Financial Education for Youth

This session provided an overview of financial education programs aimed at adolescents. Dara Duguay, Executive Director of the Jump$tart Coalition for Personal Financial Literacy, presented information on the Coalition's role in promoting financial education. Irene Leech, VA Tech Cooperative Extension, presented information on the High School Financial Planning Program. Information about LifeSmarts was given by Annette Duff and Dolores Langford Bridgett, DC Cooperative Extension.

Pamela N. Olson, University of New Mexico[1]
Elizabeth Dolan, University of New Hampshire[2]

Introduction

Over the past decade, it has become increasingly apparent that a large number of consumers are unable to manage their personal finances. This is evidenced by the increase in consumer debt and the rising personal bankruptcy rates. In 1968, the President's Committee on Consumer Interest defined consumer education as

> the preparation of the individual in the skills, concepts, and understandings required for everyday living to achieve within the framework of his (sic) own values, maximum utilization of and satisfaction from his (sic) resources (Schoenfeld, 1973).

This is a broad definition. Consumer education is not a science, a discipline, nor a list of principles that once learned will insure the wisdom of consumer choice from then on. It is a continuing process of learning that must begin with preschool and lasts a lifetime. Today educators are fronted with the problem of designing and implementing comprehensive financial education programs to equip tomorrow's adults for an increasingly complex financial marketplace. The purpose of this session was to present some of the successful solutions currently being used in classrooms and community centers across the nation.

Dara Duguay, Executive Director of Jump$tart Coalition, gave the Top Ten Reasons Why Kids Today Need to be **Money Smart** (a la David Letterman).

10. So you can start concentrating on saving for your retirement instead of continually bailing your kids out and maybe one day you can actually borrow money from them.
9. So they don't think Social Security is having a date every Friday night.
8. So they put Grandma's birthday gift of $100 toward a long-term goal, rather than another pair of brand name sneakers.
7. So they understand Uncle Sam gets part of their paycheck before they do.
6. So they don't ruin their credit report before they even know what one is and you end up having to co-sign on all their loans.
5. So they're as familiar with the meaning of APR as they are with MTV.
4. So they realize the insurance payment on that sports car they've been dreaming about could be more than the actual car payment and you don't end up having to be their chauffeur after their car has been repossessed.
3. So **they** pay back their student loans instead of their **parents** having to.
2. So their parents aren't surprised by the $10,000 in credit card debt their child charged their Freshman year in college.
1. So they don't end up returning to the nest.

The Jump$tart Coalition for Personal Financial Literacy seeks to improve the personal financial literacy of young adults. A non-partisan partnership of diverse organizations has come together for a monumental purpose - to launch a national effort to enhance the personal financial literacy of youth. Jump$tart's purpose is to evaluate the financial literacy of young adults; develop, disseminate, and encourage the use of guidelines for grades K-12; and promote the teaching of personal finance. The Jump$tart Coalition believes that all young adults need to have the financial literacy to make informed financial decisions. This unprecedented group has a specific goal: by the year 2007 every student will be financially competent by the time he or she graduates from high school.

The Jump$tart Coalition has developed guidelines on income, money management, saving and investing, and spending so that school systems and other youth-serving organizations can integrate resources into their curricula for educating students in this area of critical need. For more information Jump$tart Coalition for Personal Financial Literacy may be contacted at www.jumpstartcoalition.org or 919 Eighteenth Street, N.W., 3rd Floor, Washington, D.C. 20006, or (202) 466-8604.

Specific Programs

High School Financial Planning Program

Irene Leech, Extension Specialist, Virginia Tech, presented the High School Financial Planning Program sponsored by the National Endowment for Financial Education and the Cooperative Extension System. The High School Financial Planning Program is a six-unit course that acquaints students with basic financial planning concepts and illustrates how these concepts apply to everyday life. The purpose of the program is threefold: to teach students about the financial planning process-what it is and what it can do for them; to give students the opportunity to apply the process through stimulating exercises provided in the program; and to teach the effective use of all financial resources. Through the course work, students can gain the necessary skills to help them establish financial goals and work towards achieving them.

The program addresses topics such as the time value of money, earning an income, protecting assets, budgeting, and saving money-all in the context of a teen's scope of experience. The six basic units of the course include:

- Understanding the Financial Planning Process
- How Income Affects Your Goals
- Managing income and Credit
- Owning and Protecting Your Assets
- Saving to Achieve Your Financial Goals
- Taking Control with Your Own Financial Plan

The High School Financial Planning Program is designed for easy classroom integration and can be taught effectively in a variety of established classes that include personal finance or money management. The program can be presented in as few as 10 classroom hours or over a longer period of time-whatever best suits the sechdule and needs of the students. This program as reached 2,562 groups and 151,121 youths last year with positive results.

For more information you may contact High School Financial Planning Program, National Endowment for Financial Education, 4695 South Monaco Street, Denver, Co 80237-9811 or your local or state Extension Service.

LifeSmarts

Annette Duff, Manager, Consumer Affairs Law and Public Policy of MCI, and Dolores Langford Bridgett, DC LifeSmarts Coordinator, presented the program, LifeSmarts. LifeSmarts, nationally sponsored by The National Coalition for Consumer Education and MCI, is the ultimate consumer challenge. LifeSmarts is a game-show format which tests the marketplace skills and knowledge of high school students in an entertaining way, and rewards them with knowledge. The program is designed to complement the curriculum that is already in place in high schools and can be used as an activity for groups, clubs, and organizations for teens in grades 9 through 12 and is accessible to students with disabilities.

The LifeSmarts competition covers consumer knowledge on the subjects listed below. Team members would need to prepare for questions on all of theses topics.

- Personal Finance
- Health and Safety
- Environment
- Technology
- Consumer Rights and Responsibilities

LifeSmarts is available in many states and has expanded each year to now include 37 states with the involvement of many state attorneys general. For more information and specifics about the competition in your state contact the state coordinator for your state listed at www.lifesmarts.org or write NCCE, 295 Main Street; Suite 200, Madison, NJ 07940.

Conclusions

In 1996, teens spent $103 billion and influenced others to spend billions more. The average teen in the United States spends $3,500 each year. Twenty-five percent of 18 and 19 years olds have their own credit cards. They also are becoming targets of frauds and scams. Understanding how to make decisions, use resources wisely, and exercise rights and responsibilities in the marketplace is important to economic survival and growth. Financial education empowers teens to take responsibility for themselves.

In 1962 President Kennedy outlined the four basic consumer rights. Theses are (1) the right to information, (2) the right to choose, (3) the tight to complain, and (4) the rights to safety. In 1975, President Ford added a fifth consumer right to the list of President Kennedy's. The fifth right is "the right to consumer education"(Langrehr and Mason, 1975). Twenty years later we are still waiting.

References

Langrehr, F. W., & Mason, J. B. (1975). The development and implementation of the concept of consumer education. Unpublished paper. Whitewater, Wisconsin: University of Wisconsin-Whitewater.

Schoenfeld, D. (1973). Preparing the consumer educator. Mount Vernon, New York: Consumers Union of the United States, Inc., Educational Service Division.

Endnote

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