AFCPE®
Association for
Financial Counseling • Planning • Education

Proceedings of the Association for Financial Counseling and Planning Education

Luke Erickson, AFC
and
Lyle Hansen, AFC
Editors

2011 Annual Conference
November 16 - 18

Contents

Papers and Summaries (in order of presentation)

Editor’s Note

Welcome to the proceedings guide for the 2011 AFCPE Annual Conference for November 16-18, in Jacksonville, Florida. Included in this guide are the abstracts to the selected Posters, Practitioner’s Forums, and Research Papers presented at this conference. They embody the hard work, ingenuity, and commitment to financial counseling planning and education shared by members of the organization.

We express a great appreciation to all those who submitted and reviewed papers, practitioner forums, and posters for the 2011 annual conference. AFCPE is supported by the work of countless volunteers who have graciously donated one of their scarcest recourses, their time, in support the annual conference, and the organization.

My co-editor and I having been members of AFCPE for over 6 years. AFPCE has been part of my career since graduate school, and a steady guide to my professional development. I can attest that AFCPE members are kind and welcoming, and a great way to get a start as a professional in this field. At the same time, it is an organization that also fosters an excellent environment for continued professional development, even to those who have worked in this field for some time.

Arranging these proceedings has been an educational experience, and has given me insight into the impressive variety of topics and endeavors pursued by AFPCE members. I’m proud to be a supporting member of AFCPE and am grateful for the opportunity to be involved as 2011 Co-editor of the AFCPE proceedings.

Please consider submitting your work for presentation and publication at the 2012 AFCPE Conference in St. Louis, Missouri, November 14-16, 2010. Please visit the AFCPE website (www.afcpe.org) for conference details and submission guidelines.

Luke Erickson, AFC
Associate Professor
University of Idaho Extension
2011 Proceedings Co-editor
erickson@uidaho.edu

Lyle Hansen, AFC
Associate Professor
University of Idaho Extension
2011 Proceedings Co-editor
lhansen@uidaho.edu

Recognition of 2011
Conference Program Reviewers

Peter Abbott
Fahzy Abdul-Rahman
Jennifer Abel
Marilyn Albertson
Carol Allison
Shirley Anderson-Porisch
Kristy Archuleta
Ivan Beutler
Debra Blunt
Janie Bright
Jennifer Caravella
Connie Costner
Sara Croymans
Sharon DeVaney
Patricia Donnelly
Patricia M. Donnelly
Luke Erickson
Margaret Ferguson
Carol Giesecke
Joseph Goetz
Leslie Green-Pimentel
Rebecca Hagen-Jokela
Lori Hendrickson
Phil Hogg
Alena Johnson
Diane Johnson
Lanette Kelly
Connie Kratzer
Lisa Leslie
Maurice MacDonald
Lisa McLain-Sharp
Yoko Mimura
Christine Olinsky
Christine Olinsky
Sherri Overby
Pilar Pangelinan
Debra Pankow
Donna Rhaney
Karen Richel
Cliff Robb
Lori Scharmer
Deanna Sharpe
Syble Solomon
Elizabeth Speck
Rebecca Travnichek
Jeanette Tucker
Adrianne Vidrine
Kristy Vienne
Bernice Wilson
Andi Wrenn

2011 AFCPE Board of Directors, Conference Committee and Other Committees

2011 Board of Directors

President – Sharon Cabeen, Texas Guaranteed
President–Elect – Rebecca Travnichek, University of Missouri Extension
Past President –Joyce Cavanagh, Texas AgriLIFE Extension Service
Secretary – Irene Leech, Virginia Tech University
Treasurer - Janie Bright, Local Government Federal Credit Union

At–Large Members

Maryann Barry, United States Air Force
Irene Leech, Virginia Tech
Angela Moore, Boeing Employees Federal Credit Union
Bobbie Shaffett, Mississippi State University
Syble Solomon, LifeWise
Mary Spear, United States Navy
Barry Wilkinson, United States Air Force
Michael Wood, United States Army
Virginia Zuiker, University of Minnesota

2011 Conference Committee

Program Chair – Robyn LeGrand, National Student Loan Program
Research Papers – Lyle Hansen, University of Idaho
Student Papers – Kimberlee Davis, Texas State University
Posters – Michael Dunn, United States Air Force
Practitioners' Forums – Kelli Anthon, Belvoir Federal Credit Union
Proceedings – Luke Erickson and Lyle Hansen, University of Idaho

Other Committees

Awards – Leslie Green-Pimentel, Walden University
Electronic Communications– Joanie Hammons
Ethics –Anne Barton, National Student Loan Program
Investment – Janie Bright, Local Government Federal Credit Union
Journal – Frances Lawrence, Louisiana State University **Newsletter** – Lauren Leach, Northwest Missouri State University **Nominations** – Joyce Cavanagh, Texas AgriLIFE Extension Service

Gaming the Way to Financial Security

Financial Entertainment: An Innovative Learning Tool

Nicholas Maynard[1], Doorways to Dreams (D2D) Fund

Target Audience

Educators, Academics, Non-profits and individuals interested in research, dissemination, and implementation of innovative, fun, and engaging financial educational materials.

Objectives/Purpose

To reach a diverse audience of educators, academics, nonprofits and individuals interested in the method, implementation and dissemination of an innovative, award-winning financial education program: Financial Entertainment. To show how Financial Entertainment successfully combines casual video games with important financial lessons and demonstrate the games developed and how those games reach and positively impact low-to-moderate income ("LMI") individuals, allowing:

(1) Practitioners to walk away with ideas regarding Financial Entertainment game use;
(2) Academics to understand the current state of research and pursue further research around this innovation; &
(3) Educators to think about how they might incorporate Financial Entertainment into the classroom.

Description

Doorways to Dreams (D2D) Fund is a non-for-profit established in 2000 that aims to strengthen the financial opportunity and security of low-to-moderate income ("LMI") consumers by innovating, incubating and stimulating new financial products and policies. D2D has established Financial Entertainment ("FE") as a viable financial education tool with the potential to increase players' financial capability. Taking cues from business and entertainment, D2D works with and for LMI consumers in the development of engaging new media that teaches how to better manage money. FE work has focused on (1) game development, (2) distribution testing to reach LMI players; and (3) effectiveness measurement. FE has been covered in *US Banker*, *The Baltimore Sun*, *The Oregonian*, and D2D was invited to present a RAND-sponsored Congressional Briefing in the Fall of 2010.

D2D has designed, developed, and launched five award-winning online financial education games. Each title has its own financial learning objectives: 2009 Horizon Award Winner *Celebrity Calamity* (credit card debt, spending), *Groove Nation* (budgeting), 2010 EIFLE Award Winner and 2011 Games for Change Direct Impact Finalist *Farm Blitz* (interest compounding, debt, savings), *Bite Club* (saving for retirement), *Refund Rush* (tax-time saving). FE's target audience is LMI females aged 18 to 32, but these games have exceptionally wide appeal once deployed. All FE titles are put through two types of testing: (1) development testing and (2) preliminary effectiveness testing. Testing aims to quantify increases in self-confidence and knowledge and FE has demonstrated significant results during both development and preliminary effectiveness testing.

D2D has created a web portal for distribution of the games (www.financialentertainment.org). Using this portal site, D2D has partnered with the military, employers, community colleges, financial services firms, nonprofits, and government to distribute FE. Example partners include Fort Hood, Staples/New York Life, Ivy Tech Community College, Guaranty/Best Bank, the National Council of La Raza (NCLR), and the City of Boston. In addition, D2D has observed "organic," repetitive play from middle and high schools across the United States. D2D recently launched a new bilingual portal in partnership with NCLR (www.nclr.financialentertainment.org). In addition, D2D has released *Celebrity Calamity Mobile*, the first FE title for the iPhone/iPad to increase the reach of this innovation.

[1]Nicholas Maynard, Doorways to Dreams (D2D) Fund, 1127 Harrison Avenue, Roxbury, MA 02119; Phone: (617) 541-9066; Email: nmaynard@d2dfund.org

Boost your Income with Reverse Mortgage Counseling

Cindy R. Stokes[1], M.S., Jean M. Lown, Ph.D., Lucy M. Delgadillo, Ph.D., and Roxane M. Pfister, M.S.,
Utah State University

Key Words: *reverse mortgage, Home Equity Conversion Mortgage (HECM), housing counseling*

Target Audience
Private practitioners; financial counseling agencies; housing counseling agencies.

Objective/Purpose
Reverse Mortgage (RM) counseling provides a valuable service to the senior community through assisting clients to make informed decisions, and it can be a reliable source of income for a private practitioner or counseling center. RM counseling can provide a steady income because *HUD permits* approved agencies to charge fees, typically ranging from $125 to $150 per client. Because only certified RM counselors can conduct sessions, there is a need for qualified, well trained, and unbiased RM counselors; this need has and will continue to increase rapidly. Not only can RM counseling provide a dependable source of income, it can increase the flow of clients for both private practitioners and for counseling centers.

This presentation will include data from a research study that examined all inactive reverse mortgage files of the clientele at the Utah State University Family Life Center – Housing and Financial Counseling Services (FLC-HFC), a HUD-approved counseling agency, from October 1, 2005 to September 30, 2009. Cases eligible for this study (n=117) included clients who decided to obtain a reverse mortgage and those who did not.

One surprising discovery of the study was that only 48.6% of the RM clientele (N=54) followed through with their mortgage origination; 51.4% (N=57) did not. If this finding were generalized to national statistics, the 114,692 reverse mortgages originated in 2009 (NRMLA, 2009) would translate to 235,892 RM counseling clients. Six of the clients sought counseling to *refinance* an existing reverse mortgage. Thus, some clients will receive counseling more than once. RM counseling sessions typically last 2 hours; additional time is required to prepare for each session, for HUD required documentation, and for follow-up contact and/or additional sessions. Each client receives a Home Equity Conversion Mortgage (HECM) certificate that must be provided to HECM lenders and is good for six months. As a result, clients who delay making a decision may need an additional counseling session.

Description of Content and Method
This practitioner's forum will explain how to become certified to provide Reverse Mortgage (RM) counseling, which is mandatory for federally insured Home Equity Conversion Mortgages (HECM), and how to qualify as a HUD-approved counselor/agency. The information is based on the experience of a HUD-approved counselor and the results of a study of inactive reverse mortgage files of the agency's clientele.

Due to inadequate retirement savings, increased mortgage and consumer debts, and longer life spans, retirement income adequacy is a major concern for retirees. This situation was intensified by the Global Financial Crisis. Home equity is a major part of total wealth for older Americans (*U.S. Department of Housing and Urban Development [HUD],* 2008). Yet research shows that most older Americans do not want to sell their homes to pay for retirement expenses (Lusardi & Mitchell, 2007). Unlike investments, a home cannot be sold in increments to meet cash flow needs. A RM converts home equity into liquid assets, allowing homeowners to tap their housing equity, the largest non-pension asset for most U.S. households, to help finance their retirement.

The number of newly issued reverse mortgages increases annually. As of October 2009, a total of 573,112 Home Equity Conversion Mortgages (HECMs) had been originated since program inception in FY 1989-90 (NRMLA, 2009). Over the same period, the age of borrowers applying for a reverse mortgage decreased. These trends are expected to continue as baby boomers enter retirement with insufficient wealth from other sources and an increased debt load, including mortgage debts. In the coming years, additional baby boomers will cross the age threshold of

---

[1]Cindy R. Stokes, Utah State University, 2700 Old Main Hill, Logan, Utah 84322-2700; Phone: (435) 797-7224; Fax: (435) 797-7432; Email: cindy.s@aggiemail.usu.edu

62 to qualify for a RM, increasing the population of possible borrowers (Administration on Aging, 2008). Many of these potential borrowers will already have forward mortgage debt (Apgar & Di, 2005). Because reverse mortgages are complex, discussing a RM with a counselor is recommended for all RM applicants and required for federally insured HECMs. RM counseling increases the ability of elderly homeowners to make more informed decisions surrounding whether to pursue a RM or pursue alternative options (Federal Register, 2009). RM counseling is valuable; it is needed; and can supplement, and/or boost, income during the difficult economic times ahead.

