Making the Case
for Financial Literacy 2016

A collection of findings gathered by Jump$tart from other sources. Last updated: May 2016

Bridging the Financial Literacy Gap: Empowering teachers to support the next generation

PwC

Our nation's educators are critical to help curb the gap in financial education. While the responsibility of financial education has traditionally been left to parents, K-12 educators increasingly view it as a shared responsibility that schools can and should take on, starting in the early grades. Educators see the value of teaching students to budget, prepare for the future, and become better financial decision makers. But, educators need more support to adequately teach these skills. Among the report's findings, 10 trends according to educators:

- Teachers don't feel comfortable teaching financial education. Only 31% feel "completely comfortable;" 51% feel "moderately comfortable" and 18% feel "not comfortable at all."
- Few K-12 teachers incorporate financial education into their classroom. Only 12% address personal finance in their lessons.
- Four primary barriers exist. Many teachers lack appropriate curriculum, qualifications, take-home materials, and feel that financial education isn't seen as a critical skill for college and career readiness.
- Teachers want more support. Teachers' needs include curriculum materials and professional development. Respondents often crave time off and funds to attend related professional development.
- Teachers seek resources on their own. Respondents are often not provided with materials they need so they find them in other sources, such as free websites or from other teachers.
- Financial education should start earlier. 67% of teachers believe it should start in elementary school.
- Teachers worry parents/guardians aren't doing their part. 65% of teachers feel that itis at least somewhat unlikely that their students are receiving any financial education at home.
- Millennials[1] are champions of financial education. The younger generation of teachers is more likely to think that instruction should come primarily from the classroom.
- Millennials are better at seeking funds than their more experienced colleagues. Less experienced teachers are twice as likely to seek money for financial education.
- Educators cite tremendous benefits in providing financial education to young people. Kids who receive education earlier are better at budgeting, planning for the future, understanding debt and decision making.

March 2016 http://www.pwc.com/us/en/about-us/corporate-responsibility/publications/pwc-financial-education-report.html

[1] Teachers born between 1980 and 2000.

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Majoring in Money: How American College Students Manage Their Finances

Sallie Mae

Sallie Mae's latest study of college students' financial habits found that:

- 77% of college students pay bills on time.
- 60% never spend more money than they have available.
- 55% save at least some money every month, and 24% report having an emergency fund.
- While most college students make purchases with debit cards (85%), cash (86%) and mobile payments (77%), more than half – 56% – have at least one credit card.
- 59% report their primary reason for getting a credit card was to build their credit history.
- 63% pay the balance in full each month, and 73% pay the bill without assistance from a parent or other adult.
- 69% report an average monthly balance of $500 or less.
- 91% know having a good credit record can help them qualify for different types of credit and improve their access to favorable interest rates.
- The majority know paying bills on time (93%) and keeping credit balances low (63%) are positive credit behaviors, and opening multiple credit accounts simultaneously (64%) and using as much credit as possible (61%) are negative credit behaviors.
- While the majority of college students express confidence in their current money management skills, 83% would like to learn more, especially about saving and budgeting.

March 10, 2016 http://news.salliemae.com/research-tools/majoring-in-money

FTC's 2015 Consumer Sentinel Network Data Book

Federal Trade Commission

Between January and December 2015, debt collection, identity theft and imposter scams were the most common categories of consumer complaints. Additional data shows:

- Identity theft complaints were the second most reported, increasing more than 47 percent from 2014 on the back of a massive jump in complaints about tax identity theft from consumers.
- Identity theft complaints had been the top category for the previous 15 years. Imposter scams – in which scammers impersonate someone else to commit fraud – remained the third-most common complaint in 2015.
- In 2015, the network collected 3,083,379 total consumer complaints. Florida, Georgia and Michigan were the top three states for fraud and other complaints, while Missouri, Connecticut and Florida were the top three states for identity theft complaints.
- Of the 2015 identity theft complaints, 45% related to tax or wage ID theft, 16% concerned credit card fraud, and 10% were related to phones or utilities.

