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April 2014

April is National Financial Literacy Month

April is Financial Literacy Month!!
What Does This Mean for Our Generation?

Amy Lin, Deputy Policy and Organizing Director, Young Invincibles

April is here! You know what this means: spring, allergies, and tax season. April also means something else very important: **Financial Literacy Month**. Since I'm young, single and a woman, my worrying about financial literacy extends well beyond April. I constantly read financial blogs, articles about saving, and websites that write about money, and I worry. I know other people my age are worried, too. The young adult unemployment rate is twice the national average, and for African Americans, three and a half times the national average. Women earn just 81 cents for every dollar men earn, which affects the amount of student loans we borrow, our paychecks, and our Social Security benefits.

Most advice is on savings, budgeting, and paying off debt. Some articles specify how much money to have saved by a certain age for retirement, or they offer tips on paying down credit card and student loan debt. Some articles are interesting and helpful, and others leave me anxious about my lack of progress toward goals that I didn't set for myself. I try to remember that many of these goals for retirement, emergency funds, and future houses are unrealistic, given how much debt this generation is in from just trying to go to college, how many of us are unemployed, and how much we've been struggling since the Great Recession.

The thing is, no one, not Suze Orman, not your parents, nor any type of financial advisor can tell you what works best for you. For different individuals, the oft-heard advice of cutting out that cup of coffee, cancelling your magazine subscriptions, brown bagging lunch, or getting a roommate, just won't work. There are many who already do those things or are living in situations that are so irrelevant to that advice that reading it just makes us laugh.

It seems like the key to good financial planning includes two main things: Earning more money than you spend and being informed and educated about your money decisions. How you decide to move forward is entirely up to you. Maybe earning more than you spend means working three jobs instead of two, or working weekends in addition to weekdays. Maybe it means making a case to your supervisor for a raise you deserve, babysitting, cleaning houses, or freelancing. Maybe it means forgoing certain things in return for more peace of mind each month.

Being informed means doing as much research and information gathering as possible before going to college, buying a car or a house, or spending any significant amount of money. It means knowing what a significant amount of money is for you - $20, $200 or $2,000? Being informed also means checking your wallet, bank balance, and debt levels on a regular basis, to keep track of your cash flow.
Sometimes the harder part of being informed means asking others for advice and help. Find that person you trust who can give you the best advice for your life -- a mentor or older sibling, family member, or teacher who knows what your daily struggles are like and has been through it all.

The last piece for me, at least, is about forgiving myself for past financial transgressions. A key part of moving forward is allowing ourselves to be as happy as possible with the progress we've made and celebrating the time we still have to keep moving toward economic stability.

Thoughts During National Financial Literacy Month

Mary Johnson, Higher One

The need for financial literacy on college campuses is of paramount importance in the United States. Having a nationwide goal to increase the number of college graduates is important, but it must be paired with a companion goal for understanding and building students' financial health. National Financial Literacy Month serves as yet another opportunity to discuss how to make this a national priority and reality.

Some colleges and universities are helping their students hone their personal finance skills. Wake Tech Community College for example, is hosting 15 events, including a Financial Awareness Workshop for future students and their parents. Similarly, the University of Tennessee kicked off a month-long series to promote financial stress awareness and better decision-making about borrowing.

Many of these young adults will no doubt benefit from hearing about the importance of limiting student loans, budgeting, being cautious with credit and protecting their identity. But we are learning that acquiring financial knowledge is not enough. It's more than just knowing that the way to gain wealth is by living below your means or the benefits of compound interest. It includes understanding your relationship with money and what triggers your spending, and learning how to control those urges.

A recent study sponsored by Higher One, Money Matters on Campus, found that young adults entering college were already exhibiting troubling and risky financial behaviors, with 20 percent having more than $1,000 in credit card debt and nearly 25 percent admitting that others would be horrified if they knew about their spending habits.

Similarly, recent articles by Dan Kadlec and J.D. Roth, two well-known personal finance writers, observed how important attitudes and behaviors are to financial wellness and wealth accumulation, suggesting that financial literacy education should focus more on the "behavioral finance" aspects of money management. I couldn't agree more.

Of course, more research is required to better understand the interplay between basic financial knowledge and the decision-making process. But a good place to start includes knowing more about students' financial inclinations at the outset of their college career, perhaps as part of overall wellness assessments that many institutions employ.

