

MAKING THE CASE FOR FINANCIAL LITERACY— 2014

A collection of statistics gathered by Jump\$tart from other sources.

Financial Literacy Education

Adults and Parents:

1. A 2013 **American Express** Spending & Saving Tracker survey indicated that:

- 69% of parents will make tradeoffs in order to afford back-to-school expenses, including scaling back on dining out (51%), wardrobe or accessory purchases (39%), entertainment (36%), and travel (31%).
- More parents (45% compared to 34% in 2012) are giving their college students an allowance to help manage spending.
- Like last year, 38% of parents will help their students set up a bank account and 28% will give them prepaid cards.
- 20% (vs. 17% in 2012) of parents will opt for a joint credit card linked to their account.

[American Express, *Back-to-School Gadget Buys Are Up, Though Kids Still Need Pencils to Chew On*, August 20, 2013, <http://about.americanexpress.com/news/pr/2013/back-to-school-gadget-buys-are-up.aspx>, click internal link in press release to see the 2013-08 Spending and Saving Tracker survey]

2. Most respondents to a 2013 **CreditDonkey.com** survey said they learned key finance concepts in high school:

- 72.1% learned about saving, 70% learned about earning, 63.8% learned about spending.
- But only 49.2% learned about borrowing and 22.8% about protecting (i.e. emergency fund, identity theft).

[CreditDonkey.com, *Survey: Financial Literacy Statistics*, July 3, 2013, <http://www.creditdonkey.com/borrowing-last-learn.html>, no link to study]

3. Results from the **FINRA Foundation's** 2012 State-by-State Financial Capability Survey reveal that:

- Fewer than half (41%) of Americans surveyed reported spending less than their income.
- Over a quarter (26%) reported having unpaid medical bills.
- More than half (56%) do not have rainy-day savings to cover three months of unanticipated financial emergencies.
- Over a third (34%) reported paying only the minimum credit card payment during the past year.
- On a test of five basic financial literacy questions, the national average was 2.88 correct answers.

[FINRA Investor Education Foundation, *FINRA Foundation Releases Nation's State-by-State Financial Capability Survey*, May 29, 2013, <http://www.finra.org/Newsroom/NewsReleases/2013/P268095>, <http://www.usfinancialcapability.org/>]

4. Results from **Visa's** 2013 International Barometer of Women's Financial Literacy include:

- In all but one of the countries surveyed, women have saved less money for emergencies than the men of their nation.
- Women are far more determined than men to ensure that their children grow up financially literate. The data found that women spend nearly three more weeks a year than men talking to and educating their own children about money management.
- Women also believe that governments should require schools to teach financial literacy to children at an earlier age than male respondents.

[Visa, *U.S. Consumer Financial Protection Bureau Director Cordray Delivers Keynote at Federal Reserve Bank of Chicago / Visa Inc. Financial Literacy and Education Summit*, April 17, 2013, <http://pressreleases.visa.com/phoenix.zhtml?c=215693&p=irol-newsarticlePR&ID=1807633&highlight>, http://www.practicalmoneyskills.com/downloads/pdfs/FL_Barometer_2013.pdf]

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5. The seventh annual Financial Literacy Survey of US adults, conducted in 2013 on behalf of the **National Foundation for Credit Counseling, Inc.**, revealed that:

- 40% of adults gave themselves a grade of C, D, or F on their knowledge of personal finance.
- 78% agree that they could benefit from additional advice and answers to everyday financial questions from a professional.
- 57% indicated they are worried over a lack of savings, including 43% who are concerned about not having enough “rainy day” savings for an emergency, and 38% concerned about retiring without having enough money set aside.
- 26%, or roughly 61 million people, were worried about servicing their debt commitments, including concerns around paying credit card debt (13%), repaying student loan debt (8%), an inability to make monthly vehicle payments (7%), and not being able to pay off existing medical debt (6%).
- While 19% were worried about their credit score and/or lack of access of credit overall, 16% were anxious about their score, with 9% concerned over their lack of access to credit.
- 20% of adults indicated they do not have any financial worries.