- 37% of identity theft complainants contacted law enforcement. Of those folks, 89% say that officers took a report, indicating just how seriously law enforcers take ID theft.

March 1, 2016 https://www.ftc.gov/news-events/press-releases/2016/03/ftc-releases-annual-summary-consumer-complaints

9th Annual America Saves Week Survey

America Saves/American Savings Education Council

The 2016 America Saves-American Savings Education Council survey of adults revealed that:

- Only 40% of U.S. households report good or excellent progress in "meeting their savings needs."
- 49% are saving at least 5% of their income.
- 38% have no consumer debt.
- 70% reported at least some progress in meeting savings needs.
- 66% reported saving at least some of their income.
- 63% reported "sufficient emergency savings to pay for unexpected expenses like car repairs or a doctor visit."
- Only about half of non-retired persons (52%) said they were "saving enough for a retirement in which you will have a desirable standard of living," down three percentage points from last year (55%) and down six percentage points from 2008 (58%).
- For those non-retired persons who said they were not saving enough for retirement, about one-quarter (27%) said the main factor was high day-to-day expenses, and another quarter (25%) said the main factor was debt and related expenses, with about half this group (12%) citing education expenses and debt.
- When asked the highest percentage of their salary that they would contribute to a retirement plan offered by their employers with auto-escalation, more than four-fifths (82%) indicated that they would contribute more than 3%, with 40% indicating 10% or higher.
- When asked what they would do if their employer did not offer a retirement plan and they were automatically enrolled in an IRA administered by their state government with a default annual contribution of three percent, roughly equal percentages said they would contribute less than 3% (32%), 3% (31%), and more than 3% (28%).

February 22, 2016 http://tinyurl.com/9th-Annual-America-Saves

American Express Spending & Saving Tracker

According to the January 2016 American Express Spending and Saving Tracker Survey:

- Americans say saving more money remains the number one resolution for 2016 (51% vs. 58% in 2015), beating out exercising more, eating healthier, and losing weight.
- Americans plan to set aside an average of $15,317 in savings, up significantly from $11,292 last year.

- Many consumers may be setting more aggressive savings goals as Americans say they attained an average of 92% of their savings goal for 2015 (vs. 75% in 2014).

January 12, 2016 http://tinyurl.com/amex-tracker-january-2016

Getting Financially Fit in 2016

National Endowment for Financial Education

A December 2015 survey from the National Endowment for Financial Education (NEFE) finds:

- More than two thirds (68%) of U.S. adults will make a financially focused goal in 2016.
- One in three (30%) rate the current quality of their financial life as worse than they expect it to be.
- When faced with an unforeseen major expense (of which two thirds said they experienced in 2015), one in three (31%) Americans will rely on credit cards to offset costs.
- Many are realizing the benefit of an emergency savings account, as 31% would use this option.
- Over three quarters of U.S. adults say something causes them financial stress (77%). Saving money (51%) tops the list, followed by debt (42%).
- Since nearly half of respondents (45%) qualify themselves as living paycheck to paycheck, financial agility planned ahead of time is necessary to stay on track with resolutions.

December 2015 http://www.nefe.org/Portals/0/WhatWeProvide/PrimaryResearch/ConsumerPolls/PDF/FinancialExpectationsCompleteSurvey.pdf

Better Money Habits Millennial Report

Bank of America/USA Today

According to the report, millennials are “reasonably confident about money,” but they also are “experiencing a great deal of stress.” The report found:

- 22% of millennials are “overwhelmed” about their finances. Another 27% are “anxious” and 13% scared.
- 41% of millennials are “chronically stressed” about money.
- When millennials are stressed about money, the anxiety touched on their: emotional well-being (65%), leisure activities/interests (55%), personal relationships (49%), physical health (47%) and work performance (22%).
- 43% of millennials are worried they aren’t putting enough into savings.
- 82% of millennials worry once a month or more about money; 58% worry weekly.
- 30% of millennials worry they don’t have enough money to last the end of the month; 22% worry they don’t have enough to get to the end of the week.
- Millennials feel they have expertise in social media (34%) vs. personal finance (17%) or investing (5%).
- 40% of millennials believe they are currently financially fit, which is defined as “having savings, paying bills, minimizing debt, budgeting and preparing for emergencies.”

