Make [leadership] count

We believe that having a strong foundation in financial literacy allows our next generation of leaders to make informed and effective decisions. This is one way we make responsibility count.

To learn more, visit www.pwc.com/us/corporateresponsibility
The need for financial education really isn’t new. In fact, financial literacy is something we’ve been working on itself isn’t new—although early 20th century industrialists may have gotten it in their subjects such as arithmetic or home economics. Organizations like Junior Achievement, founded in 1929 and the Council for Economic Education, founded in 1946 as the Joint Council on Economic Education, have been including elements of financial education in their programs for decades.

What’s new today is that consumers face an increasingly complex financial system, with more responsibility for making their own smart financial decisions, and obvious consequences for their mistakes. And still feeling the effects of a depressed economy and financial services industry crisis, many Americans have a renewed interest in improving their knowledge of personal finance and their ability to manage their own money well—the information and skills commonly referred to as financial literacy or financial capability.

A failing grade

Unfortunately, despite an increased need to understand financial concepts, as well as growing attention to the matter, the financial literacy levels of American consumers remain dismaying low. The 2009 nationwide study of financial knowledge, authored by the FINRA Investor Education Foundation found “a troubling picture of the general financial literacy of the U.S. adult population.”

In the Consumer Financial Literacy Survey by the National Foundation for Credit Counseling, the number of consumers who gave themselves a failing grade in financial knowledge is rising, while the number who give themselves an “A” or “B” has dropped.

Among young consumers and future consumers, levels of financial literacy are even more worrisome. The Joint Committee on Personal Financial Literacy surveyed high school students on personal finance from 1997 through 2008. Test scores on the test portion of the survey ranged from a high of 72 to a low, in the most recent survey, of 44 College students, surveyed in 2009 did better, but the average score of 42 was far from impressive. Students participating in the Arizona Pchance for Life Success for University Students (APLUS) scored an average of 48 on their own test and the FINRA study showed young consumers aged 18-29, to be less knowledgeable than older counterparts.

The need for education

The unambiguous need to educate American consumers and, especially, younger generations of American consumers about money matters has been recognized in the highest levels of government. President Obama’s Advisory Council on Financial Literacy made 12 recommendations to prepare students of all ages in this country: the first five of which were directed atkindergarten through post-secondary students. According to professional recommendations from President Obama’s Advisory Council on Financial Capability, students need to be provided with effective financial education before they enter into financial contracts.

Act now

The weakened state of our economy simply underscores the urgency for more, better, and earlier financial education. Reaching students while they are still forming their financial beliefs, values, and habits, will help prepare them to make smart financial decisions throughout their lives. And while education alone will not fix the financial problems faced by many, it simply must—along with access to services, a strong and fair financial system, and consumer protection—be part of the solution.

Preparation

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Prepares your child for the financial challenges of tomorrow today.

Give the gift of knowledge and management skills for a lifetime. Ask your school to request MoneyMate, a comprehensive program that includes personal financial management skills, available free from the First Command Educational Foundation. To learn more, visit www.fc4cm.com or call 1-877-565-2728.
Video tips on how to talk to your kids about money and real-life financial lessons from parents.

The Great Piggy Bank Adventure® online game designed to teach kids about goal setting, saving, and investing.

A free financial activity book, featuring puzzles, games, and challenges.

Explore saving and spending wisely further with your family. Visit your local T. Rowe Price Investor Center and pick up a free Financial Adventure Bag. It’s all part of our commitment to making financial concepts more engaging for kids and families.

Visit the mobile website
Download a free QR code reader and scan this code.

“If you think education is expensive... try ignorance.”

We’re Making an Impact on Their Future

The Actuarial Foundation has joined the fight against teen financial illiteracy with its Building Your Future curriculum. This engaging and informative resource helps teachers educate their students how to master the foundational elements of personal finance, practice core skills and prepare for life on their own.

This award-winning resource has been delivered to thousands of teachers nationwide. Teachers, use this opportunity to receive your own free set of Building Your Future. Go to www.actuarialfoundation.org/byf.

“During these challenging economic times, it is invaluable to have organizations such as yours invest in the education of our students.”

—Teacher, San Francisco, CA

Are you ready?
To support financial literacy and economic education in your schools.