[National Foundation for Credit Counseling, Inc., *NFCC and NBPCA Financial Literacy Survey Reveals Consumers' Top Financial Concerns*, April 2013, http://www.nfcc.org/newsroom/newsreleases/NFCC_NBPCA.cfm, http://www.nfcc.org/NewsRoom/FinancialLiteracy/files2013/NFCC_NBPCA_2013%20FinancialLiteracy_survey_datasheet_key%20findings_032913.pdf]

6. The **College Savings Foundation's** sixth annual State of College Savings Survey, conducted in 2012, found that:

- Of the 69% of parents expecting their children to contribute to college costs, 46% want them to cover up to one-third; 13% between a third and two-thirds, and 10% over two-thirds.
- 45% of parents had saved more than \$5,000 per child – up from 40% last year and the highest level since 2007, when 49% had saved that much. The majority of these savers also use 529 college savings plans.
- 24% of parents have an automatic savings account.
- 24% would ask family or friends to contribute to college instead of material gifts.
- 61% anticipate some kind of financial aid, including 31% covering up to one-third of college costs.
- 76% of parents say they take the time to focus on financial literacy with their children.
- 59% talk to their children about the cost of college; and 55% have talked with them about their involvement in paying for college.

[College Savings Foundation, *More Parents Saving for College and Using 529 College Savings Plans, Says Sixth Annual College Savings Foundation Survey*, August 14, 2012, <http://www.collegesavingsfoundation.org/pdf/CSF-6th-Annual-State-of-College-Savings-Survey-of-Parents.pdf>, <http://www.collegesavingsfoundation.org/pdf/CSFExecSummaryStateofCollegeSavingsSurvey.pdf>]

7. The final report of the **President's Advisory Council on Financial Capability** was issued on February 19, 2013, offering 15 recommendations designed to assist the American people in better understanding financial matters and making informed financial decisions:

- The Council's four top recommendations focused on the consistent and continuing integration of financial education into Americans' lives: in families and schools; in workplaces; in local communities; and through an appropriate balance of research-based education, regulation and product design to benefit consumers.
- The Council's first major recommendation is a focus on Youth:
 - Integrate important aspects of personal finance into teaching of math and English language arts Common Core State Standards for K-12 education as well as other subjects.

[National Endowment for Financial Education, *Financial Capability Council Presents Report to President Obama*, February 19, 2013, <http://www.nefe.org/press-room/news/financial-capability-council-reports-to-obama.aspx>,

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<http://www.nefe.org/Portals/0/WhatWeProvide/ProgramsAndInitiatives/PDF/PACFC%20final%20report%20Feb%2019%202013.pdf>

8. The 2012 Global Financial Literacy Barometer, a study of the financial literacy levels of people in 28 nations released by **Visa** and **Kiplinger's Personal Finance Magazine**, revealed that:

- Brazil topped the list as having the most financially literate people, followed by Mexico, Australia, the United States, and Canada.
- Respondents in more than half of the 28 countries surveyed believe that overall, teenagers and young adults do not understand money management basics, such as budgeting, savings, debt, and spending responsibly.
- In the U.S., the average age at which people felt the government should require kids to start learning about money was 11.9.
- In this study, the U.S. didn't break into the top 5 in any single category, and bottomed out at 27th on question number 4, "To what extent would you say teenagers and young adults in (Country) are adequately prepared to manage their own money?"
- The US has one of the worst opinions of its teenagers' money management skills, with 70.5% of respondents saying that US teens don't understand money management basics.
- In the US, 66.1% said that they talked to their kids about money at least once a month.