References

Administration on Aging (AOA). (2008). *A profile of older Americans:2008*. U. S. Department of Health and Human Services. Retrieved from http://www.aoa.gov/AoAroot/Aging_Statistics/Profile/2008/docs/2008profile.pdf

Apgar, W. C., & Di, Z. X. (2005, September). Housing wealth and retirement savings: Enhancing financial security for older Americans. *Joint Center for Housing Studies: Harvard University*. Retrieved from http://www.jchs.harvard.edu/publications/finance/w05-8.pdf

Federal Register. (2009). Home equity conversion mortgage (HECM) counseling standardization and roster. *Federal Register*, *74*(169). Retrieved from http://edocket.access.gov/2009/pdf/E9-21076.pdf

Lusardi, A., & Mitchell, O. S. (2007). Baby boomer retirement security: The roles of planning, financial literacy, and housing wealth. *Journal of Monetary Economics*, *54*, 205-224.

National Reverse Mortgage Lenders Association (NRMLA). (2009). *Annual HECM production chart*. Retrieved from http://www.nrmla.org/rms/statistics/default.aspx?article_id=601

U.S. Department of Housing and Urban Development (HUD). (2008). *A turning point in the history of HUD's home equity conversion mortgage program. 1st Quarter 2008: U.S. housing market conditions. Washington, DC: Office of Policy Development and Research.*

SOS: Sharing OurSelves for America's Future National Service Project

Laura Waters[1] and Michael Rupured, University of Georgia

Keywords: *Financial literacy, service-learning, collegiate, leadership, K-12 education, positive role models*

Target Audience

The primary audience for the "SOS: Sharing Our Selves for America's Future" project is youth in 4th-8th grades. The secondary audience consists of college students who were active in the pilot project and those who received training at the National Conference. According to post-conference survey evaluation data provided by the college students who attended the National Collegiate 4-H Conference and were trained on the financial literacy curriculum:

- 88% percent of respondents reported that they were more likely to **make informed investment decisions,**
- 88% were more likely to **improve their saving for long-term goals,**
- 86% said they were more likely to **improve their current personal money management habits, and**
- 83% were more likely to **manage their credit wisely**.

To date, the SOS project has reached over 1,000 middle school students and is on track to reach thousands more.

Objective/Purpose

The intent of the SOS project is to encourage middle school students to improve their financial habits and pursue higher education. It was the intent of the project team that younger children would be positively influenced by successful older youth (college students) teaching the curriculum.

Description of Content and Method

The "Your Money, Your Future" curriculum developed by [2]Michael Rupured, Extension Financial Management Specialist and a team of county agents includes six thirty-minute activity-based financial literacy lessons for students in 4th through 8th grades. The lessons were adapted for use in the "SOS" project by a 4-H curriculum team which consisted of collegiate 4-H'ers, Michael Rupured[2], and Laura Waters[1], State 4-H Grant Specialist/Collegiate 4-H Advisor. This team condensed the six lessons into one hour-long lesson which covered all points the group considered most valuable for middle-school aged youth.

The hour-long lesson is divided into three segments covering the following core concepts: learning to save (determining one's own "money personality" and distinguishing between needs and wants), saving matters (time value of money), and investing in yourself (the importance of pursuing higher education and its impact on future earning potential).

After a pilot phase, the group worked with the state specialists to make changes as needed. The group then outlined what they had learned from the pilot experience.

[2]Michael Rupured also trained six County 4-H and Family and Consumer Sciences Faculty members to teach the condensed curriculum as part of a double workshop to train participants at the 2011 National Collegiate 4-H Conference in Atlanta. During the double workshop, the County Extension Faculty members trained collegiate 4-H participants from around the country to use the condensed curriculum for the first hour, and then members of the Georgia Collegiate 4-H Club offered their tips, suggestions, and valuable lessons from the pilot experience. During this time, states also wrote their "State SOS Action Plan."

[1]Laura Waters, 305 Hoke Smith Annex, Athens, GA 30602; Phone: (706) 542-0906; Email: lwaters@uga.edu

Tough Times: Strategies to Address the Impact of Disasters and Other Economic and Social-Emotional Challenges

Jeanette A. Tucker[1], Diane Sasser, Rebecca White, Deborah Hurlbert, and Elizabeth Reames
Louisiana State University Agricultural Center

Key Words: *Disaster, tough times, recession, hurricane, flood, oil spill, destruction, tragedy, economic challenge, social-emotional challenges, peer listening, limited-English proficiency, Vietnamese*

Target Audience

The target audience for this initiative includes:

- Individuals and families who have been impacted by disasters, and/or economic, social-emotional challenges
- Individuals and families with limited English proficiency who have been impacted by disasters, and/or economic, social-emotional challenges
- Extension professionals and collaborators who work with the target audiences

Objectives/Purpose

The objectives of this project were to:

- Disseminate credible science-based information to address the negative effects of disasters and other challenges upon families, communities, business and industry.
- Prepare Extension professionals to deal with negative psychological-emotional effects of disasters and other challenges through professional development training.

Description

In recent years the United States has experienced a recession, mortgage defaults, declines in home values, rising inflation, a bear market and high unemployment. These economic events, coupled with destructive disasters including hurricanes, floods, tornados, droughts and oil spills, have yielded harsh economic impacts for a multitude of families and communities including the rapidly expanding Vietnamese population. Livelihoods have been impacted, homes destroyed or damaged, and human resiliency weakened. The combined effects of the recession, hurricanes and oil spill have damaged many industries, particularly those in coastal regions, for years to come.
A proactive stance was assumed to build the capacities of individuals and families, including populations with limited English proficiency, to address tough economic and social-emotional challenges resulting from these events and others. An informal needs assessment was conducted via site visits, community forums, face-to-face communication with community leaders and other impacted individuals. Stakeholder input insured program quality, suitability, support and strategies for non-threatening and respectful program delivery. Delivery methods included professional development training (Peer Listening, Managing in Tough Times, Triumph over Tragedy, Dear Neighbor and Fireworks) for educators and community leaders, community meetings and face-to-face contacts. Seventy-six consumer publications, web-based and/or hard copy, were developed and disseminated in multiple languages, and eight packaged programs were developed for professionals. Technology, including AgCenter, Extension Disaster Education Network (EDEN) and eXtension websites, and online ads were used to disseminate the materials to the public, specifically targeting coastal regions after the oil spill. Online ads more than tripled web traffic to the LSU AgCenter Managing in Tough Times website over the previous year.

[1]Jeanette A Tucker, Louisiana State University Agricultural Center, Family and Consumer Sciences, School of Human Ecology, Baton Rouge, LA 70808; Phone: (225) 578-5398; Fax: (225) 578-2697; Email: jtucker@agcenter.lsu.edu

Building Partnerships and Utilizing Technology to Reach Employed Adults

Joel Schumacher[1], M.S., and Marsha Goetting Ph.D., CFP, CFCS, Montana State University Extension

Key Words: *employee, adult, financial education, distance learning, audience response software*

Target Audience

The target audience is financial educators and human resource professionals looking for innovative methods to provide successful financial education programming in work place environments.

Objectives/Purpose

Lessons learned from this project will be shared with AFCPE members interested in offering similar programming. Two key areas will be highlighted. First, the identification of a "need" and the partnership opportunity that this "need" created will be examined. Recognizing the strengths and weaknesses of your organization and possible partners is key to a developing a successful partnership. Second, two types of innovative technologies were utilized during this project to engage in-person audiences and to reach audiences via Web technology. Audience response devices were utilized to gather demographic data, engage the audience, measure the participants' knowledge and evaluate the program in general. This technology proved especially valuable for dealing with financial information that many participants are reluctant to share. Desktop recording software and webinar technology allowed the sessions to be available for viewing at the employees' convenience.

Description

Solid Finances During Shaky Economic Times employee financial education training series was the result of partnership between Montana State University (MSU) Human Resources and MSU Extension. Human Resources identified a need for financial education of MSU employees. While Human Resources are well positioned to inform employees of eligibility and program requirements for employee benefits, they do not have the capacity to provide a broader financial education series. Extension has this capacity.

Extension specialists conducted focus group sessions with classified and professional staff to determine content needs. The partnership lead to the *Solid Finances* series that covered: *Money Management* (Get a Grip on Your Money, Debt Repayment, Flex Plans, Montana Medical Care Savings Accounts), *Estate Planning* (Dying Without a Will, Property Ownership & Titles, Trusts), *Retirement* (Planning for Young Workers, Planning for those Nearing Retirement, Social Security, IRAs, MSU Supplemental Retirement Plans) and *Investments* (Investment Categories, Personal Risk Assessments, Mortgages).

Reaching employees at the workplace can be very challenging with their various work schedules and work environments. The program was able to reach an average of 30 participants at each of the 33 sessions offered in the first two years of the program (2009-2010 and 2010-2011). Total attendance was over 1,000. One key to this success was the encouragement Human Resources provided to supervisors to allow employees to attend the sessions (in many cases on work time). Another key factor was the availability of a recorded version of each session that was available via the web (www.msuextension.org/solidfinances/) for viewing by employees that were unable to attend the session. Resources were also provided via the web to both reduce printing costs and increase accessibility.

MSU satellite campuses and other working Montanans have similar financial educational needs. To address these needs, an additional partner (FINRA Foundation/United Way Worldwide) will be supporting the expansion of the *Solid Finances* series to include several satellite campus locations and MSU county extension offices through a Web based delivery model for the 2011-2012 year.

[1]Joel Schumacher, P.O. Box 172920, Bozeman, MT 59717-2920; Phone: (406) 994-6637; Email: jschumacher@montana.edu.

Speaking Their Language with Their Media: Peer Educators Develop Targeted Financial Education Outreach for College Students

Kathryn L. Sweedler[1], University of Illinois Extension

Key Words: *college students, financial wellness, social media, peer education*

Target Audience

Currently the target audience is college students at University of Illinois at Urbana-Champaign. However, the target audience will expand to other college students in the coming year.

Objectives/Purpose

The purpose of the Financial Wellness program is two-fold: 1) to provide accurate, timely financial education to college students in a delivery mode that is appealing and accessible to them and 2) to provide college students interested in financial planning as a career option an opportunity to experience teaching financial management concepts and developing educational materials for peers.

Description

University of Illinois Extension's Financial Wellness program focuses on practical money management skills and strategies to help college students plan spending, save money, use credit wisely, and build a solid financial foundation for long-term goals. In 2008, University of Illinois Extension began a partnership with the Department of Agricultural and Consumer Economics and the Division of Campus Recreation at University of Illinois at Urbana-Champaign to develop a peer educator financial wellness program. College students are trained by Extension educators and other professionals to provide financial education outreach to students through presentations to student organizations, through discussions with students one-on-one, by developing online targeted resources, and through social media use.

Presentations by the Financial Wellness Peer Educators in the past three years include topics such as budgeting, managing credit and debt, credit reports and scores, job benefits including retirement savings plans, and investing. Students who visit with peer educators commonly have questions about managing financial accounts, student loans, paying down debt, auto loans, as well as the topics covered in the general presentations.