- 23% of millennials worry they won't have enough money to retire.
- 38% of millennials pay off their credit card balance in full each month.

Fall 2015 https://www.bettermoneyhabits.com/assets/images/v.2.0/tiles/infographics/pdf/fall-2015-millennial-report.pdf

Sixth Annual How Youth Plan to Pay for College Survey

College Savings Foundation

The 2015 survey of high school sophomores, juniors and seniors revealed that:

- 82% believe it is their responsibility to pay for at least part of their higher education; and three quarters of students plan on paying for at least part of it.
- The difference this year is those students will pay for more: 71% plan to pay for more than 25% of college costs, compared with 53% last year.
- 51% are already saving for higher education, up from 44% last year.
- Additionally, those savers are amassing significantly more: 83% of savers have already put aside at least $1,000 this year (compared with 67% last year), and that includes 50% saving between $1,000 - $5,000 and 33% who have socked away more than $5,000.
- Both students and their parents are utilizing 529 plans: 33% of all students say that either they or their parents are using a 529 (up from 24% last year). Of those students who are saving, 24% say that 529 college savings plans are their primary way of saving for higher education costs – up from 10% last year.

September 18, 2015 http://collegesavingsfoundation.org/pdf/2015-Student-Survey-Executive-Summary.pdf

Ninth Annual State of College Savings Survey

College Savings Foundation

The 2015-16 State of College Savings Survey found that:

- Nearly three quarters (72%) of children age 18 or under have accumulated savings for college, and for many of them utilizing a 529 college savings plan has been the savings vehicle of choice.
- 76% have savings starting by age five, 21% starting between the ages of 6-10, 9% starting between 11-13, and 4% starting at ages 14-18.
- 44% had utilized a 529 college savings plan.
- One-third of parents are still shouldering their own student debt but are determined to change that for their children and are choosing savings to finance their kids' college.
- 82% of parents with college debt said it had made them consider other strategies for their children.
- 74% of parents expect their children to contribute to college costs, and nearly half of parents, 49%, say their children will get a job to help pay for college.
- Other sources of college funding include financial aid, where 69% of parents expect their children to receive it, mostly in the form of grants and scholarships.

- They also expect to take out loans. 61% expect to borrow including 40% who said that education loans – taken by student and/or parents – were their top borrowing choice.
- 69% of parents expect that it will take them or their children a minimum of five years to pay off the loans after graduation.

August 4, 2015 http://www.collegesavingsfoundation.org/pdf/CSFExecSummaryParents2015-2016.pdf

American Express Spending & Saving Tracker

According to the August 2015 American Express Spending and Saving Tracker Survey:

- Parents anticipate spending an average of $1,239 this back-to-school season, up 8% from 2014, and up 24% since 2011.
- Technology for classroom use is a significant contributor to the added costs, with 82% saying their children use tech for learning (vs.77% in 2014).
- Parents expect to spend an average of $455 per child on after-school programs in 2015, up 20% from 2014.
- Nearly three quarters of parents will make trade-offs in order to afford back-to-school expenses; of those, more than half of parents (53%) cut down on dining out.