[Visa and Kiplinger's Personal Finance Magazine, *Federal Reserve Bank of Chicago and Visa Inc. Host Sixth Annual Global Summit on Financial Literacy*, April 23, 2012, http://www.practicalmoneyskills.com/about/press/releases_2012/0423.php, <http://www.practicalmoneyskills.com/summit2012/decks/bodnar.pdf>]

9. **DoughMain's** 2012 survey of parents revealed that:

- 81% of parents feel it is their responsibility to teach their kids about money and savings.
- 63% of kids 18 and under have savings accounts, and 73% of those savings accounts were started before the age of three.
- 43% of parents review bank statements with their kids monthly.
- 51% of parents give their children allowance, but only 4% require them to deposit that money into a bank account.
- Only 28% of children have used online banking to view their savings account balance.
- Only 38% of parents are matching their children's savings.
- Only 30% of children give some of their savings regularly to charity.
- For children without savings accounts, their money is most frequently saved in a piggy bank, bonds/CDs, or checking accounts.

[DoughMain, *Study Reveals Need for Tools to Help Parents Teach Kids About Savings*, February 17, 2012, <http://www.doughmain.com/pub/news/study-reveals-need-for-tools-to-help-parents-teach-kids-about-savings/>, no link to study]

Undergraduate & Graduate Students

1. In **Inceptia's** 2012 National Financial Capability Study of 962 first-year students from five colleges and universities across the United States, students answered 50 knowledge questions, based on five core competencies specified by the US Department of the Treasury Financial Literacy and Education Commission: Earning, Spending, Saving, Borrowing, and Protecting:

- None of the students scored in the "A" range (45 to 50 correct); only 11% scored in the "B" range; 22% in the "C" range; and 67% either "D" or "F."
- 37% said that finances are a significant source of stress.
- 60% did not create a budget for the current school year.
- 31% do not regularly track expenses.
- 70% either currently have student loans or plan to borrow before they finish school.

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[Inceptia, *First-Year College Students Score Poorly in Basic Financial Literacy*, Inceptia Survey Reports, January 22, 2013, <https://www.inceptia.org/about/news/jan-22-2013/>, no link to study]

2. According to the **College Savings Foundation's** 2012 survey of college graduates (ages 20-35):
 - Recent graduates are at least 50% more likely to put off life choices often associated with financial independence than those who graduated seven or more years ago.
 - 36% of respondents graduating within the last year said they had to live with their parents longer than expected, as compared to 24% who graduated seven or more years ago.
 - Only 70% of recent grads surveyed are employed, versus 79% of those who graduated seven-plus years ago. 73% of those 1-3 years out are employed, as are 76% of those 4-6 years out of school.
 - 40% of recent grads are definitely delaying buying a house for financial reasons, versus 22% who graduated at least seven years ago.
 - 19% of last year's grads said they were definitely delaying getting married, versus 8% among those who graduated at least seven years ago.
 - 21% of recent grads had definitely delayed having children for financial reasons, versus 13.5% among those seven-plus years out of school.
 - 87% of recent graduates will definitely or possibly save for their children's college education; 83% of those graduating 1-3 years ago and also 4-6 year ago would; as compared to 74% of those who graduated more than seven years ago.
 - 33% of recent grads and 32% of those more than seven years out, definitely thought that a college degree would help them make more money than a high school degree.

[College Savings Foundation, *College Savings Foundation Survey Shows Delay in Life Milestones for Recent College Graduates*, May 23, 2012, <http://www.collegesavingsfoundation.org/pdf/GradsSurveyPressReleaseFinal5-23-12Updated.pdf>, no link to study]

American Kids & Teenagers

1. Data through February 2014 from the **National Financial Educators Council's** (NFEC) National Financial Literacy Test, which tests youth between 15 and 18 on the areas covered within national financial literacy standards, reveals that:
 - 115 (4.7%) participants achieved a score at or above 90%.
 - 271 (11%) achieved a score at or above 80%.
 - 539 (21.9%) achieved a score at or above 70%.
 - 1,534 (62.4%) participants scored at or under 69.9%.