Each semester Peer Educators develop outreach educational materials such as FAQs for the Financial Wellness website, a series of posters that focus on positive financial practices (such as paying more than the minimum on credit card accounts), and bulletin boards for residence halls. An e-newsletter is also sent to subscribers. These educational materials developed by students clearly "speak" to other students in a way that non-targeted educational materials may not. All developed materials go through a peer-review process before distribution.

To broaden the outreach of the Financial Wellness program, this past year's Peer Educators' projects included launching a YouTube Channel (www.youtube.com/financialwellnessuie), posting financial education articles and more on the Financial Wellness Facebook page (www.facebook.com/FinancialWellnessUIE), sending tweets through Twitter (@finwellnessuie), and posting saving messages using FourSquare (https://foursquare.com/finwellnessuie). This year the Peer Educators initiated a Google+ page as well.

Student response to the use of social media to provide financial education outreach has been very positive, and has increased the impact of the Financial Wellness program overall. For example, for the month of February 2011 the Financial Wellness Facebook page had 146 people who had liked the page and 9,699 post views; as of September 1, 2011 the page has 182 likes. In February 2011, the Twitter page had 34 followers; as of September 1, 2011 there are 59 followers. Our YouTube channel (launched in February 2011) has had over 400 views. Each outreach method reaches different students who are looking for financial education from new delivery methods. Peer Educators drive the development of the outreach – especially in terms of new media – and provide the content. Use of peer review and review by a University of Illinois Extension Educator ensures that the educational information provided is of high quality while still speaking to the college students in their own language.

---

[1]Kathryn L. Sweedler, University of Illinois Extension, 801 N. Country Fair Dr. Suite D, Champaign, IL 61821; Phone: (217) 333-7672; Fax: (217) 333-7683; Email: sweedler@illinois.edu

Financial Counseling for the Addicted Gambler

Sara Croyrmans[1], M. Ed and Shirley Anderson-Porisch, M.S.
University of Minnesota Extension

Key Words: *addicted gambler, addiction, compulsive gambling, families, financial counseling, recovery*

Target Audience

This forum is intended for individuals who currently work with, or are considering work with addicted gamblers. Content of the forum is used in lecture and counseling sessions in an addicted gambler treatment center to address the personal finance issues of gamblers and family members.

Objectives/Purpose

This forum will address the role of financial counseling in an addicted gambler treatment center. The objectives are to: (1) raise awareness of gambling activity and its impact on family finance; (2) identify low risk gambling strategies that safeguard the family spending plan; (3) raise awareness of addicted gambler treatment, and (4) identify prevention/ intervention strategies related to gambling and family finance.

Description

Compulsive gambling can ravage the lives of individuals and families. A compulsive gambler can be defined as anyone who's gambling causes financial, psychological, marital, legal, or other difficulties for themselves and others (NEFE & NCPG, 2000). Studies indicate that 1-3% of the population could be diagnosed as compulsive gamblers. Vanguard Compulsive Gambling Treatment Program in Granite Falls, MN is a nationally recognized 30 day adult residential program offering help for recovery from gambling. Financial counselors who are AFCPE Accredited Financial Counselors (AFCs) are part of the Vanguard team. For gamblers and family members, AFCs provide a monthly educational group lecture and counseling session to assist the development of a Personal Financial Recovery Plan (PFRP). Since 2004, AFCs have consulted with 1,140+ gamblers.

The monthly group lecture focuses on identifying income and assets, establishing a spending plan, managing finances, repaying debt, and avoiding bankruptcy. The PFRP is developed in a counseling session where the AFC assists the gambler and others present with determining the gambler's current financial status and identifying strategies to address current financial realities. The session is not intended as a substitute for, or supersedes professional or legal advice. The lecture and counseling session are based on strategies that encourage a gambler to identify a trusted individual to help with managing their personal finance. Identifying the individual to help with personal finances appears to be an important factor for the success of a gambler's recovery. Vanguard estimates the gambler recovery rate at approximately 50-60%. Typically those who re-lapse have not turned their finances to another for help. Family members benefit from their having been involved in the financial counseling session because it provides a safe environment for sharing information.

There appears to be value to the inclusion of an educational financial lecture and financial counseling session in this compulsive gambling treatment program. As indicated, the process of developing a spending plan and the assistance of a trusted individual to help manage finances are shown as beneficial. Even so, it continues to be the challenge of the AFCs to provide timely review and revision of strategies to maintain a strong program. These strategies may be based on themes identified for future research that will broaden the perspective of this work. Potential research questions include: What types or amounts of debt do gamblers accumulate? How does gambling debt compare to non-gambling debt? How does debt impact family members? How did gamblers use the PDFRs and strategies when they left the program? How did gamblers utilize resources suggested for further assistance? Which resources were most beneficial and what resources are still needed? Which money management strategies were most successful when used by the gambler and the person assisting with their personal finances?

References

National Endowment for Financial Education (NEFE) and National Council on Problem Gambling (NCPG). (2000). *Personal Financial Strategies for the Loved Ones of Problem Gamblers*.

[1] Sara Croymans, University of Minnesota Extension Regional Office, 46352 State Highway 329, Morris, MN 56267; Phone: (320) 589-1711; Fax: (320) 589-4870; Email: croym001@umn.edu

Bridging the Gender Gap: Financial Advice and Worry

Danielle D. Winchester[1], North Carolina A&T State University, Sandra J. Huston, Texas Tech University

Research shows that women worry more than men. Worry has been associated with seemingly irrational behaviors and problem avoidance. Yet studies focusing on gender-related financial behaviors and financial worry are limited. Findings from this study suggest that women express greater financial worry than men and more frequently report worrying about retirement sufficiency. These results suggest that the inclusion of financially linked emotions, such as worry, is warranted in understanding the differences in financial behavior between men and women. Results also show that the receipt of financial advice significantly reduces financial worry in women.

Key Words*: Gender, worry, financial decision making, financial risk*

Introduction and Purpose

There is increasing recognition that women need to successfully manage their finances. Women are prone to financial vulnerability due to having to care for dependents, both children and elderly parents; living longer and longevity risk; and having fewer opportunities to save as a result of reduced labor market participation and the persistent earnings gap that exist between men and women (Arora, 2004; Blayney, 2010). In addition, women are becoming more involved in the management of household finances. It is estimated that between 80 and 90% of women will eventually be solely responsible for their household's finances (Blayney; Stendardi, Graham, & O'Reilly, 2006).

This study recognizes that a range of influences as well as financially linked emotions, such as worry, shape an individual's behaviors. Worry has been shown to have a negative impact on decision making and problem solving (Parkinson & Creswell, 2011). Worried individuals are often frustrated, have less confidence in their problem solving ability, and tend to delay making decisions out of fear of making a mistake or put off decision making altogether (Anthes & Most, 2000; Stöber & Joormann, 2001). Ricciardi (2008) contends that the worried make decisions that are based on emotions, instinct, and spontaneity. Thereby, worried individuals behave in a seemingly irrational manner and may fail to make decisions that provide the maximum benefit now and in the future (MacGregor, 1991).

There is a significant gender difference in reported worry levels, whereby women worry more than men (Belzer, D'Zurilla, & Maydeu-Olivares, 2002). Although considerable research has been conducted on gender and worry in the mental health and health fields, the number of studies focusing on the difference in worry related to personal finances is limited (Robichaud, Dugas, & Conway, 2003). However, it is suggested that individuals who experience financial worry are less likely to properly plan and save for the future based on a general pattern of avoidance. Therefore, recognizing a gender difference in financial worry may serve an important role in understanding gender-related financial behaviors, and subsequently the perpetual asset and/or wealth gap between genders despite recent advances in women's education, income, and wealth (Hira & Loibl, 2008).

The principal aim of this paper is to study the relationship between worry and gender as well as worry and receiving financial advice, adjusting for a range of sociodemographic factors. Specifically, it aims to examine whether men and women have similar financial worries, whether women express a higher level of overall financial worry, and to explore whether receiving financial advice reduces financial worry in women.

Literature Review

This review of literature will include studies that focus on the differences between the financial decision making of men and women, worry and its impact on decision making, the relationship between women and worry, and the physical manifestations of worry in individuals.

[1]Danielle D. Winchester, North Carolina A&T State University, School of Business and Economics, 1601 Sullivan Street, Greensboro, NC, 27411; Phone: (336) 334-7744 ext. 4016; Fax: (336) 256-2055; Email: ddwinche@ncat.edu

Financial Decision Making of Men Versus Women

Numerous studies indicate that men and women think and behave differently as it pertains to financial behaviors and decision making (Stendardi, et al., 2006). Most studies propose that these differences are a result of women being less risk tolerant than men and/or less confident in their ability to make effective financial decisions.

Gender has been found to be a significant predictor of risk tolerance. Garrison and Gutter (2010) find that women score, on average, 6.2 points lower on their Risk Tolerance Scale compared to demographically similar men. Coleman (2003) finds that women also self-report lower levels of risk tolerance when asked about their, "willingness to accept risk." Similarly gender differences in financial confidence is well established in the literature (Barber & Odean, 2001). Women's lack of financial confidence is illustrated in a 2006 Harris Poll where 48% of women agreed with the statement, "Investing is scary for me," compared to less than 20% of men; and in a 2000 Gallup Poll where 33% of women investors reported avoiding making financial decisions out of fear of making a mistake compared to 24% of men (Anthes & Most, 2000; Blayney, 2010).

These differences in attitudes lead to differences in financial behaviors and ultimately differences in wealth accumulation between men and women. Women have a tendency to postpone financial planning until a crisis such as death, divorce, or major medical emergency (Graham, Stendardi, Myers, & Graham, 2002). And compared to men, women tend to invest a smaller percentage of financial assets in stocks and place an over-reliance on low return investments (Graham, et al., 2002; Lindamood & Hanna, 2005). Paley and Chau (2010) find that women are less likely to use other types for risky financial instruments such as adjustable rate mortgages (ARMs). Women have also been found less likely to rebalance appropriately during volatile market condition (Winchester, Huston, & Finke, 2011). Using data from the Health and Retirement Study (HRS), Neelakantan (2010) finds that men have 103% more wealth in their IRAs than do women.

However, it has been estimated that gender differences in risk tolerance and confidence account for a little over 10% of the wealth gap between men and women (Neelakantan, 2010).

Worry and its Impact on Decision Making

Worry is a common and universal human experience (Belzer, et al., 2002). Worry occurs when one is uncertain about future outcomes and has been described as an "anxious apprehension concerning future events"(Metzger, Miller, Cohen, Sofka, & Borkovec, 1990). Worry not only impacts subjective probability judgment when considering the possibility that negative events will happen, but it also reduces decision making quality and increases frustration (MacLeod, Williams, & Bekerian, 1991). Worrying inhibits an individual's ability to think outside the box, generate alternatives, and/or engage in solution implementation (Borkovec, Ray, & Stober, 1998).

Worried individuals lack confidence in their decision-making ability and tend to delay making decisions out of fear of making a mistake or put off decision making altogether (Anthes & Most, 2000; Stöber & Joormann, 2001). Ricciardi (2008) contends that the worried make decisions that are based on emotions, instinct, and spontaneity. Thereby, worried individuals behave in a seemingly irrational manner and may fail to make decisions that provide the maximum financial benefit now and in the future (MacGregor, 1991).