Visit our website to find out
How you can help your children get smarter about money.
How you can get involved in your community.

Building Your Future is made possible thanks to the generosity of actuaries and corporations within the actuarial profession.
Explore fun ways to talk to kids about money

Discover FamilyFinancialHub.com, where talking about financial concepts is made easy and fun! You’ll find—

- Video tips on how to talk to your kids about money and real-life financial lessons from parents
- A free financial activity book, featuring puzzles, games, and challenges
- The Great Piggy Bank Adventure®, online game designed to teach kids about goal setting, saving, and investing

To explore saving and spending wisely further with your family, visit your local T. Rowe Price Investor Center and pick up a free Financial Adventure Bag. It’s all part of our commitment to making financial concepts more engaging for kids and families.

The Great Piggy Bank Adventure® is an online game and interactive exhibit at INNOVENTIONS at Epcot® is an online game and interactive exhibit at INNOVENTIONS at Epcot® activity hub for kids and families. Commitment to making financial concepts more engaging for kids and families. Visit 360financialliteracy.org and discover tools and resources for speaking with your children about money.

1. Question: There are so many financial topics to cover, where should I start?
2. Answer: Start talking about basic financial concepts with your children early and progress as they age.

Having children, you know how impossible it is to get to the store without having bags for the latest toy, video game, etc. Children are constantly exposed to material goods and are listening to and will engage in financial transactions without any explanation of the value of money or how to use it. That’s why it’s never “too soon” to teach your kids money management.

Ages two to four

- Small children are capable of absorbing lots of information. Take advantage of their curiosity to instill basic financial concepts.
- Help your child sort coins and explain the concept of equivalency.
- Use a clear jar instead of a piggy bank, so he or she can see money accumulate and know it’s still there.
- Play “store” with your child, using change from his or her jar, or your own wallet. Play the part of a customer while your child is the cashier; explain the concept of equivalency.
- As your child gets older, he or she will start to handle money regularly so they become comfortable with cash.
- A small allowance is a good idea, but be consistent and set some ground rules. Establish a set amount and pay on the same day every week.
- Use allowance as a tool to teach money management, not as a method of punishment or reward.

Ages eight to 10

At age eight or nine, children are old enough to handle money well and are ready to practice what you have taught them over the years.

- Encourage your teen to get a job, learn about goal setting, saving, and investing.
- Teenage years and beyond

High school is a great time for your child to practice what they have learned from you.

- Demonstrate how to make smart spending decisions.
- Take your teen to a bank or credit union and open a savings account with no minimum balance and low or no fees.
- Pay a portion of a weekly allowance on the pay stub from a first job.
- Decrease the frequency of allowance payments, but what you learned from them.
- Introduce the concept of compound interest, long-range savings and investing.

Ages 11 to 13

- Help your child establish good credit practices or no fees.
- Modern times have been pressured by their peers to keep up with the latest and greatest. Be a strong role model and demonstrate how to make smart spending decisions.
- Introduce the concept of compound interest, long-range savings and investing.
- During the teenage years, financial education becomes even more important. Begin talking to your teen about goal setting, saving, and investing.

- The Great Piggy Bank Adventure® is an online game and interactive exhibit at INNOVENTIONS at Epcot® is an online game and interactive exhibit at INNOVENTIONS at Epcot®
- Visit the mobile website
- Invest with confidence

Ted Beck
President and CEO,
Endowment for Financial Education

Editorial@mediaplanet.com
Parents: their future is in your hands

Parents understand the importance of talking to kids about the dangers of sex, drinking and drugs, but they don’t routinely discuss money. We now have evidence as to why it’s essential for parents to break through this communication barrier.

In 2005, my colleague and I began following more than 2,000 college students at the University of Arizona, tracking their financial knowledge, attitudes and behaviors from when they were freshmen until they graduated. What we identified in some young people manage money well, but nearly 75 percent of students had resorted to at least one “risky” financial behavior, such as maxing out credit cards or not paying bills on time. We learned that these behaviors lead to declining financial confidence, which spills over into illness, depression and other problems. We are witnessing the making of the typical American consumer—living beyond our means, not saving and borrowing into a storm with every dollar.