[NFEC, *National Financial Literacy Test Results*, February 2014, <http://www.financialeducatorsCouncil.org/financial-literacy-research>, <http://www.financialeducatorsCouncil.org/financial-literacy-test>]

2. The 2013 *How Youth Plan to Fund College* survey of high school students by the **College Savings Foundation** revealed that:
 - 74% of high school students plan to save money for college or post-secondary school. 53% have already gotten a job to earn money for college, compared to 46% from last year.
 - Nearly half have started saving already: 49%, up from 45% last year; and of those, 77% have already saved \$1,000, up from 72% last year.
 - 67% of students plan to use their own funds for college, up from 65% last year.
 - 93% say they will or may work while in college.
 - Only 17% plan to attend private colleges – down from 21% last year; and 47% are headed to public college, up from 45% last year.
 - More students are expecting to receive help from relatives – 45.5%, up from 41%.

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- Despite their intentions to save and work, students are still resigned to borrowing – 66% versus 63% last year. And 36% have researched student loans, up from 31% last year.
- 79% of all students said they would feel better about college debt if they had savings.
- Nearly 39% are being advised on college planning by their family, 33% by their guidance counselor, and 19% by a financial advisor.
- Of the 68% of students who are talking to their parents about their involvement in funding college, over 68% of the parents are saving. Of those parents who are saving, over 36% are in 529 plans. More are saving a fixed amount each month – 48% – and 39% have saved over \$15,000.

[College Savings Foundation, *Youth Survey of High School Students Across the US Shows Strong Uptick in College Savings*, May 15, 2013, <http://www.collegesavingsfoundation.org/pdf/Youth-Survey-of-high-school-students-across-US-shows-strong-uptick-in-college-savings.pdf>, <http://www.collegesavingsfoundation.org/pdf/Youth-Survey-Executive-Summary-2013.pdf>]

3. The **US Department of Education's** 2012 Nation's Report Card in Economics revealed that there has been no improvement in high-school seniors' economics knowledge since the 2006 survey:
 - While more students reported receiving some kind of economics instruction — in classes such as history or civics or government — than six years ago, that knowledge isn't yet reflected in test results. Researchers found almost no difference between the average score in 2012 — 152 out of a possible 300 points — and the 150 average score recorded in 2006, when the first such assessment was made.
 - In both the 2006 and 2012 assessments, only 3% of students were advanced. The other two levels inched up: 39% of students were at the basic level in 2012, from 38% in 2006; the percentage of proficient students rose to 40% in 2012 from 39% in 2006.

[US Department of Education, *Teens Talk More About Economics, but No Better Informed*, April 24, 2013, <http://blogs.wsj.com/economics/2013/04/24/teens-talk-more-about-economics-but-no-better-informed/?KEYWORDS=brenda+cronin>, <http://nces.ed.gov/nationsreportcard/subject/publications/main2012/pdf/2013453.pdf>]

4. Results of the 2013 **Junior Achievement/Allstate Foundation** "Teens and Personal Finance" Survey indicate that:
 - Teenagers are more optimistic about their financial futures, with a 20% increase in teens believing they will be financially better off than their parents. However, part of their financial security comes from depending on parents until a later age.
 - The survey found that 25% of teens think they will be age 25-27 before becoming financially independent from their parents, up from 12% in 2011.
 - Concurrently, parents are also expecting their children to be in their mid-20s by the time they are financially independent, as the economy, availability of jobs, and societal norms now indicate a longer dependence on parents.
 - Of the 33% of teens who say they do not use a budget, 42% are "not interested" and more than a quarter (26%) think "budgets are for adults."
 - More than half of teens (52%) think students are borrowing too much to pay for college, yet only 9% report they are currently saving money for college. Nearly 30% have not talked with their parents about paying for higher education.
 - The majority of teens (76%) still report the best time to learn about money management is in kindergarten through high school, but only 29% reported programs currently in place.