Individuals worry about various life domains, such as relationships, financial stability, and health, and at various intensity levels. The level of one's worry indicates the pervasiveness of the worry (Boehnke, Schwartz, Stromberg, & Sagiv, 1998; Brown, 1997). Researchers find that a moderate level of worry is helpful for defining and analyzing problems (Stöber, Tepperwien, & Staak, 2000) as well as for preparing for the worst, if the worst cannot be avoided (Gladstone & Parker, 2003); however, worrying that exceeds moderate levels can be aversive in nature and can impair functioning and well being (Harvey, 2003). For example, Paolini, Yanez, and Kelly (2006) find that individuals who score higher on worry report significantly less life satisfaction than those with lower scores. Roberts, Golding, Towell and Weinreb (1999) find an inverse association between financial worry in college students and levels of self-reported health.

Worry and Women

The majority of studies investigating the relation between gender and worry indicate that women worry more than men (Robichaud, et al., 2003). Belzer, D'Zurilla, & Maydeu-Olivares (2002) find that women measure higher on worry as defined by the Penn State Worry Questionnaire, which measures worry frequency, uncontrollability, and distress, as well as the Catastrophic Worry Questionnaire, which assess extreme negative outcome expectancies associated with worry.

Studies suggest that financial concerns are the leading cause of worry, followed by health, and family. Financial worry tends to focus on future retirement finances, work-related concerns, long-term healthcare spending during retirement, and retirement savings (Cutler, 2001; Grulke et al., 2006; Hershey, Henkens, & van Dalen, 2010; Owen & Wu, 2007). However, nominal academic research has been conducted on the association between gender and financial worry (Ricciardi, 2008), and the findings from these studies are mixed. Miron-Shatz (2009) reports that women worry about their financial condition more than do men, and Anthes (2000) finds that women worry more about investment decisions than do men. Yet, Robichaud et. al (2003) and Grulke et. al (2006) find that men and women worry at equal levels about their finances.

Anecdotal evidence supports that women express higher levels of financial worry than men. According to a poll conducted by Financial Finesse in the first quarter of 2011, approximately 80% of men reported being worried about their finances compared to more than 90% of women (Mitchell, 2011). In a March 2000 Gallop Poll, women ranked financial issues as the most pressing concern in their lives, ahead of family, health, time and stress, and equal rights (Anthes & Most, 2000).

Physical Manifestations of Worry

Since worrying is a cognitive process, the physical manifestations of worry are often used as measurements of worry level. Physical manifestation of worry can include increased perspiration, heart rate, blood pressure, and an inability to sleep or sleep disturbances (Metzger, et al., 1990).

Researchers have found a strong negative association between sleep quality and worry levels (Gladstone & Parker, 2003). Therefore, an inability to sleep is a hallmark manifestation of worry (Harvey, 2003). Snelbecker, Roszkowski, and Cutler (1990) operationalized worry as "I don't want to lose sleep worrying about investments," in their study investigating investors' risk tolerance and return aspirations.

Conceptual Framework

There is evidence that gender differences exist in overall worry; however, the empirical evidence for differences in financial worry between genders is nominal. The aim of this study is to study the relationship between worry and gender and receiving financial advice, adjusting for a range of sociodemographic factors (see Equation 1).

Financial Worry= f(gender, financial advice; other sociodemographic characteristics) (1)

Other sociodemographic characteristics that are controlled for include self-reported financial knowledge, education level, race, income, and investable assets. By controlling for these other characteristics, this study is better able to isolate the impacts of both gender and the receipt of financial advice on financial worry.

Method

Data

This study uses proprietary data co-sponsored by a large independent financial services company and a financial planning professional association. A third party research company collected the data in the summer of 2008. The survey is designed to provide data that describe consumer attitudes and behavior in a changing economy. To be included in the study, respondents had to meet a threshold of having at least $50,000 in annual income or a minimum of $50,000 of investable assets. The sample contains data for 3,022 respondents. The individual is the unit of measure for nearly all of the questions asked. Two variables, income and investable assets, are household level variables.

All data were used in this study.

Dependent Variable

The dependent variable, *Financial Worry*, is operationalized by the question, "*Regarding your financial situation, please indicate if you agree or disagree with I have peace of mind/ sleep at night*." Responses to this question are measured on a Likert Scale with a range on 1, strongly disagree, to 5, a very strongly agree. Responses were reverse coded to capture the manifestation of worry, an inability to sleep at night, where 1 indicates a lower level of worry and 5 a higher level of worry.

Hypotheses and Independent Variables Measurement

This study seeks to expand the research in the area of worry, more specifically financial worry, and gender by testing the following hypothesis:

> ***Hypothesis 1***: *Women worry about a greater variety of personal finance content areas than do men.*
> ***Hypothesis 2***: *Women report a higher level of financial worry than do men.*
> ***Hypothesis 3***: *The relationship between receiving financial advice and financial worry is negative.*
> ***Hypothesis 4:*** *Women who receive financial advice have lower worry levels than women without advisement and men (with and without advisement).*

Areas of financial concern are measured by responses to questions identifying the, "… *item that causes you financial concern*." Respondents that reported having a specific financial concern were classified as having a worry related to this personal finance content area and were coded as 1; otherwise 0. Gender is a binary variable coded as 0 for men and 1 for women. Self-assessed financial knowledge is measured using a five-point Likert scale, from "strongly disagrees" that he/she "*understands financial-related issues*" to "strongly agree." Respondents who report at least an agreement with this statement were coded as 1, otherwise 0. Education level is collapsed from twelve categories into a binary variable with 0 measuring less than a college degree (reference category) and 1 measuring a college degree and/or graduate/ professional degree. Race is also condensed into a binary variable where 0 represents Whites and 1 all other racial groups (i.e., non-Whites). Income is measured in five categories: less than $35,000 (reference category); $35,000-99,000; $100,000-149,999; $150,000-249,999; and $250,000 or more. Investable assets are measured as less than $49,999 (reference category); $50,000-249,999; $250,000-999,999; and $1 million and above. The receipt of financial advice is measured as a binary variable based on the classification of respondents into one of three categories, self-directed, advice supported, and comprehensively managed. Advice supported and comprehensively managed respondents receive financial advice in the financial planning process. Respondents classified as either advice supported or comprehensively managed are coded as 1; otherwise they are coded as 0.

Analysis

Although the dependent variable is measured on a Likert scale, this study is interested in the variation of worry level between women and men and therefore an ordinary least squares (OLS) regression is used to estimate the empirical model for this study.

Descriptive Results

Descriptive statistics for both the dependent and independent variables along with Chi-square statistics are presented in Table 1.

Table 1

Descriptive Statistics

Variable	**Total Sample** (n=3022)	**Women** (n=1255)	**Men** (n=1767)	χ^2 **Statistic**
Financial Worry				
1: Strongly disagree	47.6%	47.4%	47.7%	9.788 *
2: Disagree	29.6%	28.5%	30.3%	
3:Neither agree/ disagree	12.1%	11.3%	12.7%	
4: Somewhat agree	6.9%	8.0%	6.1%	
5: Strongly agree	3.9%	4.8%	3.3%	
Financial advice	49.9%	51.6%	48.7%	2.441
Financial knowledge	96.9%	96.0%	97.6%	5.915 *
College education or more	72.4%	65.3%	77.4%	54.267 ***
non-White	13.9%	13.5%	14.3%	0.387
Income				
Less than $35,000	0.7%	1.2%	0.3%	7.786 **
$35,000-99,000	34.2%	35.9%	32.9%	2.781
$100,000-149,999	25.2%	26.1%	24.5%	1.036
$150,000-249,999	20.6%	20.2%	20.8%	0.200
$250,000 or more	18.1%	15.2%	20.1%	11.764 **
Investable assets				
Less than $49,999	24.5%	25.7%	23.7%	1.500
$50,000 – 249,999	19.9%	19.7%	20.1%	0.077
$250,000 – 999,999	26.2%	26.5%	26.0%	0.087
$1,000,000 or more	24.4%	21.1%	26.8%	12.705 **

Approximately 42% of the sample were women (n=1255) and 58% (n=1767) were men. Of these, 52% of the women and 49% of the men reported receiving financial advice. Men appear to be more educated than women, with 77% of men and 65% of women having a college education or more. Less than 1% of the sample has income of less than $35,000; however, a larger percentage of these respondents are women. Significantly more men were in the highest income and wealth categories, $250,000 or more and $1,000,000 or more, respectively.

Although the majority of the respondents were moderate- to low-level worriers, Chi-square statistics suggest that women, on average, report a higher level of financial worry than men (as measured by a Chi-square statistic of 9.788 and a p-value = 0.044)

Table 2 presents the descriptive statistics and Chi-square statistics for several financial areas that individuals are prone to worry.

Table 2
Financial Worry Content Areas Between Genders

Variable	Total Sample (n=3022)	Women (n=1255)	Men (n=1767)	χ^2 Statistic
Current expenses	37.8%	37.3%	38.1%	0.209
Debt	23.4%	25.2%	22.1%	3.779
Saving for retirement	23.2%	25.3%	21.7%	5.488 *
Saving for other purposes	13.5%	14.8%	12.5%	3.348
Saving for college	6.7%	6.6%	6.7%	0.018
Job security	16.35	15.5%	16.9%	1.165
Salary	11.9%	12.2%	11.6%	0.239

More respondents reported worrying about their current expenses (38%), followed by debt (23%), and saving for retirement (23%). Examining the reported frequencies of worry between genders seems to indicate that women and men equally worry about most financial issues; however, women report worrying about retirement savings with significantly greater frequency than men (as measured by a Chi-square statistic of 5.488 and p-value = 0.019).

OLS Regression Results

The OLS regression model used in this study is presented in Equation 2. This model includes an interaction variable between gender and the receipt of financial advice to explore the impact of financial advice on financial worry.

$$Financial\,Worry = \beta_0 + \beta_1(Woman) + \beta_2(Financial\ Advice) + \beta_3(Woman \cdot Financial\ Advice) + \beta_4(Financial\ knowledge) + \beta_5(Education) + \beta_6(Race) + \beta_7(Income) + \beta_8\,(Investable\ assets) + \varepsilon \quad (2)$$

Table 3 reports the results from the OLS regression.

Table 3
OLS Regression Results
Dependent variable: Worry, i.e., an inability to sleep (ranging from 1 to 5)

	Parameter estimate	Standardized estimate
Intercept	3.077 ***	
Women	0.116 *	0.052
Financial advice	0.052	0.024
Women*Financial advice	-0.181 *	-0.068
Financial knowledge	-0.944 ***	-0.148
College education or more	-0.007	-0.003
non-White	0.140 *	0.044
Income (reference < $35,000)		
$35,000- 99,000	0.048	0.020
$100,000-149,999	-0.063	-0.025
$150,000-249,999	-0.017	-0.006
$250,000 or more	-0.037	-0.013
Investable assets (reference < $50,000)		
$50,000 – 249,999	-0.267 ***	-0.097
$250,000 – 999,999	-0.436 ***	-0.174
$1,000,000 or more	-0.548 ***	-0.214
		Max-rescaled R^2 = 0.0723
		*** p<0.0001, ** p<0.01, *p<0.05

The regression results suggest that women's financial worry level is higher than that of men. Being a women increases financial worry by 0.1116 points. Gender in this model explains 5% of the variance in worry level as measured by a standardized estimate of 0.052. Receiving financial advice, holding all else constant, is not associated with financial worry levels. Of the other sociodemographic variable controlled for in the model, financial knowledge explains nearly 15% of variance in financial. Being financially knowledgeable reduces financial worry by 0.944 points. Race is positively related to financial worry, whereby non-Whites tend to worry more about their financial condition than Whites. Although income level (across various levels) is not a significant predictor of level of financial worry, there is a negative monotonic relation between investable assets and financial worry. Respondents with investable assets of $50,000 or above have lower worry levels than those reported by respondents with less than $50,000 in investable assets.

Interpretation of the interaction variable between gender and receiving financial advice suggests that women who receive financial advice express lower levels of financial worry than women without a plan, as well as men with and without financial advisors.