But where do these financial behaviors come from? How can we change them? The study provided a silver lining, proving that parents have the most influence over how their children develop healthy financial habits. The students who were raised by parents who discussed financial matters intentionally and regularly saw their parents as role models and wanted to meet their expectations. Even more interesting is that students with positive financial behaviors do better in school and in general life.

So the time young people reach their teen years, they have seen how money is handled at home and have developed their own financial sense of values. Although many parents reason that their own past miscalculations disqualify them as positive advisors to their children, they can positively influence their existence with even basic concepts.

Be a role model Think of yourself as a coach, not a financial expert. Tell your kids what money-management skills they need and where you could do better. If you’ve made past mistakes, share them and let your kids learn from both your successes and your mistakes. Understand the differences between needs and wants. “Needs” are the essentials of life, such as food, clothing and shelter. “Wants” are the items that make life easier. Know your money personality. Some people are spenders, others are savers. Identify your “money personality” so you can encourage them to avoid mistakes caused by their spending style. By focusing on these fundamental basics you will help your teen instill positive financial habits that will last a lifetime.

Financial fitness Americans are currently preoccupied with the importance of lifestyle choices on achieving physical fitness. A second form of fitness is too often ignored: financial fitness. Financial fitness involves using an economic way of thinking to make purposeful decisions in establishing budgets, managing credit, controlling debt, earning income, and making effective saving, spending and investment choices. Securing your financial future is attainable if you adhere to some simple rules.

Budgeting: Set financial goals and stick to them. Track your monthly spending and live within your means. Make a commitment to saving for your future.

Debt: Do you know how much of your monthly income goes to mortgage, auto, and personal loan and credit card? Expenditures against spending more than 36 percent of your before-tax income on housing and consumer debt. Many Americans have paid down some of their debt obligations, but high unemployment, reduced work hours, and low income growth remains a challenge. Do you ever find yourself beginning to experience “frugality fatigue,” or is it the continual managing of debt that’s affected you?

Credit: Credit is used to define personal financial fitness, but it can become toxic if it leads to carry balances on credit cards. The Federal Reserve reports that in 2007, households that maintained credit card balances had an average balance of $2,700. The cost of maintaining these balances can add up to significant sums over time.

Just like personal health, financial health can be learned by being vigilant in balancing income and expenses. You can pay off some of your money and frustration.

360 Degrees of Financial Literacy is a national effort of the nation’s CPAs.

SECURING YOUR FINANCIAL FUTURE

DOUGLAS YOUNG AND NURSE SHADBOLT

douglas@360financialliteracy.org

THE AMERICAN ASSOCIATION OF FAMILY & CONSUMER SCIENCES (AAFCSC) proudly offers a gold standard, externally-validated certification for Personal and Family Finance Educators that is: • Developed by National Financial Education Leaders. • Consistent with the U.S. Department of Treasury Financial Education Core Competencies and National Standards in B. 12 Personal Finance Education created by the National Coalition. • Open to educators across many disciplines and practice settings, including public and community education programs.

Who benefits from the CFPEF program? • Educators - Validate knowledge and skills to effectively teach personal finances education to America’s youth and young adults. • Employers - Guide educate hiring and assignment to instructional roles. • Parents and Students - Provide quality assurance of educator competence.

How do educators earn the CFPEF credential? • Hold a baccalaureate degree in any major. • Pass the Personal and Family Finance Educator exam. • Meet fee and professional development requirements. • Apply to the CFPEF Professional Code of Ethics.

Special offer - Register for the CFPEF exam by 10/31/11 to receive a $325 webinar (up to $70 savings)! Learn more about the CFPEF and other personal finance resources: www.safes.org/personalfinancement.asp
Question: When should I start saving for my child’s college tuition?
Answer: As early as possible—the first financial contribution you make toward your child’s future should be a college savings fund.
Question 1: How can I turn a top-down lecture about money with my children into a conversation with them?

By deliberately not using a lecture to talk about money — instead, take advantage of everyday “teachable moments.” When you are in a store, pay a bill, or open an investment account statement, ask your kids why you make the choices you do. For example, explain why saving for college is a priority and how that affects the vaca- tions you take. Set aside time on topics related to your kids will make it easier for both of you.