August 7, 2015 http://tinyurl.com/amex-tracker-august-2015

Millennial Credit Scores

Experian

Millennials have now passed baby boomers as the largest segment of the U.S. population, but the digitally independent generation is less savvy when it comes to their finances. Experian found:

- Millennials (age 19-34) have an average VantageScore of 625 and an average debt of $52,120.
- Generation X (age 35-49) has an average VantageScore of 650 and an average debt of $125,000.
- Baby Boomers and the Greatest Generaation (Ages 50 and over) have an average VantageScore of 709 and average debt of $87,438.

July 30, 2015 https://www.experianplc.com/media/news/2015/millennials-have-the-lowest-credit-scores-of-all-generations/

How America Pays for College 2015

Sallie Mae /Ipsos Public Affairs

- Nine in 10 American parents believe a college education is an important investment in their child's future, yet fewer than half (48%) are saving for college, and those who do have a college fund are saving less than they did in past years.
- Parents earmark roughly 10% of their total savings for college. The average amount put aside for college, however, fell to $10,040 in 2015, the lowest

amount reported since Sallie Mae and Ipsos began reporting on trends in college savings. Increases in the cost of living and unexpected expenses were the most commonly cited reasons for saving less.

- Nearly half of college-saving families, however, continue to rely on general savings accounts while only 27% utilize tax advantaged accounts like 529 college savings plans.
- Parents who build a plan to save and pay for college have saved, on average, one-and-a-half-times the amount saved by parents who do not have plans ($11,102 vs. $7,611), and they are three times more confident that they will be able to meet the cost of college.
- Parent income and savings covered the largest share of college costs, 32%, surpassing scholarships and grants (30%) for the first time since 2010.
- Families covered the balance of college costs using student borrowing (16%), student income and savings (11%), parent borrowing (6%), and contributions from relatives and friends (5%).
- At the same time, fewer families were worried that economic factors would affect their ability to pay for college; fewer eliminated colleges from consideration due to cost, and fewer took actions (cost-saving measures) to control college costs.
- 62% of families did not borrow any of the money they used to pay for college during academic year 2014-15. Among those who did, the responsibility for borrowing fell primarily to the student, with students signing for nearly three-quarters of the funds borrowed.
- Those students and families, who did borrow, however, took more cost-saving measures to afford college than those who did not borrow. 89% completed the Free Application for Federal Student Aid (FAFSA), compared with 78% of non-borrowers; 73% of students worked while attending school, compared with 68% of non-borrowers; and 68% of students reduced personal spending, compared with 55% of non-borrowers.
- Working students are now the norm as 74% of students worked during the year to help cover costs. Most worked year-round, found employment in food service or retail, and worked an average of 22 hours per week.

July 20, 2015 *https://www.salliemae.com/plan-for-college/how-america-pays-for-college*

American Express Spending & Saving Tracker

According to the July 2015 American Express Spending and Saving Tracker Survey:

- Parents of kids ages 13-17 report that 36% of teens will earn their primary income from summer jobs (vs. parental allowances or savings, etc.), a 19% increase over last year.
- On average, teens expect to earn $582 per month — up from $498 in 2014 — and they plan to save roughly half (51%) of those earnings.
- The three most popular items teens are saving for are college tuition (27%), a car or vehicle (26%), followed by a smart phone or other smart device (23%).

July 15, 2015 *http://tinyurl.com/amex-tracker-july-2015*

High School Students and Parents More Concerned About Paying for College than Succeeding in the Classroom

Sallie Mae /Upromise

- 52% of parents and 48% of students say they wished they had started saving for college sooner.
- Nearly three quarters of both students and parents agree that the student will need to help pay for college by holding down a part-time job while in school.
- Approximately 65% of parents expect to support their children for up to five years after college graduation.
- The proportion of parents who think they will need to help out for more than two years jumped to 36%, double what a similar Upromise survey in 2014 reported.
- 68% of students expect financial support from their parents post-graduation. Nearly half of students, however, would be willing to pay rent to live back at home.
- Two-thirds of parents and students think the student will obtain a job in his or her chosen field within six months of earning a degree.

