scores—doubling the number of individuals receiving this vital credit tool. The Foundation will also develop a suite of educational videos to help members of the National Guard manage their finances and avoid investment fraud and continue efforts to educate and train military spouses as financial counselors.

Launched in 2006, the Military Financial Education Project provides military service members and their families with free, unbiased tools and information to help them manage their money with confidence. The project, which includes educational forums on military installations, and a comprehensive online resource, www.SaveAndInvest.org, was designed to meet the unique financial education needs of the military and their families who are often faced with frequent moves and extended deployments.

News and Recent Events From Our Partners

Debt Management Credit Counseling Staff Teach Course at Centennial High School

Debt Management Credit Counseling Corp. presented a financial literacy program at Port Saint Lucie Centennial High School for 75 seniors. Today over 150 students at this school have already signed up for this course. The program "Debt, Money and Credit Concepts" is a 12-module financial literacy course specifically designed for high school seniors and college students. This free program has been provided to teachers since 2005 and our seminars on average have reached 5,000 students per year across the state. For more information, contact Jason Athas at Jason@dmconline.org and see the newspaper article at <http://www.myhometownnews.net/index.php?id=81182>.



University of South Florida Hosts Financial Literacy Fair

The Beta Alpha Psi Chapter at the University of South Florida, College of Business, held its third annual Financial Literacy Fair on November 3, 2011. Several Florida Jump\$tart partners were present to share their financial literacy resources and assistance with students.

- CredAbility
- Florida Institute of CPAs
- State Farm
- UF IFAS Extension





Welcome New Partners

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Financial Literacy Resources

Start a 'Bank On' Program

The guidelines in the Start a Program section should serve as a step-by-step guide to developing a Bank On initiative. This information is based on the field experience and research of the San Francisco Office of Financial Empowerment, the National League of Cities, the New America Foundation and CFED. There are also local Bank On initiatives throughout Florida.

For more detailed information see the toolkit at:
http://joinbankon.org/resources/bank_on_cities_toolkit

Emergency Financial First Aid Kit

The US Department of Homeland Security's Citizen Corps, Federal Emergency Management Agency, USA Freedom Corps, and Operation HOPE, offer this Emergency

Financial First Aid Kit. This simple tool is designed to help people prepare for and minimize the financial impact of a natural disaster or national emergency. The kit encourages and helps users to identify and organize key financial records and is a reference for most important financial documents.

http://www.citizencorps.gov/downloads/pdf/ready/EFFAK_2010_FEMA.pdf

A Guide to Employee Benefits for the Recent College Graduate

If you are a young person who has recently graduated from college and are entering the professional workforce, you have your whole life ahead of you. This time is like no other; you can establish a solid financial foundation from which to build on for the rest of your life. Much of this foundation can be built using employee benefit programs offered through your employer. These benefits may include some or all of the following, and perhaps other benefits:

- Health insurance
- Life insurance
- Disability insurance
- 401(k)/403(b)/457(b) retirement savings program
- Direct deposit
- Employee education program
- Employer stock purchase program

<http://www.fpanet.org/ToolsResources/ArticlesBooksChecklists/Checklists/Employment/EmployeeBenefitsfortheRecentCollegeGraduate>

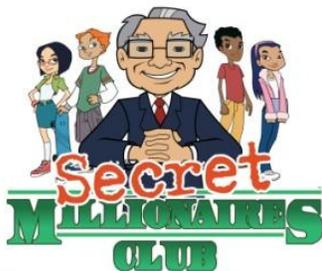
Money Smart Train-the-Trainer Videos

The Federal Deposit Insurance Corporation (FDIC) has updated its train-the-trainer videos for those who teach the FDIC's Money Smart curriculum to adults. The videos include recent revisions to the curriculum. The FDIC has released the first train-the-trainer video for instructors teaching the Money Smart for Young Adults curriculum. The videos are available in English and Spanish.

<http://www.fdic.gov/consumers/consumer/moneysmart/trainthetrainer.html>

“Financial Fridays” from the National Coalition

Visit Financial Fridays at www.jumpstart.org / News & Publications tab to learn about the various resources provided by companies featured during October and November.



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