

# 2017 Making the Case For Financial Literacy

*A collection of findings gathered by Jump\$tart from other sources*

[www.jumpstart.org/finlitfacts](http://www.jumpstart.org/finlitfacts)

## 10th Annual America Saves Week Survey

### America Saves/American Savings Education Council

The 2017 America Saves-American Savings Education Council Survey of adults revealed that:

- Only 38% of U.S. households report good or excellent progress in “meeting their savings needs.”
- 27% report no progress at all.
- Nearly two-thirds (66%) of those with incomes \$100,000 and over report good or excellent savings progress, with only 7% indicating no progress.
- In contrast, only 14% of those with incomes below \$25,000 report good or excellent savings progress, and 58% said they are making no progress at all.
- 48% are saving at least 5% of their income.
- 23% are not saving at all.
- 66% reported saving at least some of their income.
- 65% reported sufficient emergency savings.
- 54% reported sufficient retirement savings.
- 45% know their net worth
- 46% have savings plans with goals
- 46% save for retirement at work, while fewer (40%) automatically save outside of work.

February 27, 2017 <https://tinyurl.com/10th-Annual-America-Saves>

## Getting Financially Fit in 2017

### National Endowment for Financial Education

A December 2016 survey from the National Endowment for Financial Education (NEFE) finds:

- 68% of U.S. adults will make a financially focused goal in 2017.
- 31% rate the current quality of their financial life as worse than they expect it to be.
- When faced with an unforeseen major expense, 35% of Americans will rely on credit cards to offset costs.
- Many are realizing the benefit of an emergency savings account, as 35% would use this option.
- 78% of US adults say something causes them financial stress. Saving money (53%) tops the list, followed by managing debt (44%).
- 48% of respondents qualify themselves as living paycheck to paycheck.
- 85% believe having someone who understands their financial goals and can assist in holding them accountable would be helpful.

January 3, 2017 <http://tinyurl.com/FinanciallyFit2017>



@NatlJumpStart



National Educator Conference and NatlJumpStart



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## Student Loan Debt in the US

### Global Financial Literacy Excellence Center/FINRA

The Global Financial Literacy Excellence Center at the George Washington University School of Business examined data from FINRA Investor Education Foundation's 2015 *National Financial Capability Study* and found that:

- Nearly half of young Americans start their working lives with student debt, and 43 million Americans carry student loans.
- Most borrowers did not fully understand what they were taking on when they obtained student loans.
  - 54% of student loan holders did not try to figure out what their monthly payments would be before taking out loans.
  - 53% said that if they could go back and redo the process of taking out loans, they would do things differently.
- The number of Americans contending with student loan debt has nearly doubled in the past decade. Outstanding student debt has increased to \$1.3 trillion from \$240 billion in 2003.
- 37% of respondents with payments due reported having been late with a student loan payment at least once in the last 12 months.
- Student loan debt is concentrated among younger borrowers. 45% of people aged 18 to 34 have student loans, compared to 27% for ages 35 to 54. But older Americans are also borrowing for higher education, with 9% of those 55 and older holding student loans.
- Some racial minorities (African Americans and Hispanics) and low-income borrowers are more likely to fall behind on loan payments.
  - The nearly 30% of student loan holders who do not complete their degrees report serious problems repaying their debt. 53% said they had been late with a payment at least once in the previous year.
  - While programs exist to help students with low incomes repay their loans, many borrowers fail to take advantage of them. Slightly more than a third of borrowers say they have income-driven repayment plans, which generally limit their payments to a percentage of their income. Almost one in five said they did not know whether their payments were keyed to their income.
- When borrowers did estimate what their loan payments would be before taking out loans, they were significantly more satisfied with their decision: 39% of borrowers who estimated their loan payments said they would make the same moves again, compared to only 24% of those who did not make these estimates.

November 2016 <http://tinyurl.com/GFLEC-Student-Loan-Debt>

## Better Money Habits Report

### Bank of America/USA Today

A new Better Money Habits Report finds that for young Americans, the definition of adulthood has changed:

- 62 percent) do not feel like adults when they turn 18.
- When asked to define adulthood in their own words, "financial independence" was the top answer.
- 39% mark adulthood with a financial milestone, more so than traditional life milestones such as graduating from high school or college (7%) or getting married/starting a family (7%).