May 19, 2015 http://tinyurl.com/Sallie-Mae-Upromise-2015

Percent of U.S. Adults Invested in the Stock Market

Gallup

While the Dow Jones industrial average has grown significantly since the 2009 financial meltown, Americans are no more likely to invest in the stock market. The report also showed:

- Fifty-five percent of Americans are invested in stock market, which is down from 62% in early 2008, before the financial crisis.
- Among adults in middle-income households with incomes ranging from $30,000 to $74,999: 56% now say they own stocks, consistent with the percentage in 2010 but well below the 72% found in 2007.
- 49% of young adults between the ages of 18 and 34 invest in the stock market.
- 90% of adults with an income of $75,000 or greater invest in the stock market.

April 22, 2015 http://www.gallup.com/poll/182816/little-change-percentage-americans-invested-market.aspx

2015 Consumer Financial Literacy Survey

National Foundation for Credit Counseling/NerdWallet

According to the 2015 Consumer Financial Literacy Survey:

- 59% of American adults said they deserve an “A” or “B” when it comes to their own personal financial knowledge.
- 75% agree however, that they would benefit from advice and answers to everyday financial questions from a professional and 70% are currently worried about their personal finances.
- 60% continue to spend without a budget. That is nearly the same as last year, which was the highest percentage in six years.
- About one in five (21%) say they are now spending more than they did in 2014.
- Although 33% carry credit card balances from month to month, the percentage

with balances below $2,500 has increased by 4% over last year, while the proportion of those with balances of $2,500 or more has decreased by the same amount.

- The number of those who pay off their balances each month has remained unchanged (49%) from the previous year. Nearly one quarter (24%) are not paying their bills on time.
- Only 6% feel that their student loans were a good investment. More adults would advise against student loans than would recommend them (11% vs. 7%, respectively).
- Of those who are repaying their own student loans or their children's educational loans, 58% expressed that they are unable to establish emergency or retirement savings or purchase a car as a result of that financial commitment.
- While 57% are saving for their retirement and 66% maintain non-retirement savings, 28% are worried that they do not have enough savings.
- Although 65% use a savings account, less than three in 10 use potentially higher-yielding investment vehicles such as a 401(k) (29%) or IRA (25%).

April 7, 2015 http://tinyurl.com/NFCC-Consumer-Survey

2015 Prom Spending Survey

Visa Inc.

Visa's annual survey found economic disparities in what families spend on prom, with elaborate "promposals" adding significantly to overall spending.

- The cost of "promposals" averaged $325 in 2015; over one-third of the average $919 an American family spends on the prom.
- Northeastern families will spend an average of $738 on prom night and $431 on "promposal" for a total of $1169.
- Western families will spend $596 on prom night and $342 on "promposal" for a total of $937.
- Southern families will spend $544 on prom night and $305 on "promposal" for a total of $849.
- Midwestern families will spend $515 on prom night and $218 on "promposal" for a total of $733.
- Canadians plan to spend $508 overall on prom of which $151 will be on "promposal."
- Dads plan to outspend moms by 63%, $1,160 vs. $710.
- Families with a total household income below $50,000 a year plan to spend $1,109 on the prom.
- Disconcertingly, those families making under $25,000 will spend a total of $1,393 for the prom.
- Families who make over $50,000 will spend an average of $799.
- Last year, parents were planning to pay for 56% of prom costs. This year that number has jumped to 73%, with teens expected to cover only the remaining 27%.

March 31, 2015 www.practicalmoneyskills.com/prom

2015 Teens and Personal Finance Survey

Junior Achievement/The Allstate Foundation

The 2015 Teens and Personal Finance Survey revealed a major disconnect between how parents and teens view paying for college.

- 48% of teens think their parents will help pay for college but only 16% of parents (of teens) report planning to pay for post-secondary education.
- 84% of teens report looking to their parents for information on how to

manage money, but 34% of parents says their family's approach to financial matters is to not discuss finances with their children and "let kids be kids."

