

# Teach Financial Literacy in Schools Survey Whitepaper

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# Most Americans Agree:

## We Should be Teaching Financial Literacy in Schools

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## Financial Education Benefits All Students

Getting a solid financial education while in school would benefit 100% of U.S. students. Learning foundational money management skills gives young people multiple advantages as they mature. As defined by the National Financial Educators Council, 'financial literacy' means "Possessing the financial knowledge, behaviors, system, team, and plan to confidently take effective action that best fulfills an individual's personal, family, and global community goals." This comprehensive definition helps point out the many benefits of financial education.



First, kids are constantly exposed to stimuli that encourage poor money habits – influences like advertising, social media, and peers. Financial literacy offers protection from negative influences, helping young people avoid pressures that can lead to financial mistakes and pitfalls as they move into adulthood. High-quality financial education sets youth up for stable financial futures where they have a better chance of reaching their lifestyle and long-term goals.

Part of financial literacy involves income generation: unless you have income, you have no money to manage. Learning novel, creative ways to earn money and increase one's earning potential has clear benefits for kids as they enter today's rapidly evolving workplace. Financial education also helps level the socioeconomic playing field, giving all students more equitable access to employment opportunities regardless of background. And financial education empowers youth to become active contributors to society, giving them the freedom, independence, and generosity that go hand-in-hand with responsible financial behavior.

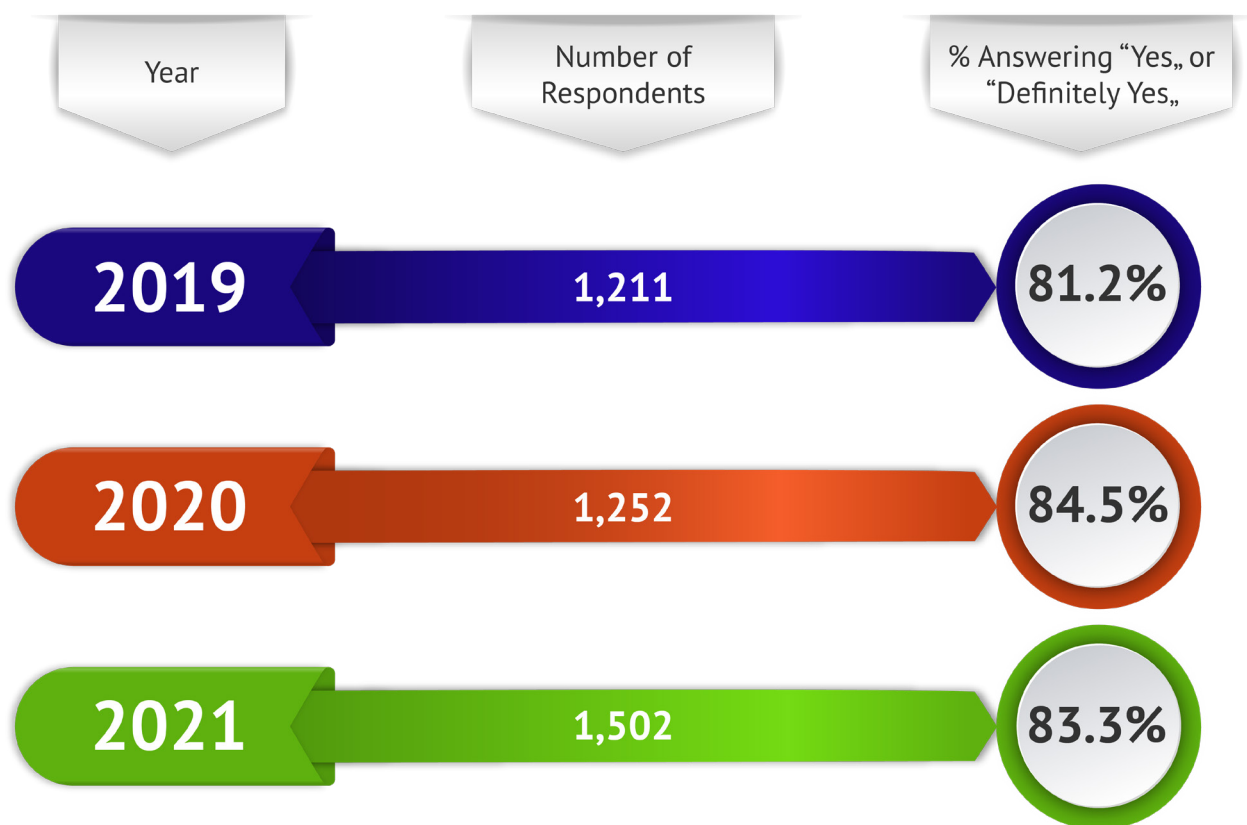
# Teach Financial Literacy Coursework in High School