Discussion

The results from this study add to the prior research on financial worry by finding a positive relation with gender. They also provide empirical evidence that although women and men have similar financial worries, women express greater levels of worry regarding retirement savings. By using a model that includes an interaction term (woman*financial advice), this study is able to find evidence that women who receive financial advice are more likely to have less financial worry than women without advisement as well as men (with and without advisement).

These finds suggest that the inclusion of financially linked emotions such as financial worry may improve the understanding of gender differences in financial decision making and behaviors. Since higher levels of worry are associated with less than optimal financial behaviors, future research should include a measure of worry as a predictor of financial behaviors. There is a possibility that some gender-related behaviors that have been attributed to risk aversion, such as a lack of desire to own equities or utilize ARMs, may be partially a result of elevated subjective probability judgments when considering the possibility that negative events may occur caused by increased worry. In addition, the tendency of women to postpone or avoid planning for their financial futures may be partially attributed to worry.

Although men and women were shown to have similar financial worries regarding current expenses, debt, savings for college, and employment concerns, women are more worried about retirement savings than men. This finding is disturbing because higher levels of worry in this domain may lead to increasing avoidance of financial preparation. Women cannot afford to be complacent regarding retirement savings for a variety of reasons including, longevity risk, rising medical and healthcare expenses, and the uncertainty surrounding the current Social Security System.

This study also highlights the importance of seeking financial assistance, in the form of receiving financial advice, for women. Women recipients of financial advice have worry levels that are not only less than that of women without advisement but also of men. Given that there is a negative association between worry level and positive behaviors, it can be hypothesized that these women, all else the constant, are more likely to engage in positive financial behaviors and decision making than their peers.

Implications

This study also has practical application for financial services professionals. In communicating with female clients, practitioners should offer as much explanation and remove as much ambiguity as possible surround past losses and future expected outcomes. Women have a tendency to apply greater weight to past negative events when evaluating the likelihood of future event and become more worried and pessimistic. Having increased understand and knowledge of why past negative events occurred will help put these losses into perspective.

Both the SEC and FINRA require that financial advisors obtain an accurate assessment of their client's risk tolerance, they should also be encouraged to use a worry questionnaire and establish an assessment of their client financial worry (Britt & Grable, 2011). By establishing client's level of worry, a practitioner can determine if any of the client's negative financial behaviors might be a consequence of worry and not another source. Since an individual's risk tolerance cannot be changed nor should an individual be pressured to make decisions outside of her "risk comfort zone," reducing the worry surrounding more optimal financial behaviors, may result in women expressing more positive financial behaviors, a reduction in women's anxiety concerning financial planning, and a greater opportunity for women to meet their financial goals now and during retirement. Conducting a worry assessment will also allow practitioners to determine in what areas of the financial planning process, e.g., retirement savings, the client adversely worries and focus additional attention onto those areas to avoid seeming calloused and pressuring.

Financial services professionals should also have more emotion-based conversations with their women clients to reduce worry. These conversations should be focused on improving problem orientation (a strong predictor of worry) by helping clients reduce the propensity to view problems as threats and increasing their level of confidence and perceived control in the problem-solving process. Additionally, practitioners should help clients separate problems from the emotions associated with the problem, and encourage them to see problems and ambiguity as a normal part of the financial planning process.

Last, practitioners should incorporate client learning into the financial planning process to help increase financial knowledge levels of all their clients.
Future research should be conducted to develop a worry questionnaire for the financial services industry, focusing specifically on personal finance issues. Currently, most worry questionnaires, such as the Worry Domains Questionnaire and the Penn State Worry Questionnaire, produce a global worry scale based on several subscales such as personal relationships, lack of confidence, future considerations, employment, and financial (Davey, 1993). In addition, researchers need to explore what level of worry regarding personal finances is beneficial and what level results in aversive behaviors. The identification of this "worry threshold" would be useful to financial practitioners when working with and planning for their clientele.

References

Anthes, W., & Most, B. (2000). Frozen in the headlights: The dynamics of women and money. *Journal of Financial Planning, 13*(9), 130-143.

Arora, R. (2004). Matters of financial security: Do women worry more? Retrieved at http://www.gallup.com/poll/11497/matters-financial-security-women-worry-more.aspx.

Barber, B., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. *The Quarterly Journal of Economics, 116*(1), 261-292.

Belzer, K., D'Zurilla, T., & Maydeu-Olivares, A. (2002). Social problem solving and trait anxiety as predictors of worry in a college student population. *Personality and Individual Differences, 33*(4), 573-585.

Blayney, E. (2010). Empowering, educating, and engaging women clients. *Journal of Financial Planning, 23*(10), 48-55.

Boehnke, K., Schwartz, S., Stromberg, C., & Sagiv, L. (1998). The structure and dynamics of worry: Theory, measurement, and cross national replications. *Journal of Personality, 66*(5), 745-782.

Borkovec, T., Ray, W., & Stober, J. (1998). Worry: A cognitive phenomenon intimately linked to affective, physiological, and interpersonal behavioral processes. *Cognitive Therapy and Research, 22*(6), 561-576.

Britt, S., & Grable, J. (2011). Risky business. Retrieved at http://www.financial-planning.com/fp_issues/2011_5/risky-business-2672781-1.html?zkPrintable=1&nopagination=1.

Brown, T. (1997). The nature of generalized anxiety disorder and pathological worry: Current evidence and conceptual models. *Canadian Journal of Psychiatry, 42*(8), 817-825.

Coleman, S. (2003). Women and risk: An analysis of attitudes and investment behavior. *Academy of Accounting and Financial Studies Journal, 7*(2), 99-114.

Cutler, N. (2001). Who uses a financial planner, and why not? *Journal of Financial Service Professionals, 55*(6), 33-37.

Davey, G. (1993). A comparison of three worry questionnaires. *Behaviour Research and Therapy, 31*(1), 51-56.

Garrison, S., & Gutter, M. (2010). 2010 Outstanding AFCPE® Conference Paper: Gender differences in financial socialization and willingness to take financial risks. *Journal of Financial Counseling and Planning, 21*(2), 61.

Gladstone, G., & Parker, G. (2003). What's the use of worrying? Its function and its dysfunction. *Australian and New Zealand Journal of Psychiatry, 37*(3), 347-354.

Graham, J., Stendardi, E., Myers, J., & Graham, M. (2002). Gender differences in investment strategies: an information processing perspective. *International Journal of Bank Marketing, 20*(1), 17-26.

Grulke, N., Bailer, H., Blaser, G., Geyer, M., Schmutzer, G., Brähler, E., et al. (2006). Worrying about one's job, family, financial situation and health-results of a population-representative study. *GMS Psycho-Social Medicine, 3*.

Harvey, A. (2003). Beliefs about the utility of presleep worry: An investigation of individuals with insomnia and good sleepers. *Cognitive therapy and research, 27*(4), 403-414.

Hershey, D., Henkens, K., & van Dalen, H. (2010). What drives retirement income worries in Europe? A multilevel analysis. *European Journal of Ageing*, 1-11.

Hira, T., & Loibl, C. (2008). Gender differences in investment behavior. *Handbook of consumer finance research*, 253-270.

Lindamood, S., & Hanna, S. D. (2005). *Determinants of the wife being the financially knowledgeable spouse*.

MacGregor, D. (1991). Worry over technological activities and life concerns. *Risk Analysis, 11*(2), 315-324.

MacLeod, A. K., Williams, J. M., & Bekerian, D. A. (1991). Worry is reasonable: The role of explanations in pessimism about future personal events. *Journal of Abnormal Psychology, 100*(4), 478.

Metzger, R., Miller, M., Cohen, M., Sofka, M., & Borkovec, T. (1990). Worry changes decision making: The effect of negative thoughts on cognitive processing. *Journal of Clinical Psychology, 46*(1).

Miron-Shatz, T. (2009). "Am I going to be happy and financially stable?": How American women feel when they think about financial security. *Judgment and Decision Making, 4*(1), 102-112.

Mitchell, D. (2011). Financial finesse: Poor money manageemnt at root of most financial stress. Retrieved at: http://www.financial-planning.com/news/financial-finesse-money-management-2673327-1.html?ET=financialplanning:e3335:2175696a:&st=email&utm_source=editorial&utm_medium=email&utm_campaign=Prac_Mgmt_082410_052411.

Neelakantan, U. (2010). Estimation and impact of gender differences in risk tolerance. *Economic Inquiry, 48*(1), 228-233.

Owen, A., & Wu, S. (2007). Financial shocks and worry about the future. *Empirical Economics, 33*(3), 515-530.

Paley, I., & Chau, D. (2010). Gender and mortgage choice: More evidence on gender based risk aversion. Available at SSRN: http://ssrn.com/abstract=1653939.

Paolini, L., Yanez, A., & Kelly, W. (2006). An examination of worry and life satisfaction among college students. *Individual Differences Research, 4*(5), 331-339.

Parkinson, M., & Creswell, C. (2011). Worry and problem solving skills and beliefs in primary school children. *British Journal of Clinical Psychology, 50*(1), 106-112.

Ricciardi, V. (2008). The financial psychology of worry and women (February 14, 2008). Available at SSRN: http://ssrn.com/abstract=1093351.

Roberts, R., Golding, J., Towell, T., & Weinreb, I. (1999). The effects of economic circumstances on British students' mental and physical health. *Journal of American College Health, 48*(3), 103-109.

Robichaud, M., Dugas, M., & Conway, M. (2003). Gender differences in worry and associated cognitive-behavioral variables. *Journal of Anxiety Disorders, 17*(5), 501-516.

Snelbecker, G., Roszkowski, M., & Cutler, N. (1990). Investors' risk tolerance and return aspirations, and financial advisors' interpretations: A conceptual model and exploratory data. *Journal of Behavioral Economics*.

Stendardi, E., Graham, J., & O'Reilly, M. (2006). The impact of gender on the personal financial planning process: Should financial advisors tailor their process to the gender of the client? *Humanomics, 22*(4), 223-238.

Stöber, J., & Joormann, J. (2001). Worry, procrastination, and perfectionism: Differentiating amount of worry, pathological worry, anxiety, and depression. *Cognitive Therapy and Research, 25*(1), 49-60.

Stöber, J., Tepperwien, S., & Staak, M. (2000). Worrying leads to reduced concreteness of problem elaborations: Evidence for the avoidance theory of worry. *Anxiety, Stress & Coping, 13*(3), 217-227.

Winchester, D., Huston, S., & Finke, M. (2011). Investor prudence and the role of financial advice. *Journal of Financial Service Professionals, 67*(4).

When Your Income Drops: Financial Education for Recently Unemployed Households

Michael Rupured, M.S., AFC, Extension Financial Management Specialist, Joan Koonce, Ph.D. AFC, Extension Financial Planning Specialist, Pamela Turner, Ph.D., Extension Housing Specialist, Christa Campbell[1], Family & Consumer Sciences, Elbert County Extension Agent, Andrea Scarrow, Family & Consumer Sciences, Colquitt County Extension Agent, University of Georgia

Description of Content and Method

The financial education program, ***When Your Income Drops***, includes an educational exhibit, a PowerPoint presentation, seven fact sheets, and various educational activities. The fact sheet titles are Moving Forward; What about Your Assets?; Planning Your Spending; Insurance Matters; Tap into Community Resources; Housing: Your Top Priority; and Taking Care of You and Your Family. Participants are guided through a worksheet designed to help them MAP OUT a plan for moving forward. **MAP OUT** stands for **M**agnitude (calculating the size of the loss), **A**ssets (things you can draw upon), **P**riorities (essential needs first), **O**ptions (ways to make ends meet), **U**nexpected (planning for emergencies), and **T**imeline (managing cash-flow). The program lends itself to delivery by a community team consisting of the county extension agent and representatives from agencies and organizations providing services and support to unemployed and limited resource families. The fact sheets and PowerPoint presentation acknowledge the negative aspects of job loss with a focus on the opportunity to pursue a more stable, satisfying, and/or rewarding career path.