Likewise, I see broader benefits in providing more "mental money moments" for students and young adults in general. During Higher One's Financial Literacy Month Challenge of the Week, for example, students were asked to estimate their student loan payments using a simple calculator provided on the blog. Several expressed surprise about what their monthly payments will be and commented about the need to be more careful about the amounts borrowed. These kinds of interactive activities serve to increase awareness and reflection, and should be provided more often during the college experience.

I am reminded of that recurring public service commercial, "It's ten o'clock do you know where your children are?" Messaging aimed at personal finances would also be appropriate -- "It's ten o'clock, did you spend more than you should have today?" or "Have you started your emergency fund yet?“

There's plenty of opportunity to develop creative and engaging opportunities to help young adults develop positive financial attitudes and behaviors, so let's get started!

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NEWS REVIEW

Financial Literacy Month: Don't Forget Your Kids

Neal Godfrey, Children's Financial Network, Inc., 2013

April is Financial Literacy Month. When it comes to money sense, dollar smarts and financial literacy -- our children just aren't getting it, and we see the results every day.

From student loans, mortgages, credit cards and automobiles, the average American holds approximately $47,000 in debt. The national per capita income is just under $27,000 per year. We are in charge of our own financial health, but we are not taught the skills we need to manage it. We have a very low success rate of saving in the United States -- 3.7% of annual income. The average family savings account balance is $3,800; 25% of Americans have no savings at all. We are passing this legacy of spending on to our kids.

We need to see that our children are taught these skills so they can grow up to be financially literate, and we need to start young. According to a survey by the American Institute of CPA's, parents give their kids an average allowance of $15 a week which adds up to $780 a year, with older children receiving more than younger ones. Parents say their kids are spending their allowance as soon as they get it.

I believe in allowances for kids, but it is important to use the allowance in a way that teaches fiscal responsibility. Begin by explaining to your children that we save in order to get things we want in the future but also to get things we will need in the future. It's difficult to think about the future when you're young because most children think of the future as next week, after dinner or five minutes from now. A 3-year-old is not going to understand the concept of long-term savings, neither is a 10-year-old, and it's obvious that adults don't understand either.

In *Money Doesn't Grow on Trees*, I explain that saving means putting something away in a safe place to be used, if necessary, at another time. I suggest having your kids make a list of things you can save besides money. Squirrels save nuts to eat during winter; most of us save empty bottles and cans for recycling.

We have to start when our kids begin to nag, "I want, I want." I teach parents to teach their children the natural consequences of money: The only way to get money is to earn it. When it comes to money, we are never alone. It is a connective tissue of society, and we are all connected to others through it. Money itself is not good or bad, it's a question of what you do with it. The same dollar can be used to buy drugs or go to charity, it's the user's choice. There are only for things you can do with money -- earn it, save it, spend it and share it.

NEWS REVIEW

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Start your kids on my Work-For-Pay Allowance System as early as age 3. They do two types of chores: Citizen of the Household chores, where they don't get paid, and Work-For-Pay chores. Citizen of the Household chores teach them that good citizens of the world, the community, and of the family, help out because it is the right thing to do. The Work-For-Pay Allowance System teaches them how to earn and budget their money. They will learn values and life skills that they'll need to live in the real world. These will become life-long habits.

From the basics of learning to count money to make change to skills of creating a budget, from balancing a checkbook to calculating interest and understanding how to buy and sell stock, our financial literacy grows with us.

Without basic financial understanding, our children face real challenges in adulthood. With too much credit card debt, they can be turned down by potential employers. Lack of planning can lead to a limiting education -- severely limiting lifetime income potential. The income gap between the college grad and the high school dropout is huge. High school dropouts earn 80% of what college graduates earn.

In 1989, I formed The Children's Financial Network, Inc. I have written 26 books -- including a *New York Times* #1 Best Seller -- empowering children and their families to take charge of their financial lives. Most recently, I have released two mobile video gaming apps for 5- to 10-year-olds that teach finance in a new and different way. The topic of financial literacy is real -- it is a movement -- but our job is not finished. **Currently, only 22 states require high school students take a course in economics, and only 13 states require schools to offer a course in personal finance.**

Join the movement. Get in the spirit of Financial Literacy Month and begin to teach your kids about money today so they can have a richer tomorrow. Remember that kids learn from example -- use the real world as your financial classroom.