The importance of setting financial goals, how to save and spend wisely toward those goals, and key investing concepts — assets allocation and diversification are three funda- mental concepts children should under- stand by the time they graduate from high school. Asset allocation is matching your goals to the various underlying investments. For example, goals, how to track and manage your income to achieve those goals. Also, learn from other parents — T. Rowe Price hosts a Family Center Web site with real-life stories from parents about financial lessons.

Question 2: What are the three most important financial concepts my children should understand by the time they graduate high school?

• First, recognize you don’t need to know how a transmission works in order to drive a car. So don’t think you have to be some kind of expert in IFX ratios or central banking to make sound financial decisions. Instead, focus on teaching them the fundamentals. Teach them how to budget, save, and use credit wisely are critical building blocks in achieving financial growth and stability. Financial education experts work- ing to expand financial literacy among all age groups have shown that a clear understand- ing of these basic concepts is critical, but not always enough to prepare one for making good financial decisions. Combining innova- tive financial education with real experi- ences and access to basic banking products, for example making a savings account towards a specific goal, build real healthy habits early.

We all require good financial decisions. Combining inno- damental concepts children should under- nomic financial education with real experi- nating financial education with real experi- ences and access to basic banking products, for example making a savings account towards a specific goal, build real healthy habits early.

We have learned from many of the commu- nities organizing work in this area that engaging with students, parents, and educators is crucial in changing the financial future of young people. For exam- ple, they saw online games to teach basic con- cepts, like the difference between needs and wants, to help children understand how to spend wisely.

Question 3: What steps can I take to become more financially literate?

As a good parent, you’re already engaged in your child’s education. You know the teachers and school administrators. You attend “Back to School Night,” parent-teacher conferences, and other events. When you have a question, concern, or idea, you speak up. Pur- suing a graduate degree is a great position to suggest financial lite- racy programs for your child’s school. This is something you can and should do, even if you’re among those already teaching your kids about money at home.

Think outside the box
Money management can be taught effectively in non-financial or- ganizations. For example, if your kids are routing money for their sports team, drama club, or youth group, suggest having them hear how to deposit, invest, account for and budget that money. If you’re not sure the program leads to a great position to do the teaching, recruit local bankers, accountants, finan- cial advisors and others. They’re more happy to help and typically do.

And speaking of financial profes- sionals, parents, as consumers, can encourage their financial service providers to support local financial literacy programs and activities, and then get their own families involved in those activities, as well. If they choose to take their banking, borrowing, investing, accounting, insurance and other profes- sional businesses to the many wonderful organizations that already do.

Express yourself
If schools in your district, county or state are thinking about requir- ing financial education as part of the curriculum, you can express your support by contacting your elected officials, submitting ap- ples to the editor of the local paper, blogging about it or looking for like-minded support through social media channels. If your school board is consider- ing a financial education course, you can voluntarily express your support to the principal, teacher, or PTA directly.

We talk with parents all the time who tell us that despite the abundance of informa- tion and guidance—online, from professionals, and in publications like this one—they don’t feel confident in their ability to teach their own kids good money man- agement skills.

When it comes to teaching kids about money, though, there are pros. Parents are in a great position to do the teaching, recruitment local bankers, accountants, financial advisors and others. They’re more happy to help and typically do.

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Have questions? Make up part of your everyday actions.

On a family shopping trip, talk about how a debit card works. After the credit card bill arrives, show your child that you check each expenditure and pay on time. At the grocery store, ask your kids to find the best priced items on your list. Be sure they see you act on money for their college fund or for charity, and encourage them to get in on the act. Ask kids to help you research a major purchase.

What more can parents do?

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As a parent, what steps can I take to become more financially literate?

• Question 2: How can I turn a top-down lecture about money with my children into a conversation with them?

• Question 3: What steps can I take to become more financially literate?

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By 2012, every kindergartener in San Francisco public schools will have his or her own Kindergarten to College savings account. This universal program combines public and private resources to give students both financial education and savings incentives that support their goal of attending college.

Working with the City and County of San Francisco, Citi is expanding financial inclusion to enable families to save steady and dream huge.

A child with a savings account is seven times more likely to attend college.

For more information visit www.citicommunitydevelopment.com