Objective/Purpose

A series of 18 fact sheets (19 in some states) by the same title has been around for more than two decades and is in use in many states across the country. The project team sought to update those fact sheets but determined they were too out-of date, archaic, and numerous to be practical. Moreover, additional resources were needed to facilitate delivery of an educational program at the county level in response to local factory closings that went beyond merely distributing fact sheets.

Target Audience

Lay-offs, business failures large and small, and the economic slowdown have resulted in many financial challenges for American workers and families. National unemployment rates have slightly improved from 9.7% in August 2009 to 8.8% in May 2011. However, some states like Georgia remain higher at 10%. The jobless rate for men and women indicates that men are often particularly hard hit by the current economic downturn and suggests that many households are relying upon the generally smaller income of the female to make ends meet. Particularly in rural areas, the jobs that disappeared are not likely to return. A team of county agents and state specialists from University of Georgia Cooperative Extension developed a new program for recently unemployed workers entitled ***When Your Income Drops***.

Minimum and Maximum Time Required when Program is Presented to Target Audience

Programs may range from a 30-minute information session to a series of as many as seven one hour workshops.

Impact and Evaluation

Post-only evaluation tools have been developed for use with ***When Your Income Drops***. One survey uses open ended questions, for example: when asked, “What was the most important thing you learned?” 49% (226 out of 464) responded, “Setting Priorities, Plan Spending, Reduce Expenses, Budget, Save, and Reduce Debt”. 215 participants were asked, “Has your thinking about your situation changed as a result of something you learned today and if so, how?” 78% replied, “Yes,” and the two most frequent examples: “I’m going to be more positive,” (34.8%) and “I’m going to reduce spending, get out of debt, or start saving,” (21.6%). 70.6% (205 out of 290) of participants rated the program as “Very Helpful”. As data continues to be collected, initial evaluation results indicate that ***When Your Income Drops*** offers both practical financial knowledge and positive encouragement to individuals and families facing difficult economic times.

---

[1] Christa Campbell, Family & Consumer Sciences, Elbert County Extension Agent, 10 Cloverleaf Drive, Elberton, GA 30635; 706-283-2037; Fax &06-283-2038; christaa@uga.edu

Ask A Financial Counselor

Shirley Anderson-Porisch[1], Sara Croymans, Rebecca Hagen-Jokela, Rosemary Heins, Lori Hendrickson, Susan Hooper, Phyllis Onstad, and Cindy Petersen, University of Minnesota Extension

Key Words: *financial counseling, technology based, information support, service providers, questions*

Abstract

Since 2008, University of Minnesota Extension Educators , also AFCPE Accredited Financial Counselors (AFCs), have staffed an online financial counseling option called "Ask A Financial Counselor" provided through the Help Minnesota Save website found at www.helpmnsave.org . This financial counseling option is intended for direct service professionals who deliver financial education and asset building activities primarily to low income families. Sponsored by the Minnesota Community Action Partnership, the website is based on the premise that when low income families seek assistance, there is often opportunity for the helping professional to provide financial counseling to address the base cause of the family's financial challenge.

Financial counseling is commonly accomplished through face-to-face means, but technology assisted delivery especially by Internet is becoming more available. This new delivery may be based on direct service professionals adapting to the schedules of consumers who need financial management assistance. Even so, questions arise as to the impact of technology based versus face to face counseling. Financial counseling does involve learning. Chen, Lambert, Guidry (2010) conclude in a study of online post secondary education that there is a general positive relationship between the use of technology and learning outcomes. Barron and Staten (2011) suggest that financial counseling using technology assisted delivery including the Internet can be just as effective as face to face counseling. Haynes, Haynes, and Weinert (2011) suggest that this type of distance education may deliver that "just-in-time" education to willing adult learners, especially those with health related concerns.

Working on a monthly rotation in teams of two, AFCs receive questions from helping professionals; review strategies to address the issue; and provide timely responses to the questions. Website users submit a variety of questions such as *I have a number of clients whose vehicles have been repossessed and often an amount due shows up on their credit report close to or more than the amount they paid for the car. Is there a procedure or process for handling these issues? What federal and/or Minnesota laws apply?* Legal advice might seem the best response to this question, however, this is not provided through this website. Instead the AFC responds using one or more resources with information that may direct the client to seek legal advice and/or include other strategies that will likely lead to a positive outcome. All resources meet the criteria of being timely, factual, and research based.

In six years, approximately 9,000 users have visited the Help Minnesota Save website. Questions directed to "Ask A Financial Counselor" cover a wide range of topics including budgeting, savings, credit, debt including debt liability, legal risk, divorce, insurance, taxes, banking, and contemporary financial issues faced by individuals and families. When asked what users do with information after assisting families with their financial challenge, more than 50% continue to use resources shared within question responses, and almost 50% continue to use the website and/or share the resource with others. In the future, more study with users will identify impacts of this resource available 24/7 as well as show how the website could be more effective with meeting the needs of users. More details on questions asked at "Ask A Financial Counselor" and the website, can be found at www.helpmnsave.org.

References

Barron, John M., Staten, Michael E. (2011). Is technology-enhanced credit counseling as effective as in-person delivery? Working Papers Research Department, Federal Reserve Bank of Philadelphia, 1-28.

Chen, Pu-Shih Daniel, Lambert, Amber D., Guidry, Kevin R. (2010). Engaging online learners: the impact of web-based learning technology on college student engagement. *Computers & Education, 54, 1222-1232.*

Haynes, Deborah C., Haynes, George W., Weinert, Clarann. (2011). Outcomes of on-line financial education for chronically ill rural women. *Journal of Financial Counseling and Planning 22, 3-17.*

[1]Shirley J. Anderson-Porisch, University of Minnesota Extension Regional Office, 1424 E. College Dr., Suite 100, Marshall, MN 56258; Phone: (507) 337-2812; Fax: (507) 337-2802; Email: ander308@umn.edu

A Report on the Special Needs Planning Community Training Modules

Mitzi K. Lauderdale, JD[1], Janine K. Scott, and Nicole Springer, Ph.D., LMFT, Texas Tech University

Key Words: *Special Needs Planning, Disability Planning, Financial Planning, Life Care Planning, Special Needs Educational Modules*

Abstract

With the increase in adults and children with disabilities, special needs planning awareness has become even more prominent than before (Erickson & Lee, 2008). The need for continued research is important to promote overall well-being among families. More research is necessary to determine families' human capital (ability and knowledge), gaps in knowledge, and to identify successful planning that can be helpful and beneficial to the special needs community. Parents need informed educational material.

Families from various socioeconomic backgrounds are affected. However, many families suffer financial hardship as a result of being ill-prepared for caring and providing for a child with special needs (Sharpe & Baker, 2007; Thomas, 2005). It may be overwhelming for parents to think about future planning needs when current needs seem more urgent. Over two decades ago, Heller and Factor (1987) found that a majority of parents having a child with a disability had no future financial planning arrangement for their child and more recent literature and research shows that this is still an impediment among families (Graetz, 2010; Smith & Tobin, 1989). Many of these parents lack interest in receiving information, perhaps due to feeling overwhelmed at the thought of receiving information and having to decipher through such information.

Researchers conducted a needs analysis survey online, four focus groups with parents/guardians, and created web-based educational modules on special needs planning. The survey was an exploratory special needs community review to assess current needs, specifically educational in nature. The survey revealed a lack of planning among many families and underutilization of key professionals such as financial planners (Lauderdale, 2009). The researchers determined that that the survey raised a multitude of questions requiring further research to determine the families' educational needs. Focus groups were utilized to further delve into problems and successes families experience beyond the information provided in the survey.

Both the information provided in the survey and the focus groups aided in the development of educational modules which will help families access, understand, and use resources available to them. The modules are available for viewing at the conference and include: The Story, Special Needs Overview, Letter of Intent, Special Needs Trusts, Guardianship, Estate Documents, Benefits, Life Care Planning, and Other (Retirement, Education Funding, Tax Planning, Advice for Parents from Parents).

This study has gone beyond prior research by reaching out to caregivers for feedback and by creating educational materials that will supplement existing knowledge. While special needs plans vary among families, there are available and underutilized resources and information that can lessen the time consumption parents invest in caring for a special needs child or adult. Researchers and educators can best help families if they know what their needs are. While we cannot meet all needs and expectations, we can provide information presented in a way that caregivers can understand and readily use. If caregivers are knowledgeable about resources and planning tools then the financial counselor's role will be less challenging.

Obtaining education on their own can empower caregivers, which may lead to informing and involving other family members—providing some peace of mind. More importantly, obtaining accurate educational material can diminish the overwhelming nature of an uncertain future.

[1]Mitzi K. Lauderdale, Box 41210, Lubbock, TX 79409; Phone: (806)742-5050x269; Fax: (806) 742-5033; Email: mitzi.lauderdale@ttu.edu

Are Financially Dependent Spouses Comfortable with the Task of Managing Family Finances?

Michael Gutter[1] and Rachel Dorman, University of Florida

Key Words: *financial, dependence, saving, monitoring, marital roles, and family management*

Abstract

Finances are one of the leading influencers on marital satisfaction. The perception of how well finances are being managed is significantly related to marital satisfaction (Kerkmann, Lee, Lown, & Allgood, 2000). In 2010, the Bureau of Labor Statistics found that 47.8 percent of married couple families had both the husband and the wife employed. This means that there are over 52% of married couples that are either solely dependent upon another spouse's income or both individuals are unemployed. For a single income couple, an inequality may exist between each of the partners' view of finances. This may contribute to a dependent spouse being viewed as less prepared or given less of a say in management of the family finances. For example, the spouse that is earning the income could resent/mistrust the spouse that is dependent. This resentment/mistrust could cause discouragement of the dependent spouse in managing finances. The resulting effects of this could discourage or inhibit the dependent spouse from learning how to properly and safely manage the family finances. It is also possible there is a division of labor within the home. For example, the income earning individual is responsible for the financial support of the family while the dependent partner is responsible for the upkeep and managing of the home, and possibly children.

Through this study, we will be looking at the savings behavior of couples, where one individual is financially dependent on their spouse or partner. The desire of this study is to look at how comfortable the financially dependent spouse is with their knowledge of financial management, and then examine how comfortable the financially dependent spouse is with their perception of the income earning spouse's knowledge of financial management. The data will also allow us to examine how comfortable the income earning spouse is with their perception of the financially dependent spouse's knowledge of managing the family finances. The hypothesis would be that those who are financially dependent are not comfortable with their knowledge of managing the family finances, and that those who are financially dependent are more comfortable with their spouse's knowledge of managing the family finances. This data also gives us the opportunity to examine the income levels of the couples that have only one income. By examining the income levels of the different couples along with their comfort level of managing finances, we will be able to see if there is a correlation between the two. It is also important to consider that couples with an extremely low income will have very little amounts of money, if any, to be managing because of personal needs and financial obligations that must be met.

This study will be using data collected by the NCC-1172 "Complex Nature of Savings" multistate research project. The sample size is roughly 1000 respondents with information on their demographics, socioeconomic characteristics, financial dispositions, and savings behavior. The instrument was designed to learn more about the psychological and economic factors as they relate to peoples savings behavior. This data is pertinent to the topic of study because it addresses the income earned of each spouse as well as their comfort level with themselves and their spouses' managing of the family finances.