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- For those who feel like adults, most say it's because parents helped prepare them (60%), they have a job (60%) or they have good role models (49%). For those who do not feel like adults, the main reason – cited by about four in five – is because they still rely on their parents.
- While 70% feel somewhat or very optimistic about their financial prospects, they express significant doubts about the economy (57%) and the job market (43%). A majority (59%) report being worried about finding a career path that will support the lifestyle they've envisioned for themselves.
- Only 31% said their high school education did a good job teaching them strong financial habits. Of those who attended or are currently attending college, only 41% said their college education did or has done a good job imparting those lessons.

October 2016 <http://tinyurl.com/BoA-BMH>

## How America Saves for College 2016

**Sallie Mae/Ipsos Public Affairs**

For How America Saves for College 2016, Sallie Mae and Ipsos surveyed nearly 2,000 parents about why—and how—they're saving for college. They found:

- 57% of parents are saving for college, up from 48% in 2015, and the average amount they have saved is \$16,380, up from \$10,040 the previous year.
- More than half (55%) of parents feel confident they will be able to meet the cost of college, up from 42% in 2015.
- In addition, 88% of parents who have set a savings goal are confident they will meet their goal. Nearly half of parents with a goal (46%) are making saving for college a habit by using auto-deposit.
- Millennial parents (35 or younger) feel more confident (64%) than other generations about meeting the cost of college and they are more committed to saving for college.
- More Millennials are saving (65%, vs. 50% of Gen X parents and 61% of Baby Boomer parents), and Millennials have saved more money (\$20,155, on average, vs. \$12,428 for Gen Xers and \$18,323 for Baby Boomers).
- 44% of Millennial parents are using 529 plans, compared with 36% of Gen Xers and 23% of Baby Boomers.
- When it comes to paying for college, 38% of Millennial parents believe the parent should be solely responsible, compared to 26% of Gen Xers and 18% of Baby Boomers.
- While use of 529 college savings plans among parents rose to 37%, up from 27% the prior year, these tax-advantaged plans still lag far behind general savings accounts, despite the fact that those who use 529 plans save roughly 25% more, on average.
- 61% of parents use general savings accounts and 38% use checking accounts to save for college. More than half of the parents saving for college but not using 529 plans say they are not aware of these tax-advantaged plans.
- The proportion of parents with a plan to pay for college rose to 51% in 2016, up from 42% in 2015, and the highest in the history of the study. Parents with a plan save significantly more for college: \$18,389, on average, compared to the \$10,468 reported by parents who don't have plans.

September 28, 2016 [www.SallieMae.com/HowAmericaSavesForCollege](http://www.SallieMae.com/HowAmericaSavesForCollege)

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## How America Pays for College 2016

**Sallie Mae/Ipsos Public Affairs**

In its 9<sup>th</sup> year, this annual survey that looks at undergraduate families' attitudes toward college, how much they spent, and the sources they used to pay for it, revealed:

- Scholarships and grants covered 34% of college costs, the largest percentage of any resource over the last five years. Approximately half of families used a scholarship or grant to help pay for college.
- Families used parent income and savings (29%), student borrowing (13%), student income and savings (12%), parent borrowing (7%), and contributions from relatives and friends (5%) to cover remaining college costs.
- Families are taking deliberate steps to make college more affordable. 98% took at least one cost-saving measure, with most taking five or more. Specifically, 77% of students worked during the year, 62% cut personal spending, 49% lived at home, and 27% accelerated coursework to earn their degree faster.
- 86% of families were willing to stretch themselves financially to make college happen, and 83% felt confident they made the right decisions when choosing how to pay.
- Families paid less out of pocket for college in academic year 2015-16 than in 2014-15 as they took advantage of more scholarships and grants to foot the bill. Compared to academic year 2014-15, families paid 7%, or approximately \$1,100, less from out-of-pocket funds, which include income, savings, and borrowed funds.
- Scholarships and grants covered 34% of college costs, the largest proportion of any resource used to pay for college in the past five years. Approximately half of families used a scholarship or grant to help pay for college.
- Fewer than half of families borrowed to pay for college. Student borrowing covered 13% of what families spent, down from 16% in 2014-15.
- Two-thirds of families (67%) narrowed their college choices due to cost, but when it came to making the final decision, cost ranked third (cited by 27% of respondents) — behind academic program and personal choice (each cited by 31%).
- One-third of students were attending community college as the first step toward a bachelor's degree.
- Families are firmly in agreement on the value of college: 97% believe it's an investment in their student's future.
- 90% of families expect their college student to earn a bachelor's degree and 54% expect their student to earn a graduate degree.

