

# FOCUS ON YOUTH

Financial Education News and Programs for  
Southern New England Teachers from the  
Center for Personal Financial Education

Spring 2002

# MONEY MATTER\$

The Center for Personal Financial Education is a non-profit, educational resource and research center whose primary mission is to increase financial literacy. It was formed in 1996 as a joint venture between the University of Rhode Island Cooperative Extension and the Consumer Credit Counseling Service of Rhode Island. The Center produces and provides an array of integrated, coordinated outreach programs and services designed for diverse audiences and delivered through schools, at community sites, in the workplace, and through mass media.

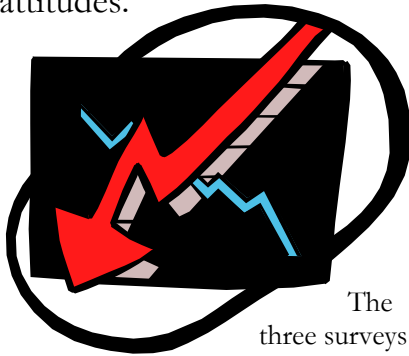
The school curriculum enrichment program, through this newsletter and teacher seminars, is designed to provide:

- ◆ news about the NEFE High School Financial Planning Program,
- ◆ information about new financial literacy teaching resources and events,
- ◆ updates on research related to teens and money, and
- ◆ a forum for teachers, youth leaders, university faculty, financial educators in business and government, and others to share teaching ideas and techniques.

Projects are funded by grants and do-nations from foundations and local businesses interested in encouraging implementation of personal financial education in school curricula.

## Financial Literacy Scores Head Down AGAIN

The Jump\$tart Coalition's 2002 financial literacy survey continues to show declines in financial literacy among a nationwide sample of high school seniors compared to two previous surveys. The study surveyed teens' financial, knowledge, practices and attitudes.



The three surveys were conducted by Lewis Mandell, Ph.D., Professor, University of Buffalo School of Management.

### Some of this year's findings include:

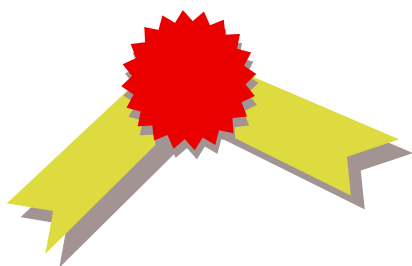
- ◆ The average score on the 2002 test of financial literacy was 50.2% correct. In 2000 the average score was 51.9%, while in 1997 it was 57.3%.
- ◆ The percentage of students who knew that "retirement income paid by a company" is "a pension" continued to decrease. This year only 35% knew the answer. In 2000, 46% did, and in 1997, 63.5% knew.
- ◆ Over one-fifth of the students (21.2%) thought there was a national sales tax of 5 ½ %. Seventeen percent thought the federal government will deduct it from paychecks.
- ◆ Males scored slightly higher than females; students from the Mid West scored better than those from other regions.
- ◆ The average test score for Caucasians was higher than scores for Asian Americans, Native Americans, Hispanics or African Americans.
- ◆ Almost 75% of students surveyed have their own checking and/or savings account. These students scored higher than those without any bank accounts.
- ◆ Students who do not use credit cards (their own or their parents') fell to 67.8% this year from 69.1% in 2000 and 70.8% in 1997. However, more students have their own credit card accounts, 12.1% this year compared to 9.2% in 2000 and 7.7% in 1997. (continued)

- ◆ This year students who have their own ATM cards rose to 35.9% from 31% in 2000 and 31.5% in 1997.
- ◆ About two thirds of the students felt either “very sure” or “somewhat sure” that they could handle their own finances.

Source: JumpStart Coalition for Personal Financial Literacy Press Release, April 23, 2002 at [www.jumpstart.org/news.cfm](http://www.jumpstart.org/news.cfm)

## NEFE Financial Literacy Awards Competition

The sixth annual NEFE High School Financial Literacy Awards<sup>SM</sup> competition recognized a Massachusetts student for excellence in demonstrating personal finance concepts. **Joseph Larkin**, from The Bromfield School in Harvard, Massachusetts, took second place honors in the mixed media category addressing the theme “Money: Will You Make It? Find a Career. . .Earn a Living. . .Get a Life!” Four winners, one in each category, received cash awards of \$5,000 for first place, \$3,000 for second place, and \$1,000 for third place awards. The competition is open to all high school students throughout the U.S. This year, it drew over 1,400 entries from 45 states. Congratulations to Joseph Larkin and his teacher, **Stephen Besold!**



## Learn by Doing

From the 1980’s, a decade of research about how the brain learns shows us quite clearly that students learn in a variety of ways. Researchers have discovered that we all possess at least eight different types of intelligences.