The poster will present the framework and results of analysis.

References

Bureau of Labor Statistics. (2011). *Employment characteristics of families summary.* Retrieved from http://www.bls.gov/news.release/famee.nr0.htm.

Kerkmann, B., Lee, T., Lown, J., & Allgood, M. (2000) Financial management, financial problems and marital satisfaction among recently married university students. *Financial Counseling and Planning, 11*(2), p. 55 – 65.

[1]Michael Gutter, Assistant Professor, Family Financial Management, 3002 McCarty Hall D; Phone: (352) 273-3529; Email: msgutter@ufl.edu

[2]Rachel Dorman, Graduate Student; Email: racheld4@ufl.edu

College Students, Social Learning, Perceived Norms, and Risky Credit Card Behavior

Kristin Jackson[1], and Michael Gutter, University of Florida
Zeynep Copur, Hacettepe University Dept. of Family and Consumer Sciences, Beytepe

Key Words: *College Students, Social Learning, Perceived Norms, and Risky Credit Card Behavior*

Introduction

Despite college student's limited credit history and current earnings they are the target of aggressive marketing campaigns by credit card companies," (Hayhoe, Leach, Turner, Bruin, and Lawrence, 2000, p117). Many college students are not knowledgeable about personal financial topics such as sound credit card practices. "Students who never or rarely discussed credit cards with parents are more likely to be surprised at their credit card balance when they received the invoice,"(Sallie Mae, April 2009). This study will look at whether receiving needs-based financial aid, Pell Grants, moderates the relationship among social learning opportunities, perceived norms, and risky credit card behavior.

Methodology

This study will use a national data set collected by Gutter, Copur, and Garrison (2009). Data was collected for 16,876 participants. Hypothesis 1, perceived norms of individuals from families with lower family financial strength will differ from students that have greater family financial strength will be tested using a t-test. Hypothesis 2, family financial strength will serve as a moderator between the social learning process and risky credit card behavior will be tested using logistic regression.

Results

Results are available from author upon request.

Conclusions

Pell recipients are more likely than Non-Pell students to have fewer social learning observations and social learning conversations with their parents. Pell recipients are more likely than Non-Pell students to perceive their parents engage in risky credit card behaviors. Family financial strength as indicated by Pell status is related to risky credit card behavior. As family financial strength increase the likelihood of engaging in risky credit card behavior decreases.

Implications

Practitioners should focus on marketing the importance of financial capabilities. Practitioners marketing building financial capabilities may need to vary their marketing strategies as well as messages based on audience. For example families with greater family financial strength may benefit from more traditional messages. Families with lower family financial strength may already perceive that others need help managing their finances so traditional messages may not work as well. Messages for families with lower family financial strength may need to focus on the idea that others are already receiving help and managing their money better as a result. Additionally, practitioners may want to partner with institutions of higher education to provide financial education to Pell grant recipients.

References

Gutter, Copur, and Garrison. (2009). Social Learning Opportunities and the Financial Behaviors of College Students. *Family Consumer Science Research Journal. 38(4):387-404*

Hayhoe, Leach, Turner, Bruin, and Lawrence. (2000). Differences in Spending Habits and Credit Use of College Students. *Journal of Consumer Affairs. 34(1): 113-133*

Salle Mae. (2009). How Undergraduate Students Use Credit Cards. Retrieved October 2010 from http://static.mgnetwork.com/rtd/pdfs/20090830_iris.pdf

[1]Kristin Jackson, 275 Mulberry Street; Monticello, FL 32344

Consumer Debt among Older Adults in Rural Oklahoma

Eileen St. Pierre[1], Ph.D., CFA, CFP® and Karina Shreffler, Ph.D., Oklahoma State University

Key Words: *consumer debt, credit, debt pressures, financial literacy, older adults*

According to a 2008 survey of low- and middle-income households conducted by Demos, a non-partisan public policy research and advocacy organization, Americans age 65 and older are taking on more debt as they increasingly use credit cards to finance the necessary costs of living. From 2005 to 2008, there was a dramatic increase of 26% in the use of debt by Americans aged 65 and older, the largest increase of all the groups surveyed. This age group reported the highest amount of credit card debt due to medical expenses. The two most cited reasons for using credit cards to pay for out-of-pocket medical expenses were for prescription drugs and dental expenses (Demos, 2009).

This study assesses the financial literacy of rural Oklahomans age 65 and older, their current use of and attitudes towards using credit cards and other types of consumer debt, and the consequences of increased debt for this population. There is currently no information available on older Oklahomans' debt attitudes, behaviors, and/or consequences. Since those living in more rural communities likely have less access to financial education than those living in more urban settings, the study focuses on reaching older Oklahomans in rural counties.

Oklahoma counties with estimated 2008 populations under 15,000 were considered for the study, for a total of up to 33 counties. An in-depth questionnaire was developed and administered at designated locations in each chosen county over a four month time period. The questionnaire consisted of five parts: (1) a financial literacy quiz; (2) questions regarding participants' current level of debt, type of debt, and recent changes in debt load; (3) questions regarding debt pressures and participants' perceptions of how debt affects their families; (4) general questions about participants' psychosocial well-being; and (5) demographic information. A total of 106 people participated in the study from twelve counties. Each was given $20 for his/her participation in the study.

The average age was 76, with ages ranging from 65 to 96. Most were white (80%) and 13% were Native American. The majority was female (74%). Most were either married (45%) or widowed (42%). Participants were more educated than the average older Oklahoman.

Twelve of the 14 questions on the financial literacy quiz were based on the Jump$tart Coalition's 2008 Personal Financial Literacy Survey Among College and High School Students (Jump$tart Coalition, 2011). The overall mean score was 62%, reflecting a level of financial literacy similar to Jump$tart's 2008 college student sample. Respondents displayed strong credit knowledge.

Respondents owe less than $5,000 on average on their credit cards (37% owe nothing) and only 13% regularly use them to pay mental and dental expenses. On average, respondents feel that they have an adequate amount of money at the end of the month and view their financial situation as about the same as three years ago. However, there were strong associations between financial variables of interest and satisfaction outcome variables. Higher credit card debt, not having enough money to make ends meet at the end of the month, feeling that finances are worse off now than three years ago, and feeling more stress because of their financial situation were associated with lower relationship (marital and familial) satisfaction and lower life satisfaction.

Overall, the financial situations and psychosocial well-being for older adults in this study were quite positive, but those with financial pressures faced some negative outcomes. Increasing financial literacy and teaching basic budgeting to a targeted segment of older adults have the potential to increase individuals' well-being and their relationships with their family members. Future research can extend these findings to larger, more representative studies.

References

Demos. (2009, July 28). The Plastic Safety Net. Retrieved July 25, 2011, from http://www.demos.org/pubs/psn.pdf

Jump$tart Coalition. (2011). Jump$tart Coalition Survey of Personal Financial Literacy Among Students. Retrieved from http://www.jumpstart.org/survey.html

[1]Dr. Eileen St. Pierre, 233 Human Sciences, Oklahoma State University, Stillwater, OK 74078

Cooperative Extension Assists Low Income Families Through Free Tax Preparation and 'Teachable Moment' Financial Education

Rebecca J. Travnichek, University of Missouri Extension

Key Words: *volunteer income tax assistance, VITA, Motax, financial education*

Abstract
Cooperative Extension Service, Internal Revenue Service and the Center on Budget and Policy Priorities collaborate to increase the availability of free tax assistance programs in rural America. Missouri was invited to participate as one of seven states to pilot a Volunteer Income Tax Assistance (VITA) program in rural areas. Collaborators and participating states coordinate data collection and work together to evaluate the program and recommend strategies for future expansion. Volunteer Income Tax Assistance program volunteers provide free tax assistance to low to moderate-income, disabled, homebound, and "English-as-a-second-language" taxpayers. IRS provides all materials related to tax preparation and all IRS guidelines are followed. In addition, educational packets, training, and materials are used and provided to participants.

Missouri Taxpayer Initiative
The Missouri Taxpayer Initiative (MoTax) offers a gateway to financial education through taxpayer assistance. MoTax offers preparation of federal and state tax returns to low-income families and uses this opportunity to emphasize the importance of financial planning management. MoTax is supported by University of Missouri Extension along with federal and local partners.

MoTax program begins in the fall with pre-tax education which provides information and outreach materials to inform taxpayers who are eligible for the federal Earned Income Tax Credit, Child Tax Credit, Family and Dependent Care Credit, and the Missouri Property Tax Credit. New credits each year are included. Tax season education provides money management workshops, definition and explanation of the various tax credits and information and goal setting for those who are receiving very large refunds.

VITA and MoTax provides a valuable service to rural, low-income working families. It is especially valuable for families with children who are eligible for the Earned Income Tax Credit which can amount to thousands of dollars. In addition, the MoTax program can be an important economic development tool for communities as well. Many times, families either don't know about the credits (earned income credit, child tax credit, dependent care credit, etc.) or have multiple barriers to receiving them. In addition, families who file for the credits often pay an average of $175 in tax preparation fees they cannot afford. Many take out costly refund anticipation loans which carry as much as 1,800% annual percentage rate.

In addition to low income families, the program reaches low income elderly who are eligible for the Missouri Property Tax Credit which allows a credit on real estate taxes or rent paid during the year.

Dollar Works 2 Impact Evaluation Report

Shirley J. Anderson-Porisch,[1] Jean W. Bauer, Rosemary K. Heins, Susan E. Hooper, and Cindy M. Petersen, University of Minnesota Extension

Key Words: *Dollar Works 2, financial education, financial satisfaction, impact evaluation, money behaviors*

Abstract

In 2010, the *Dollar Works 2* Impact Study was completed to understand the effectiveness of using the curriculum in financial literacy education and its impact on financial knowledge and money management behaviors at the individual, family, and community level.

Results of the study concluded that *Dollar Works 2* education is effective for money behaviors, financial satisfaction, and access to financial information when delivered in a six hour dosage. The curriculum is effective for the improvement of financial literacy to impact family financial well-being. If *Dollar Works 2* education is effective for the low income, higher risk community groups involved in the study, it should be even more effective for other income and diverse groups. Research references support these conclusions and provide information as to what additional study will benefit future educational programs in financial literacy and new strategies to meet the challenge of an uncertain economic environment.

The *Dollar Works 2* Impact Study involved a quasi-experimental design with a treatment group and control group using an evaluation survey. Survey questions, modeled after a transtheoretical model of behavior change commonly used in financial education, were developed to measure financial behavior, knowledge, and attitudes. Five major areas of financial literacy were measured – money behavior, financial knowledge, access to financial information, financial satisfaction, and intention to change financial behaviors.

At the beginning of the study both groups completed the *Dollar Works 2* Impact Evaluation Survey. The treatment group then completed six hours of education using *Dollar Works 2* over the course of 2-3 sessions. Once the treatment group completed the education, both treatment and control groups completed the same survey a second time. At that point, the control group completed six hours of education with *Dollar Works 2*. Two months after the control group completed the education, both treatment and control groups completed the survey a third and final time. A total of 127 participants completed a pre-survey and a total of 101 participants completed the follow-up survey. Participants were characterized as rural and urban, “high risk” and “low-income”, and having difficulty managing personal finances.

Because researchers point to the lack of personal financial knowledge as a major barrier to an individual’s sound financial practices (Financial Literacy & Education Commission, 2006), greater attention has been paid to increase people’s financial literacy. Financial literacy education is especially important during hard economic times because research reports a positive association between financial knowledge and family financial well-being (Kim, 2001). Unfortunately, there are few program evaluations compared to many financial literacy programs (Financial Literacy & Education Commission, 2006). There is also little research examining the long-term effects of financial literacy programs on individual and family well-being. This *Dollar Works 2* study provided new evidence describing the impact of financial literacy education for adults. Final report of the *Dollar Works 2* Impact Study can be found at: http://www.extension.umn.edu/ResourceManagement/components/DW2-impact-evaluation-report.pdf .