## Survey Results

The extent to which Americans agree that we should be teaching our youth financial skills in high school is demonstrated by recent and ongoing research. In a 2021 survey, the National Financial Educators Council (NFEC) found that, among 1,502 people sampled from all across the U.S., 83.3% responded “Definitely Yes” or “Yes” to the question: “Do you think high school students should take personal finance courses in high school?”

The survey asking this particular question has been fielded since 2019, and the results have remained consistent over time:

### Proportion of U.S. Residents Who Believe Personal Finance Courses Should be Taught in High School

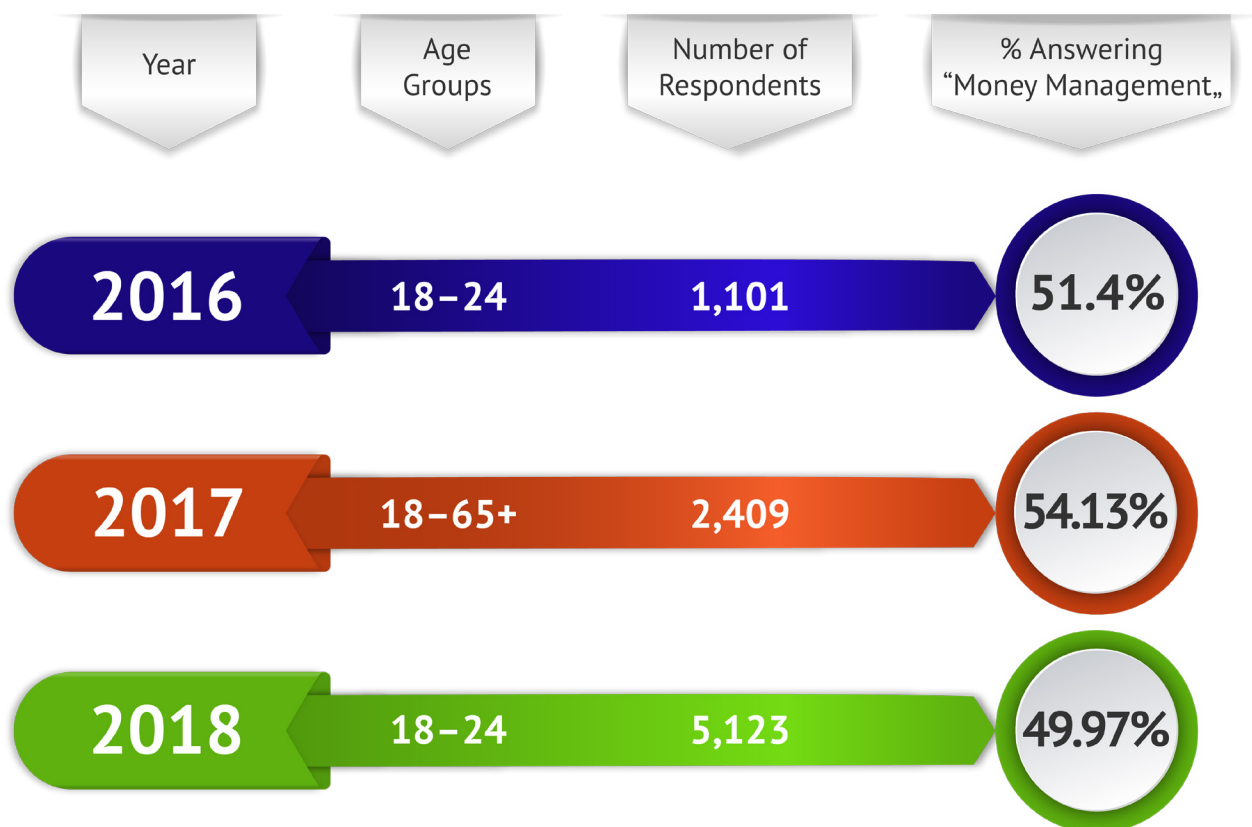


The NFEC has been conducting annual surveys since 2016 aimed at quantifying what U.S. residents – both adults and teens themselves – believe about the need for financial education in schools. From 2016 – 2018, the primary survey question centered on people’s perceptions about which topic taught in high school would have had the greatest benefit to their lives.