The challenge for the classroom teacher is to deliver learning experiences about financial planning that touch as many of these intelligences as possible in a 50 to 120 minute time period.

To address as many of the different learning styles as possible, each unit of the HSFPP Instructor’s Manual includes a section entitled “Learn by Doing.” Each of these sections has at least two different lesson plans aimed at heavily involving students in the learning process. This approach relieves the instructor of the burden of being the content “expert.”

Each lesson is broken down into four phases: inquire, gather, process, and apply.

**INQUIRE:** Students share and communicate what they already know about a topic

**GATHER:** Students investigate and discover new information about the topic. In essence, this is the time when students put their research skills to work, just as they will later in life when they face problem-solving as an adult.

**PROCESS:** Students learn to make sense of all the information from the Inquire and Gather phases by using it or acting upon it.

**APPLY:** Students transfer what they have learned about the topic to real life outside the four walls of the classroom.

Source: New Jersey HSFPP Newsletter, Rutgers Cooperative Extension, Spring 2002, vol. 10, no. 2, p. 3

## Greetings! To Teachers in Southern New England

It has been an exciting year for personal financial education. A new edition of the NEFE High School Financial Planning Program® (HSFPP) was released in October, a record number of entrants participated in the Financial Literacy Awards program, new online and print resources provide fresh approaches for instruction, research continues to highlight the need for personal financial education, and federal legislation provides funding for incorporating personal finance into school curricula and teacher training programs.

In Southern New England, over 8,400 students enrolled the HSFPP last year, an increase of almost 65% over the previous year. To date, the program has reached over 2.5 million students in more than 19,500 schools in all 50 states.

Now is an excellent time to place your order for August delivery of materials. Use the materials order form on this website to electronically place your order or print the order form and mail to the National Endowment for Financial Education.

Please feel free to contact me if you’re looking for resources or want to incorporate personal financial education into your curricula.

*Claudia Kerbel*

# Cash Management Tools for Teens

by Marcy LaPietra & Sarah Walsh

Learning how to maintain a checking account and how to use credit cards responsibly are two lessons that teens need before venturing off into the complex financial world on their own. Teaching teens basic money management skills, such as balancing a checkbook, making bill payments, and budgeting, will encourage them to establish sound financial practices in the future. With the help of cash management tools and their parents' and teachers' guidance, teens can learn to manage their money effectively. These tools include: checking accounts, traditional credit cards, and prepaid credit cards.

## Checking Accounts

A great way for teens to initiate their money management experiences is to open a joint checking account with their parents. This will give parents an opportunity to observe how their teen manages his or her money. Account balances and recent transactions can be accessed through ATMs, by calling the bank's customer service line, or by utilizing online tools provided by the financial institution.

Checking accounts allow teens multiple ways of accessing their money; they can write a check, withdraw money at an ATM, or make point-of-sale purchases using a debit card. Since financial institutions typically charge fees for account maintenance, check writing, ATM withdrawals, and debit card usage, parents and teens should comparison shop for an account which best suits their needs; this will help reduce unnecessary fees and will also teach teens the value of shopping for the best deal.

## Traditional Credit Cards

Traditional credit cards can also be valuable tools for teaching teens how to manage their money. First, credit cards allow teens to experience the responsibility of making bill payments. Second, teens can learn first-hand the true meaning of the phrase, buy now -- pay later, and the future financial commitment that goes along with using credit.

In general, a minor cannot legally obtain a credit card on their own. Parents will need to co-sign for teens under the age of 18. Co-signing on a credit card application means that the parent and teen are equally responsible for making payments.

## Prepaid Credit Cards

Prepaid credit cards, such as Visa Buxx and i-Gen MasterCard, are a good way to teach teens how to budget for expenses. Unlike traditional credit cards,

prepaid cards do not carry a future financial obligation. Prepaid cards allow parents or teens to put aside a predetermined amount of money that can be used for purchases; if teens try

to spend more than the dollar value of the card, it will be denied. Additional money can be added to the account if necessary. Some companies even provide parents with account statements so that they can monitor their teen's spending.

Fees which frequently accompany prepaid credit cards include ATM fees, fees to contact customer service, and annual fees. Annual fees can range from \$12-54, depending on the card. Some banks offer prepaid cards to existing customers at reduced rates.