June 19, 2016 <https://www.salliemae.com/plan-for-college/how-america-pays-for-college>

## 2016 Consumer Financial Literacy Survey

**National Foundation for Credit Counseling/Boeing Employees' Credit Union**

According to the *2016 Consumer Financial Literacy Survey*:

- Americans are sharpening their focus on personal savings, with slight increases among those who say they are saving more than last year (26% in 2016 vs. 24% in 2015).
- The portion of those contributing income toward non-retirement savings has returned to its 2013 level of 69%.

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- More than one in ten adults are saying they roll over \$2,500 or more in credit card debt each month, up from 2015 (14% in 2016 vs. 11% in 2015).
- 26% do not save any portion of their household's annual income for retirement.
- 56% – down slightly from the last three years (60% in 2013, 59% in 2014, and 59% in 2015) – give themselves a grade of A or B on their knowledge of personal finance.
- 75% agree – and 24% strongly agree – that they could benefit from advice and answers to everyday financial questions from a professional.
- Roughly one in four (23%) – or almost 54 million Americans – indicated that they would reach out to a professional, non-profit, credit-counseling agency for help.
- 40% – a proportion that has held roughly steady since 2007 – say they have a budget and keep close track of their spending.
- 58% say they are now saving “the same” as last year, up by two percentage points from 2015, and those who say they are saving “more” has also increased slightly since 2015 (26% vs. 24%).
- The proportion that has non-retirement savings has increased slightly in the past year, returning back to the 2013 level of 69%.
- Where adults are saving their money varies. On par with last year, about 2 in 3 say they use a savings account (66% vs. 65% in 2015). The uses of 401k plans (32% vs. 29% in 2015), IRAs (29% vs. 25%), and at home (under the mattress or in a home safe) (12% vs. 9%) have all increased significantly since 2016
- When it comes to retirement savings, 26% do not save any portion of their household's annual income for retirement, which, while a significant decrease from 2015 (29%) is still a large percent not funding this important life event.
- Despite the fact that a larger percentage of adults are saving at least some for retirement, when asked what areas of personal finance are most worrisome, the top responses were: retiring without having enough money set aside (15%), and insufficient “rainy day” savings for an emergency (14%, similar to 13% in 2015).
- 91% say they are very or somewhat confident that the last time they made a big financial decision (such as picking a credit card, buying a car, or refinancing their mortgage), they made the right choice.
  - The proof of this? Nearly 3 in 4 (74%) pay all their bills on time and have no debts in collection. Conversely, however, about 22% do not pay their bills on time.
- Similarly to 2015, half of adults in 2016 say they are very or somewhat confident that they are saving enough for retirement (50% vs. 48% in 2015), while roughly three in ten (29% vs. 30% in 2015) reveal they are not at all confident.
- In 2016, 58% of adults do not feel knowledgeable about the process of applying for student loan—and 60% do not feel knowledgeable about the difference between federal and private student loan options.
- Among those who are currently repaying loans, 66% say student loans (either their own or their children's) impact their overall personal financial situation negatively.
- Furthermore, 41% of adults overall do not feel confident they would be able to repay a \$30,000 loan for a college education.