The question, “What high school-level course would benefit your life the most?” was asked across six age groups in 2017, and among young adults aged 18-24 in 2016 and 2018. Participants could choose from four response categories: Money Management (Personal Finance); Mathematics (Algebra, Geometry); Social Studies (History, Government); or Science (Biology, Chemistry).

In all three years, Money Management was chosen the most often as the course that would have the most life benefit, with an average of 50% or more across all U.S. states.

## Belief that a High School Money Management Course Would Benefit Life the Most





# How Financial Literacy Benefits Youth

Raising financially literate teens has multiple benefits for the young people themselves, their families, communities, and the whole society.

Over the past two decades, financial products and services have grown more and more complex – from electronic transfers to digital wallets to cryptocurrency. People's financial decision-making capabilities must keep pace with that growing complexity. Yet financial illiteracy is widespread, with many people still showing lack of knowledge that can lead to such negative consequences as poor credit, loan defaults, bankruptcy, eviction, or housing foreclosure.

Fortunately, there's hope: recent research also has clarified the fact that gaining greater financial wellness makes a real difference in young people's futures. When U.S. states require financial education in schools and implement rigorous programs, that education has been shown to improve students' financial outcomes – including credit scores, borrowing decisions, and savings rates. The need for evidence-based financial education that meets top standards for rigor and pedagogy has never been clearer. And the survey results in this report indicate just how many Americans support teaching personal finance in schools.



So why does financial literacy matter so much? Here are some of the benefits youth receive when they get a strong financial education:

## **Preventing Mistakes**

Even small financial decisions can have long-term implications that affect people's lives for years. Common money mistakes that stem from lack of knowledge include excessive spending, overuse of credit, upside-down mortgages, living paycheck-to-paycheck, lack of retirement resources, and not having a financial plan in place.

Youth who are financially literate know how to manage their money in a way that secures their futures and takes them down a path toward financial wellness and reaching their goals. And because many youth do not get adequate financial education at home, schools are an important channel for this learning.

## **Preparing for Emergencies**

In today's world, natural disasters occur at an alarmingly frequent rate; and we only have to look back to the COVID-19 pandemic to see how quickly the world – and people's financial situations – can change. Financial literacy helps people prepare for emergencies and cushion the blow of such potentially devastating events.

## **Reaching Goals**

When young people know how to budget and save money, they become capable to make plans that set realistic expectations and hold themselves financially accountable. That process sets them on a course toward reaching their goals, both short- and long-term.

## **Building Confidence**

Financial decisions are life-changing. When youth have the knowledge and information they need, they can approach those decisions with greater confidence. Knowing the potential consequences of different choices helps people avoid being caught off-guard by unforeseen outcomes.

## **Income Generation**

Knowing how to earn and increase income is a vital component of financial literacy. In today's volatile economic climate and changing workplace environment, it's important to pursue creative options for income generation and learn which employment opportunities are likely to be replaced by automation in the future. Youth should be exposed to a broad variety of career choices, employment opportunities, and entrepreneurial endeavors.

