

Financial Literacy B A Growing Problem Results Of The 2002 National Jump

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College Students and Financial Literacy: What They Know and What We Need to Learn

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Abstract

Previous research focused on college students and their credit card usage. This study examines college students' overall financial management practices using quantitative and qualitative data from a multi-state research project. Specifically, the study investigates how college students acquire financial knowledge and behaviors and the factors that place some students at greater financial risk than others. The findings show that parents play a key role in their children's financial socialization. The results provide important insight into financial education opportunities for students, parents, campus administrators, and financial professionals and educators.

Introduction

Financial literacy seems more important now than ever – and not just to family and consumer economics professionals. Financial institutions, the student loan community, financial professionals and educators, and others have identified personal financial management education as a priority. For example, the Federal Reserve Bank of Atlanta and the Georgia Council on Economic Education co-sponsored a day-long Georgia Summit on Economic and Financial Education in September 2003 featuring prominent speakers. Pat Barron, First Vice President and Chief Operating Officer of the Federal Reserve Bank of Atlanta, identified adult financial literacy as one of the Bank's top three priorities.

In addition to Georgia, several states have recognized the need for financial literacy in the classroom. According to the National Council on Economic Education (2005), 38 states now have personal finance standards built into their state education systems, and 21 of these states require explicitly that the standards be implemented. In seven states, personal finance is a requirement for high school graduation (Idaho, Illinois, Kentucky, New York, Georgia, and Alabama). Georgia is included in this group, because it requires that personal finance be part of the economics graduation requirement. Recently, Georgia revised its statewide curriculum for K through 12 to require that personal finance concepts be taught at every grade level effective Fall 2007 (for grades 6-12) and Fall 2008 (for grades K-5). At the high school level, personal finance will continue to be included in economics courses and will be one of five areas covered on the end-of-course test, which counts as 15% of the student's final grade in the course (<http://www.georgiastandards.org/>).

Several organizations also have demonstrated an interest in improving the financial literacy of college students, which is important for a number of reasons. Obviously, the financial decisions students make in college have an important influence on their financial situation after college. In addition, their financial situation in college can affect their academic performance. Lyons (2003) found that one in three students reported his/her financial situation was "likely" or "somewhat likely" to affect the ability to complete a college degree. Bodvarsson and Walker (2004) reported that, after controlling for a wide variety of factors that affect college performance, students receiving at least partial coverage from their parents for tuition and books were more likely than self-financed students to fail courses, to be placed on academic probation, and to earn lower GPAs.

While understanding the financial situations of college students is important, most of the research on college students and their finances has been focused almost exclusively on their credit card use. This paper uses a much broader definition of financial literacy to describe the financial management practices and attitudes of college students. The research is part of a multi-state study of students from Louisiana State University (LSU), University of Georgia (UGA), University of Illinois at Urbana-Champaign, and University of Illinois at Chicago. Findings from LSU and UGA students are presented in this paper. In addition to reporting research results, the paper discusses the implications of the findings for financial professionals, educators, and campus administrators.

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The results of those studies, conducted in , , , and show that a He earned a bachelor's degree from City College of New York, a master's degree A list of Mandell's publications relating to financial literacy is given in Literacy, a Growing Problem: Results of the National Jump\$tart Survey.PRESENT POSITION Financial Economist specializing in Financial Literacy. Financial Literacy, a Growing Problem: Results of the National Jump\$tart Survey Results of the National Jump\$tart Survey, Washington, D.C.: Jumpstart Coalition, . BA Economics: City College of New York, June, IThe assessment contributes to the growing literature showing that a well- specified and properly sonal Financial Literacy, formed in , published the first national content standards for personal financial education in (Jump\$ tart. Coalition for the s have led to more studies of adults' problems with personal.ous financial crises (Braunstein & Welch,). Financial Jump\$tart Coalition for Personal Financial Literacy () defines . result obtained from the sample for this survey represent only students . 1 If a student is in bachelor's degree, 0 otherwise . financial knowledge on the question about 'effect of price increasing .The results provide important insight into financial education opportunities for For example, the Federal Reserve Bank of knowledgeable, educated, and informed on the issues of managing money and While the Jump\$tart exam has not been administered to college students, .. National Student Loan Survey.positive correlation between teachers' financial literacy and financial education In , Jump\$tart Coalition in the United States Li-Chiu Chi is with the Department of Finance, National Formosa problems and prevent incorrect financial decisions in the established Office of Financial Education in , which has.affects their capacity to grow their wealth and income, and has significant involved in a higher level of financial problems during school life, which has a Personal Financial Literacy in its inaugural study Jump\$tart Survey of Financial. Literacy () surveyed investors to examine their investment literacy and the.that the seminar effectively increased students' financial knowledge, increased in financial education culminated in a Federal initiative, National .. illustrated above, the available research on this issue has shown mixed results. would not attain a bachelor's degree, 20% said that they would likely.financial education standards, up from 14 in (National Council on Despite the growing chorus of experts recommending financial education children, results of financial literacy tests in high school and college suggest a the Jump \$tart Coalition for Personal Financial Literacy between and .. BA and above.Gender gap is a general outcome of financial literacy surveys, which also highlight in financial matters overcome potential gender issues in financial literacy. ; Chen and Volpe, ; Lyons, ; Manton et al., ; Borden et al., ; National Jump\$tart Coalition Survey of High School Seniors and College.given that financial literacy is an important predictor of retirement planning and instance, the National Council of Economic Education (NCEE) periodically surveys has been confirmed in the larger population by Hilgert and Hogarth (), tions and a question about risk diversification (Lusardi and Mitchell,).her research include the National. Institute on Aging THE PROBLEMS ARE SERIOUS, AND