[Junior Achievement/Allstate Foundation, *Percentage of Teens Who Think They Will Be Financially Dependent on Parents Until Age 25-27 More Than Doubles, New Survey Finds*, March 27, 2013, http://www.ja.org/about/releases/about_newsitem625.asp, <https://www.juniorachievement.org/documents/20009/20652/Teens-and-personal-finance-survey-2013.pdf/e4f6c2f0-0f94-4666-8a7f-b87ecba367ed>]

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American Families

Attitudes & Behaviors:

1. According to the 2014 Consumer Financial Literacy Survey, conducted by the **National Foundation for Credit Counseling**:

- 61% of US adults admit to not having a budget, even though a budget is considered a building block of financial stability. This is the highest percentage in six years.
- One in three adults indicate the household carries credit card debt from month-to-month, with 15%, or more than 35 million people, admitting to rolling over \$2,500 or more monthly.
- Though more than half of adults (55%) say they are now saving the same as last year, the proportion who have non-retirement savings has decreased slightly from 69% in 2013 to 66% in 2014.
- The proportion of adults who are spending less when compared to the previous year continues to decline, from a high in 2009 of 57 percent, to a low in 2014 of 29%.

[National Foundation for Credit Counseling, 2014 Consumer Financial Literacy Survey, March 31, 2014, <http://www.nfcc.org/NewsRoom/newsreleases/FinancialLiteracySurvey.cfm>, http://www.nfcc.org/NewsRoom/FinancialLiteracy/files2013/NFCC_2014%20FinancialLiteracySurvey_FINAL.pdf, 2014 Consumer Financial Literacy Survey Infographic, http://www.c360m.com/online/2014_financial_literacy_infographic.html]

2. According to the 2014 Financial Literacy Survey, conducted online by Harris Poll on behalf of **The National Endowment for Financial Education** and the **Jump\$tart Coalition**:

- More than three in five families with children under the age of 18 (62%) have talked about money matters within the past week.
- In all, 84% of families with kids under the age of 18 have had financial discussions and more than half of those (56%) were initiated by kids asking questions about money.

[National Endowment for Financial Education, *NEFE, Jump\$tart Stand Up for Financial Literacy Month 2014*, March 31, 2014, <http://www.nefe.org/press-room/news/nefe-jump-tart-financial-literacy-month-2014.aspx>, <http://www.nefe.org/Portals/0/WhatWeProvide/PrimaryResearch/ConsumerPolls/PDF/JumpStart%20Financial%20Literacy%20Month%20Full%20Survey.pdf>]

Saving & Investment:

1. According to the 2013 How America Pays for College survey, conducted by **Sallie Mae** and **Ipsos**:

- Today, scholarships and grants pay for 30% of college costs, up from 25% four years ago. The average amount of such aid grew to \$6,355, up from \$4,859 in 2009.
- Parents now fund 27% of college expenses from income and savings, down from 2010's peak funding of 37%. Parents' average out-of-pocket spending declined to \$5,727 from \$8,752 in 2010.
- At the same time, belief in the value of college is unwavering. In 2013, 85% of parents strongly agreed that college was an investment in their child's future, the highest in the six years since the study began.
- Four in 10 families borrow to pay for college. Seniors are more likely to borrow than those in earlier college years, as are students at private colleges compared to public universities and community colleges.
- More parents turn to 529 college savings plans to fund their children's college, with 17% of families tapping these specialized education accounts in 2013, the highest percentage since the study began.
- Advance planning for college remains low. Six out of 10 families do not have a financial plan to pay for all years of college prior to the student enrolling and lack a financial contingency plan should an emergency

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arise. Two in five families (40%) report encountering major expenses that they did not expect in paying for college.

