

## FINANCIAL LITERACY FACT SHEET

### FINANCIAL LITERACY FAST LANE WEBSITE

In 2019, GFLEC, with the support of PwC USA, will launch the Financial Literacy Fast Lane website! It will serve as a resource for all members of a school community who want financial education in the classroom. This site will bring together the best resources available to create and implement a successful financial education program in high schools. Sign up today to receive updates.

### EACH OF US IS OUR OWN CFO!

### We must be equipped to manage our money because

- ✦ Americans are living longer
- ✦ Millennials change jobs more frequently
- ✦ Financial technology is widely used
- ✦ Financial products are increasingly complex
- ✦ Individuals have more responsibility for retirement savings
- ✦ Companies frequently change retirement plan options
- ✦ There are more ways to pay and borrow
- ✦ We have greater responsibility for understanding a complex economy



**46%**

Recent data shows that less than half (46%) of Americans have set aside "rainy day" funds sufficient to cover their expenses for three months in case of an unexpected emergency (NFCS, 2015).<sup>1</sup>



**1 in 2**

Almost 1 in 2 individuals with student loans have concerns about their ability to pay off their loans. If given the opportunity to go back, 53% would make a change to how they took out their loans. (NFCS, 2015).



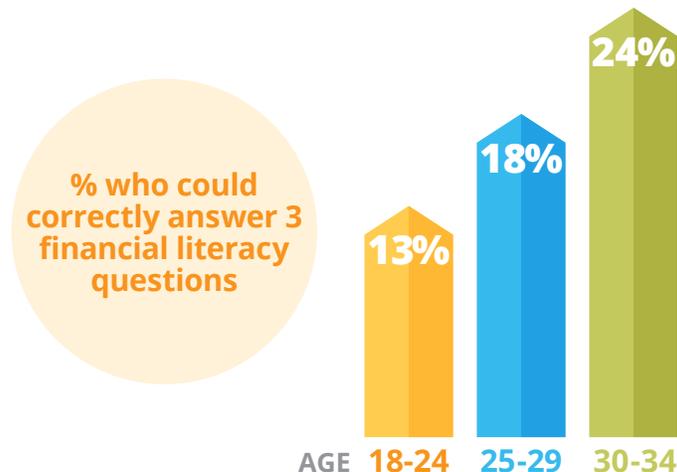
**39%**

Only 39% of Americans have tried to determine how much they need to save for retirement (NFCS, 2015).

### Are We Prepared?



Source: TIAA Institute – GFLEC Personal Finance Index



Source: National Financial Capability Study 2015



According to the NFCS, financial knowledge increases very slowly with age. Less than one-third of Americans know three basic financial concepts by age 40, even though most important decisions are made well before that age. Young people are already financial consumers and will soon encounter complex financial decisions, like student loans.

**ARE OUR STUDENTS PREPARED?**

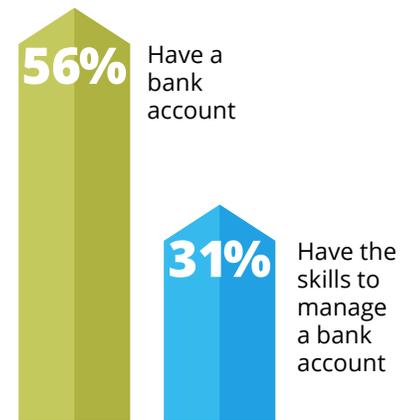
According to the OECD Programme for International Student Assessment (PISA), in 2015, many 15-year-old students lacked basic financial knowledge.

**Student Performance in Financial Literacy**

**12%**  
of 15-year-olds across the 10 participating OECD countries/economies are able to tackle the most difficult financial tasks.



**22%**  
of 15-year-olds across the 10 participating OECD countries/economies do not have basic financial skills.



Percentage of 15-year-olds across the 10 OECD countries

Source: OECD (2017), PISA 2015 Results (Volume IV): Students' Financial Literacy, OECD Publishing, Paris

Financial literacy scores for 15-year-olds in the U.S. have **not** improved in the last three years.

**We can do better to prepare them**

**START EARLY**

A rigorous, standardized financial education course with regular testing was implemented in Texas high schools. This increased students' credit scores and lowered delinquency rates on their debt. (Urban, C., et al., 2015. State financial education mandates: It's all in the implementation. *FINRA Investor Education Foundation*).

**MAKE FINANCIAL EDUCATION A PRIORITY**

When financial education was taught as a specific course, there was a significant improvement in students' financial literacy scores. (Tennyson, S. and Nguyen, C., 2001. State curriculum mandates and student knowledge of personal finance. *Journal of Consumer Affairs*, 35 (2), pp. 241-262).

**TAILOR PROGRAMS**

Short videos and narratives were able to improve financial knowledge and motivation. (Heinberg, A., et al., 2014. Five steps to planning success: experimental evidence from US households. *Oxford Review of Economic Policy*, 30 (4), pp. 697-724).

**GET TRAINED**

While many teachers agree that financial education is important, very few feel prepared to teach it. (Holden, K. and Way, W., 2009. Teachers' background and capacity to teach personal finance: Results of a national study. *Journal of Financial Counseling and Planning*, 20(2), pp. 64-78).