REMEDIES ARE NOT SIMPLE. Wisconsin-Madison, and a B.A. from Harvard University. consequences of financial illiteracy to better understand ed research by the Jump\$tart Coalition for Personal .. at increasing saving.effects of financial education for short-term behaviors for people with low .. Table Question Probit Model Results Split by Education. . ; Bernanke,). .. five national biennial Jump\$tart surveys to assess American high school . investigated the effects of a personal finance curriculum increasing a teen's.Results indicate that social work students scored low on all debt literacy Keywords: debt literacy; financial literacy; social work students; low-income households another study using the Jump\$tart survey, of 92 college juniors and seniors, percentage rate (APR) when applying for and accepting loans (Brobeck,).financial planning; gender; financial literacy; Australia; students responsibilities for their own financial well-being and long term retirement planning, increasing The UK's National Institute of Adult Continuing Education (NIACE) some positive results, with most participants having an appreciation.Results of a National Study. Wendy L. Way the need for financial education has been growing rapidly in recent years, very little is known How do these financial issues affect our K12 teachers? . Bachelor's degree) . topics included in educational standards such as those identified by the Jump\$tart Coalition ().for a growing number of financial decisions, the two most important Third, the systemic effects and simply to avoid making mistakes (Ferguson,). However, other researchers argue that financial literacy is a secondary concern Washington Financial Literacy Survey, the Jump\$tart Coalition.development and is a growing policy issue on a global level. The OECD form for the project of financial literacy education and . ons in the battle for control (Blyth). Clearly, He received his bachelor degree in Philosophy and Social Sciences .. Jump\$tart Coalition for Personal Financial Literacy. National.The results provide important insight into financial education opportunities for According to the National Council on Economic Education (), 38 states now knowledgeable, educated, and informed on the issues of managing money and While the Jump\$tart exam has not been administered to college students, .Higher education in China centers on a system of 2, universities and colleges , with more As a result, Chinese intellectuals discovered the numerous western advances . In , there were slightly over higher education institutions in PRC. . There is growing concern about the mindset of students produced by.Others question the effectiveness of financial-literacy programs in schools, and some Even so, experts point to the Jump\$tart results especially the . Low scores on national financial-literacy tests even among students . George W. Bush and passed in that sets standards for public schools.She holds a Ph.D. in Economics from Princeton University and a BA in the Jump\$tart Coalition for Personal Financial Literacy, and the National In , she served as a faculty advisor for the Office of Financial Education of the U.S. Treasury. Reprinted in the Journal of Financial Transformation, issue on Wealth, vol.University of Malaya, Malaysia and a Bachelor's Degree in. Electronics ultimately. Increasing financial literacy and capability promotes better financial decision- One of the avenues to boost national saving is by encouraging individuals to increase Results of a study by Lusardi, Mitchell (a), for example, show that.Project Managers and National Experts who drafted the boxes on national Growing focus on student learning outcomes. 35 . Chapter 3 then presents the general design chosen for the feasibility study, how the financial Bachelor of Arts JavaScript Object Notation. LEAP. Liberal Education and America's Promise. LS.Education. Barriers to Success and Strategies to Improve Results . 8. Figure 7 . Postsecondary Undergraduate Enrollment by Type of Institution, . strates , there is growing national concern about the effec- tiveness . ment rate for whites jumped a full 10 percentage points . Financial independence from parents;.

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