[Sallie Mae and Ipsos, *Families Adjust to a New Post-Recession Reality to Pay for College, Says New Research from Sallie Mae and Ipsos*, July 23, 2013, <http://news.salliemae.com/press-release/research/families-adjust-new-post-recession-reality-pay-college-says-new-research-sall>, https://salliemae.newshq.businesswire.com/sites/salliemae.newshq.businesswire.com/files/doc_library/file/Sallie_Mae_Report_-_How_America_Pays_for_College_Report_FINAL_0.pdf]

2. The 2013 annual back-to-school survey of parents and teens from **Capital One** found that:

- 69% of parents said they believe they are doing enough to teach their kids about personal finance and money management and 70% say they discussed back-to-school shopping and wants vs. needs with their child, yet less than half of teens (47%) say they have worked with their parents to develop a budget for spending and saving their money.
- Although teens report high levels of confidence in their money management skills – 71% gave themselves a grade of “A” or “B” for their current knowledge of financial responsibility – they have limited practical money management experience.
- Fewer than half of teens have worked with their parents to develop a budget for spending and saving – even though 62% report receiving an allowance, and 63% of those who do get an allowance receive between \$10 and \$50 each month.
- 83% of teens plan to attend college, but 51% are not saving money to help pay for college

[Capital One, *Capital One’s Annual Back-to-School Shopping Survey Finds That More Parents Think They Are Having the (Money) Talk, Teens Aren’t Getting the Message*, July 22, 2013, <http://press.capitalone.com/phoenix.zhtml?c=251626&p=irol-newsArticle&ID=1858813&highlight>, no link to study]

3. The 2013 How America Saves for College survey, conducted by **Sallie Mae** and **Ipsos**, reveals that:

- While nearly all parents believe college is an investment in their child’s future, only one-third has a plan to pay for college.
- When asked to describe their feelings about saving for college, parents’ top answers were: overwhelmed, annoyed, frustrated, scared, or that they don’t like thinking about it at all.
- Among those not saving, 47% cite a barrier other than money. Top reasons included thinking that children would be awarded enough financial aid to cover the cost of college, children are too young or too old, uncertainty about which savings option to use, procrastination, and feeling it is the child’s responsibility to save and pay for college.
- Starting to save is most frequently prompted by major milestones such as a child’s birth (34%), starting school (24%), or learning about college costs from friends and family (20%).
- Slightly more than one quarter (27%) of parents who are saving for college use a 529 college savings plan. However, more parents save for college using general funds or CDs (42%).

[Sallie Mae and Ipsos, *Families Report High College Savings Goals, But Don’t Have a Plan to Meet Them, Reveals New National Study from Sallie Mae*, February 26, 2013, https://www.salliemae.com/about/news_info/newsreleases/2013/Families-Report-High-College-Savings-Goals.aspx, http://news.salliemae.com/sites/salliemae.newshq.businesswire.com/files/publication/file/HowAmericaSaves_Report2013_1.pdf]

Debt:

1. U.S. household consumer debt profile through March 2014:

U.S. household consumer debt profile:

- Average credit card debt: **\$15,252**
- Average mortgage debt: **\$152,209**

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- Average student loan debt: **\$32,986**

In total, American consumers owe:

- \$11.52 trillion in debt
 - An increase of 1.6% from last year
- \$856.5 billion in credit card debt
- \$8.05 trillion in mortgages

[NerdWallet, *American Household Credit Card Debt Statistics: 2014*, <http://www.nerdwallet.com/blog/credit-card-data/average-credit-card-debt-household>]

Bankruptcies, Defaults, & Foreclosures:

1. Total bankruptcy filings in the United States decreased 12% in February over last year, according to data provided by Epiq Systems, Inc.
 - Bankruptcy filings totaled 72,193 in February 2014, down from the February 2013 total of 82,336.
 - Consumer filings declined 12% to 69,380 from the February 2013 consumer filing total of 78,614.
 - Total commercial filings in February 2014 decreased to 2,813, representing a 24% decline from the 3,722 business filings recorded in February 2013.
 - Total commercial chapter 11 filings also decreased 27%, to 452 filings in February from the 619 commercial chapter 11 filings recorded in February 2013.

[American Bankruptcy Institute, *February Bankruptcy Filings Decrease 12 Percent from Previous Year, Commercial Filings Fall 24 Percent*, March 5, 2014, <http://news.abi.org/press-releases/february-bankruptcy-filings-decrease-12-percent-from-previous-year-commercial-filings>]

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