## **Citizen Empowerment**

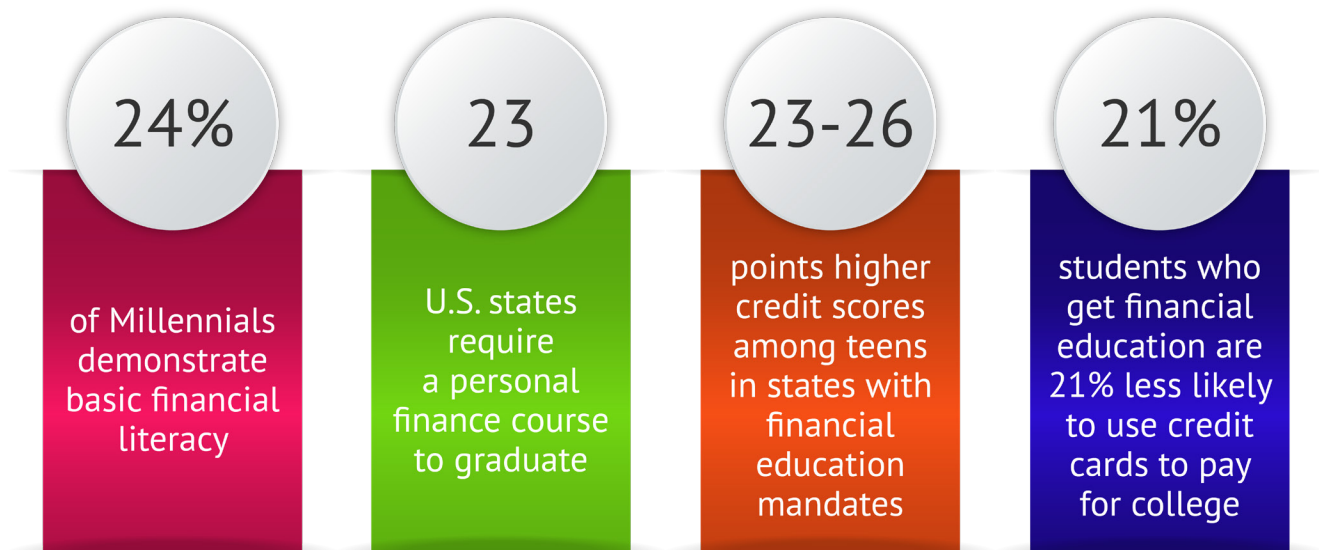
Receiving financial education in school empowers young people to become independent, free, and responsible in regards to handling money. Those qualities build a foundation that supports giving back to one's community, nation, and society. Financially literate adults are those who become empowered toward strong economic citizenship.

## Socioeconomic Opportunity

Research has demonstrated that significant disparities exist in access to financial education based on young people's socioeconomic backgrounds. Increasing that access would help level the playing field, ensuring greater equity of financial and employment opportunity regardless of one's upbringing.

# The Bottom Line: Financial Education Works

Although there is still much work to be done, the U.S. has taken some steps toward encouraging more schools to offer financial education. And recent data have illuminated not only the problems caused when people are not financially literate, but also how well financial education works.



## Statistics Confirm that Financial Education Works:

- The 2018 results of the National Financial Capability Study showed that 66% of Americans were still financially illiterate; and 19% of households spent more than their income over the previous year. ~[Financial Industry Regulatory Authority \(FINRA\)](#)
- Just 24% of Millennials demonstrate basic financial literacy. ~[Council for Economic Education](#)

- As of 2022, 23 U.S. states require students to take a course in personal finance to graduate from high school, an increase of 2 states since 2020. ~[Council for Economic Education](#)
- Rigorously implemented school financial education programs can lead to better credit scores and decreased debt delinquencies. ~[Consumer Financial Protection Bureau](#)
- In 76 empirical studies across 33 countries and covering more than 160,000 people, financial education programs were found to have significant positive impact on both financial knowledge and financial behaviors. ~[Financial Industry Regulatory Authority \(FINRA\)](#) and [National Endowment for Financial Education \(NEFE\)](#)
- Answering 3 questions correctly on a 5-question financial literacy test increased the likelihood that a person could meet a \$2,000 unexpected expense by 24%. ~[Financial Industry Regulatory Authority \(FINRA\)](#)
- Effective financial education helps people bridge the gap between what they want to achieve and the actions they ultimately take. The most effective financial education covers knowledge, skills, motivations, and opportunities. ~[Consumer Financial Protection Bureau](#)
- People with higher levels of financial literacy are more likely to spend less income, create an emergency fund, and open a retirement account than those with lower levels. ~[Investopedia](#)
- Students who are required to take personal finance courses from a young age are more likely to make positive college funding choices, have better average credit scores, have higher net worth, make loan payments in full and on time, and save and plan for retirement. ~[CNBC](#)
- Being financially literate not only helps avoid common money traps but also opens doors to opportunities for growing wealth and achieving financial goals. Taking time to become financially savvy can lead to a more confident, fulfilling, and worry-free relationship with money, ultimately enhancing overall well-being and happiness. ~[OppU](#)
- Financially literate people are dramatically less vulnerable to financial fraud and phishing scams. ~[ProLiteracy](#)