- Millennial parents, ages 18-34, are the least likely to be confident about explaining money management to their kids: 60% report feeling confident, while 76% of parents ages 35-44 and 79% of parents ages 45-54 report feeling the same.
- When asked to consider the rising cost of college, a larger number of teens in 2015 are considering attending a local community college instead of another college or university: 22% in 2014 rose to 29% in 2015.
- The gender gap continues in personal finance lessons from parents. Teen boys (31%) are more likely than teen girls (20%) to report that their parents help them keep track of money. Teen boys (88%) also are more likely than teen girls (80%) to report they learned to take care of money from parents.
- The number of teens who think their parents don't spend enough time talking to them about managing money significantly rose (21% in 2014 to 32% in 2015).

March 25, 2015 http://tinyurl.com/JA-Allstate-2015

Findings from Focus Groups of LMI Youth Regarding Saving and Spending

America Saves

In 2015, America Saves released a report on focus groups with first-time youth workers regarding their saving and spending. They were asked questions about their thoughts, experiences, and behavior regarding saving, spending, and borrowing. Here are the top 10 insights about what these low- and moderate-income (LMI) youth think:

- They know it's important to save, but don't know how.
- They know it's important to start saving early and that they can start with small savings.
- While aware of savings best practices, many had difficulty actually saving money and/or meeting their savings goals.
- They are familiar with direct deposit but do not view it as a savings tool.
- The most successful savers had two accounts–one for spending and one for saving.
- They have contradicting feelings about prepaid cards.
- They understand that spending is about temptation.
- They understand that living within their means and saving is the way to accumulate wealth.
- They feel proud earning money.
- They don't like the idea of borrowing money.

March 16, 2015 http://tinyurl.com/AmericaSaves-LMI-Focus-Groups

Consumer Voices on Credit Reports and Scores

Consumer Financial Protection Bureau

Researchers examined issues such as whether consumers were checking their credit scores and reports, how they were doing it, and what motivated them to check it. Key takeaways include:

- Consumers who had seen their reports or scores accessed them from a variety

of channels
- Some consumers reported being confused and frustrated about how to check credit reports and scores, what information these include, and how to improve them.
- Consumers may lack information to take action to improve their credit histories
- Consumers who are more engaged in the financial system check their credit reports regularly

February, 19 2015 http://www.consumerfinance.gov/reports/consumer-voices-on-credit-reports-and-scores/

2015 State Financial Education Mandates

FINRA Investor Education Foundation/Montana State University

Results from a study by researchers at Montana State University, the Federal Reserve Board and the University of Wisconsin-Madison examined the effectiveness of state mandates on financial education for high school students. The study, titled *State Financial Education Mandates: It's All in the Implementation,* was funded by the FINRA Investor Education Foundation and found young adults exposed to the rigorous financial education programs in the states examined had better credit outcomes later in life relative to young adults in control states. For example:
- Credit scores improved by 11 points in Georgia, 16 points in Idaho and 32 points in Texas.
- These gains translate into a 2%, 3% and 5% increase in credit scores in Georgia, Idaho and Texas, respectively.
- Ninety-day delinquency rates on credit accounts decreased in all three states.
- Texas had the largest decrease in delinquency rate—a 6 percentage point drop, which translates to a relative decrease in delinquency rate of 33 percent.

January 2015 http://tinyurl.com/State-Mandates

About Jump$tart: The Jump$tart Coalition is a Washington, DC-based not-for-profit organization that seeks to improve the personal financial literacy of students in pre-kindergarten through college. Jump$tart's nearly 150 national partners and 51 affiliated state coalitions work individually and collectively to educate and prepare our nation's youth for lifelong financial success. Jump$tart is the original promoter of April as Financial Literacy Month and publisher of the National Standards in K-12 Personal Finance Education.

JUMP$TART! FINANCIAL SMARTS FOR STUDENTS