April 2016 <http://tinyurl.com/NFCC2016Survey>

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## 2016 Wells Fargo Millennial Study

### Wells Fargo

The 2016 study of Millennials revealed:

- 64% of working Millennials say they will never accumulate \$1 million in savings over their lifetime.
- 59% have started [saving for retirement](#), whereas 41% have not. Of the Millennials who are not saving for retirement, 64% say they are “not making enough money to save for retirement.”
- According to the study, 34% of Millennials have student loan debt, with a median debt load of \$19,978. For those who have debt, 75% say their student loan debt is “unmanageable.” Yet, of this group, 70% are still saving for retirement, at an average savings rate of 5.5%.
- 63% of Millennials say that having a job they love is more important than a high income and many benefits.
- 44% of Millennials describe themselves as “fully employed in their preferred career.”
- Millennials have worked, on average, for 4.8 employers, but 40% say they would like to work for one employer their whole career.
- 30% of Hispanic Millennials says they are currently providing financial support to two or more generations of their family, versus 14% of general-population Millennials. Despite this difference, Hispanic Millennials are more optimistic about surpassing the lifestyle of their parents, with 63% saying they will “do better than their parents,” in comparison to 49% of general-population Millennials.
- There are significant differences in the earnings and financial outlook of Millennial men and women, with women earning a median income of \$28,800, and men earning a median income of \$31,900.
- 61% of women feel their finances are stretched “too thin” to save for retirement, versus 50% of men.
- 85% of Millennials say that saving for retirement is an important part of becoming a “financial adult,” and 82% say that seeing people who are comfortably retired today makes them want to save more for their own retirement.
- At the same time, less than half (45%) have “an established routine” for reviewing their finances and a little more than half – 54% – say they have a budget. Of the 46% who do not have a monthly budget, 37% say they don’t need one, and 33% say it’s not a priority.
- Millennials would like to retire at an average age of 59, far earlier than 65. Millennials who have started saving for retirement say the average age at which people should start saving is 23.
- Millennials who are not saving yet say the average age they will start saving is 32.
- 74% of Millennials do not think that Social Security will be available for them at retirement.
- 69% of Millennials think that having a retirement plan such as a 401(k) is extremely or very important, but only half (52%) have such a plan.
- Of those who have started saving for retirement, 69% are currently saving in an employer-sponsored plan such as a 401(k)-type plan.
- On average, Millennials who have a workplace retirement plan began contributing to the plan at 24.

April 2016 <http://tinyurl.com/wellsfargo-Millennials>

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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:

- 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 2016 <http://tinyurl.com/SallieMaeMajoringMoney2016>

## **2016 Teens and Personal Finance Survey**

**Junior Achievement/Voya Foundation**

The 2016 *Teens and Personal Finance Survey* revealed:

- Teen girls now have the same income expectations as teen boys: 41% of teen girls expect to make \$35,000 or more in their first job, compared to 40% of teen boys.
- 89% of teens expect to attend college. Of those, 40% expect help in the form of scholarships and grants; 21% believe they will receive financial support from their parents and family members; 17% plan to work to earn money for college; and approximately 11% anticipate taking on student loans to help pay for their higher education.
- 65% believe borrowers are ultimately responsible for paying off their student loans, even if they borrowed more money than they are able to pay off, while 11% believe the government should do so. 7% believe it is the responsibility of the college and 5% think it's up to the lender to resolve.
- When asked if the student debt situation affected their thoughts on college, very few were less likely to go to college as a result of it (4%), while most (60%) planned to figure out a way to pay for college without taking out student loans.

March 2016 <http://tinyurl.com/JA-Voya-2016>

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## Bridging the Financial Literacy Gap

### PwC US

According to a study of K-12 educators done by PwC US:

- 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 it is at least somewhat unlikely that their students are receiving any financial education at home.
- Millennials 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://tinyurl.com/pwc-educators>

## 2016 Survey of the States

### Council for Economic Education

The 2016 *survey* shows that there has been slow growth in personal finance education in recent years and no improvement in economic education.

- Since 2014, two additional states include personal finance in their K-12 standards and require those standards to be taught.
- While more states are implementing standards in personal finance, the number of states that require high school students to take a course in personal finance remains unchanged since 2014 – just 17 states.
- Only 20 states require high school students to take a course in economics – that's less than half the country and two fewer states than in 2014.
- There has been no change in the number of states that require standardized testing of economic concepts – the number remains at 16.

January 2016 <http://tinyurl.com/CFEE2016StateSurvey>