As teens gain independence, they will want to assume greater responsibility for managing money. Valuable lessons can be learned from managing checking accounts and credit card accounts while a teen is still in high school and can benefit from their parents' and teachers' guidance.



Ms. LaPietra is a graduate research assistant in the [Department of Human Development and Family Studies](#) at the University of Rhode Island.

Ms. Walsh was an undergraduate intern at the Center for Personal Financial Education during Spring Semester, 2002.

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# Professional Development

## Web-Based Training

NEFE now offers a web-based training for educators to complement and enhance the NEFE High School Financial Planning Program. The course, titled "Using Web-Based Training to Increase Student Financial Literacy," introduces basic financial planning concepts. It is ideal for teachers and youth leaders who are interested in using the HSFPP and are seeking examples and suggestions for classroom exercises and discussions.

Teachers can earn one Continuing Education Unit or one hour of undergraduate or graduate credit from Colorado State University upon completion of the 10-hour, self-paced course. For more information on the course, visit the "Education Programs/Educators" section at [www.nefe.org](http://www.nefe.org) or contact Elizabeth Schiever at [eas@nefe.org](mailto:eas@nefe.org)

## Graduate Courses at URI

Looking for a graduate-level course to meet teacher certification requirements? Consider the following courses in Family Financial Counseling and Planning that have recently been approved for graduate credit:

Fall

### Retirement Planning - HDF 426

Explanation and evaluation of financial information needed for effective retirement planning, including defining goals, estimating expenses, and analyzing resources. *Tuesdays and Thursdays 2-3:15pm*

### Consumer Protection - HDF 428

Effectiveness of diverse approaches to consumer protection. Analysis of techniques such as information disclosure, standards for products and services, government and private agencies, redress channels, and legislation. *Web-based*

Spring

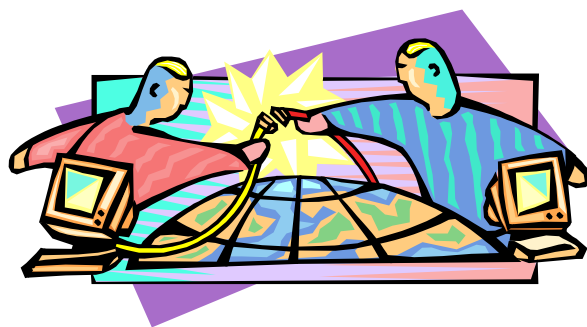
### Personal Finance - HDF 418

Personal financial planning and decisions for attaining individual and family goals. Factors that affect, protect, and enhance financial security. *Meeting time TBA*

### Personal Finance Applications - HDF 424

Application of principles of family financial planning and decision making. Emphasis on mathematical and analytical evaluation including the use of computer software. *Web-based*

For more information, contact Dr. Joan Gray Anderson at (401) 874-4567 or at [grayanderson@uri.edu](mailto:grayanderson@uri.edu)



## Resources

### New on the Net

#### Consumer Education For Teens

<http://www.wa.gov/ago/youth/>

The goal of this website is to educate teens about consumer issues. It covers topics such as music clubs, car buying, modeling agencies, credit cards, and others related to teen consumers. The site is a joint effort between the International Baccalaureate Info Tech III/IV class at Mount Rainier High School in Des Moines, WA and the Washington State Attorney General's Office.

#### National Institute for Consumer Education

<http://www.nice.emich.edu/>

NICE at Eastern Michigan University maintains an extensive clearinghouse, in conjunction with the Jump\$tart Coalition, of personal financial education materials and resources. It also provides programs and seminars for professional development.

#### Consumer Jungle

<http://www.consumerjungle.org>

This website has games and resources to teach teens about personal finance, credit cards, transportation and related topics. The site also provides information and resources for teachers and parents to teach consumer information to teens. The site is sponsored by the Young Adult Consumer Education Trust.

#### Consumer Action Handbook

<http://www.pueblo.gsa.gov/crh/toccah.htm>

The Federal Consumer Information Center now has the 2002 Consumer Action Handbook online. The Handbook provides information on a variety of topics such as banking, utilities, travel, home, cars, health, shopping at home, privacy and disabilities. The site also provides the tools to assist consumers in making a complaint and a list of state and federal agencies they can contact to assist them.

# Research

## What teens *really* want to know about money

study to learn  
management topics are of interest to  
information  
determine whether there  
at teens want to learn and  
need to learn. The findings  
differences between the

- One-third of the teens were interested in learning about openin