References

Bauer, J.W., Son, S., Hur, J., Anderson-Porisch, S., Heins, R., Petersen, C., Hooper, S., Marczak, M., Olson, P.D., Wiik, N.B. (2011). Dollar Works 2 Impact Evaluation Report. Saint Paul, MN: University of Minnesota Extension.

Financial Literacy and Education Commission (2006). *Taking ownership of the future: The national strategy for financial literacy.* Retrieved from http://www.mymoney.gov/pdfs/ownership.pdf

Kim, J. (2001). Financial knowledge and subjective and objective financial well-being. *Consumer Interests Annual, 47, 1-3.*

[1]Shirley J. Anderson-Porisch, University of Minnesota Extension Regional Office, 1424 E. College Dr., Suite 100, Marshall, MN 56258; Phone: (507) 337-2812; Fax: (507) 337-2802; Email: ander308@umn.edu

Financial Education and Minorities: Are There Differences In Parent Education?

Nancy C. Deringer[1], Ph.D. and Eric Dominquez, B.S., University of Idaho

Key Words: *Financial Education, Parent Education, College Students and Financial Literacy, College Students and Financial Behaviors*

The goal of this study is to investigate college students of different races/ethnicities to understand how they obtained their financial knowledge to be able to make sound financial decisions. Was it because of their parents' socioeconomic status that permitted them to learn more about finances? Did they observe their parents' financial behaviors? Were they directly instructed by their parents in financial activities? Or were financial activities and money issues not discussed in the home? Did they learn financial information from their high school? This study attempts to explore which race or ethnic group received more financial education from their parents, from formalized educational instruction, or from other sources.

For purposes of this research poster presentation, a McNair Scholar and faculty mentor/researcher surveyed a random sample of multicultural and international students from a university in the Pacific Northwest (n=388). The online survey consisted of various questions that examined students' financial behaviors such as budgeting, saving, discussing needs and wants, carrying credit card debt, as well as asking about family financial experiences.

Findings of the group data indicated that 41% described their current financial situation as "shaky", while 5% reported it as "disastrous". Forty one percent of the respondents also reported having credit card debt, with 26% having debt greater than $500; 64% did not have a consistent savings plan; 35% responded that they did not budget for monthly expenses; 49% did not discuss finances with their parents; 47% did not discuss the issue of needs vs. wants with their parents; 70% did not have a class in high school where they were taught basic money management; 30% learned basic money management skills from their parents while 21% reported learning nothing. When asked if they were ever involved in their family's financial decisions, 23% reported seldom whereas another 26% said never.

Analysis examining questions by race/ethnicity to determine differences indicated that having a significant savings plan was significant at the .05 level ($p = .0297$). The percentages by race/ethnicity of not having a consistent savings plan were Native Hawaiian/Pacific Islander 90%, Black/African American 80%, Hispanic/Latino 71%, White/Caucasian (which included Mediterranean and Middle Eastern) 70%, Alaskan Native/American Indian 60%, and Asian/Asian American 49%. The following groups reported that they did not budget for monthly expenses: Black/African American 50%, Hispanic/Latino 46%, Alaskan/American Indian 40%, White/Caucasian 35%, Asian/Asian American 34%, and Native Hawaiian/Pacific Islander 18%. When asked if they discussed their finances with their parents it was not significant ($p = .0739$), however two groups, Black/African American and Alaskan/American Indian each reported that they did not at 60%, Hispanic/Latino 39%, White/Caucasian 31%, Native Hawaiian/Pacific Islander 27%, Asian/Asian American 26%. When asked a qualitative question, "From whom or where did you learn the majority of your basic money management knowledge?" the students reported: 43% from parents and/or other family members (included negative observations); own research/personal experiences 27%, college 9%, friends 5%, high school 3%, church/community 3%, spouse/x-spouse 2% and 8% non-respondents. Of the 43% who learned from their parents, 10% specifically mentioned their mother, and 5% said their father.

The data has limitations in that each group within the sample varies, so there is as much within-race variability as between-race. Perhaps the blending of the races accounts for some of this variability. Future directions might include doing focus groups of students by race/ethnicity to determine if there are any insights into different patterns of financial literacy acquisition.

[1]Nancy C. Deringer, PhD, University of Idaho, School of Family and Consumer Sciences, Niccolls Bldg, Room 108A, Moscow, ID 83844-3183, (208) 885-7264 office; (208) 885-5751 fax, deringer@uidaho.edu

Fostering Financial Well-Being, Competency, and Hopefulness Through Financial Education

Aimee D. Prawitz[1], Northern Illinois University; Julie Kalkowski, Financial Hope Coalition, Creighton University; and Judith Cohart, Personal Finance Employee Education Foundation

Key Words: *financial counseling, financial education, financial well-being, hopefulness*

Purpose

The purpose was to pilot a financial education program combining one-on-one financial consulting and a money management software system with culturally-sensitive financial education to produce changes in quality of life for limited-resource families. Selected outcomes for this two-year program[2] included changes in: a) financial well-being, b) hopefulness about the future, c) competency in handling finances, and d) certainty of goal attainment.

Methodology

Non-profits which already had established trusted relationships with members of the target population assisted with recruitment. An 8-week program was developed to promote financial stability. Local banks, credit unions, and donors helped to bank the unbanked and secure collateral for debt-consolidation loans. Money management software was used in the sessions, and financial counseling was provided. The Personal Financial Wellness™ scale (Prawitz et al., 2006) measured financial well-being. Scores range from 1-10; higher scores indicate greater well-being. The Trait Hope Scale (Snyder et al., 1991) measured hopefulness; scores range from 8-64, with higher scores indicating more hopefulness. A 15-item scale was created to assess competency in handling finances. Scores range from 15-75; higher scores indicate greater competency. A single item measured certainty of financial goal achievement (Snyder et al., 1991). Response choices range from 1 = *Certain I cannot do at all* to 5 = *Highly certain I can do*.

Findings, Discussion, and Implications

A total of 39 low-income participants completed pre- and post-tests online. Most participants were female (95%), with a mean age of 39.5 years. Most were unmarried (74%). Over half (54%) were Black/African American. Mean years of education was 11.7, and mean income was $16,001-$20,000. Due to the small sample size, these findings should be considered preliminary and generalized with caution. A mean pre-test score of 2.8 indicated extremely low financial well-being. The mean post-test score of 4.2, while still low, was significantly higher following financial education, $t = -3.98$, $p < .001$, and nearing the average range of 5.0-6.0 for adults in the United States. The mean post-test score for hopefulness of 47.1 was significantly higher than at pre-test ($M = 42.2$), $t = -2.00$, $p < .05$. This suggests that, following participation, participants felt their financial futures would improve. Mean scores of 51 for competency in handling finances at pre-test increased significantly to 59 at post-test, $t = -2.69$, $p < .01$, indicating that participants were more confident about handling their personal finances. Certainty about ability to achieve goals significantly increased from before (median = 3) to after participation (median = 4), $U = 772$, $p < .05$. This suggests that, while participants may not have achieved their financial goals during the course of the program, they were confident that they would be able to. This pilot study provided evidence that financial education helps low-income consumers change their perceptions about the ability to handle finances and achieve financial goals. Increases in financial well-being and hopefulness suggest that financial education helps consumers realize that changes in financial behaviors matter, motivating them to continue implementing improved management strategies.

References

Prawitz, A. D., Garman, E. T., Sorhaindo, B., O'Neill, B., Kim, J., & Drentea, P. (2006). InCharge Financial Distress/Financial Well-Being scale: Development, administration, and score interpretation. *Financial Counseling and Planning, 17*(1), 34-50.

Snyder, C. R., Harris, C., Anderson, J. R., Holleran, S. A., Irving, L. M., Sigmon, S. T. et al. (1991). The will and the ways: Development and validation of an individual-differences measure of hope. *Journal of Personality and Social Psychology, 60*(4), 570-585.

---

[1] Aimee D. Prawitz, School of Family, Consumer, & Nutrition Sciences, Northern Illinois University, DeKalb, IL 60178; Phone: (815) 753-6344; Email: aprawitz@niu.edu

[2] This research was supported by a grant from the FINRA Investor Education Foundation through a partnership with United Way Worldwide. All results, interpretations and conclusions expressed are those of the authors alone and do not necessarily represent the views of the FINRA Investor Education Foundation, any of its affiliated companies, or United Way Worldwide.

Fun Financial Education through Military Youth Saves

Joanne Roueche[1], CFCS, Utah State University Extension; and Selena Campbell, AFC

Key Words: *Military Youth Saves, Finance in the Classroom, Community Partnerships*

The importance of the partnership between Cooperative Extension and the U S Military was recently recognized with the signing of a proclamation on April 27, 2011 at the USDA /DoD Family Resilience Conference in Chicago, Illinois. The aim of that partnership is to strengthen and support military members and families in their communities. Three major objectives were identified to meet the emerging needs of military families:

- Increasing and strengthening community capacity in support of families;
- Increasing professional and workforce development opportunities for those working with military families;
- Expanding and strengthening family, childcare and youth development programs.

Military Saves/Military Youth Saves Program accomplishes these objectives.

The Military Youth Saves Program brought together Utah State University Extension, Hill Air Force Base Family Readiness Center, Hill Field Elementary and many community partners. Through that partnership, military youth received financial education presented by an AFCPE/FINRA Military Spouse Fellowship recipient.

The 2011 Military Youth Saves Program provided two finance classes for every student K-6 at Hill Field Elementary. In 2008 the Utah Legislature passed a bill requiring all K-12 students receive financial education in their classroom. The Utah Saves lessons met this mandate and the Utah State Office of Education core curriculum requirements for their age level.

Following the classes, the youth were able to attend a Military Youth Saves Kick-off which featured the Weber State University mascot "Waldo" and had a review of the material from the lessons. Donated Prizes were tossed out to students with correct answers.

Each of the 500 students repeated the youth savers pledge and received instruction for the "Piggy Bank Parade". Students K-2 received tube banks while students 3-6 used recycled materials to create a bank of their own design. Three students from each grade level were selected by volunteer judges from the Air Force community. Winners were awarded a $10 savings certificate donated by UESP 529 College Savings Plan and miscellaneous items donated by community partners.

The total project resulted in a month of financial activities which coincided with the Hill Air Force Base Military Saves programs. Each youth had the opportunity to be involved in four age appropriate activities with a total of 2000 youth contacts. No formal evaluation is currently in place to measure behavioral changes or impact on youth and their families.

[1]Joanne Roueche, Utah State University Extension, P.O. Box 618/ 28 East State Street #200, Farmington, Utah 84025; Phone: (801) 451-3404; Fax: (801) 451- 3572; Email: joanne.roueche@usu.edu.

Higher Education Burden

Chungwen Hsu[1], and Irene E. Leech, Ph.D., VirginiaTech

Key Words: *Higher education, student loan, education burden, Survey of Consumer Finances*

College education is an important and yet very expensive human capital investment (Cao, 2008). Loans are the largest source of funding for postsecondary students in the U.S. (Hart & Mustafa, 2008). Seventy-three colleges reported that more than 90% of the Class of 2009 graduated with debt, and college seniors who graduated in 2009 carried an average of $24,000 in student loan debt (The Institute for College Access & Success, 2010). A large percentage of recent graduates have student loans in excess of lender-recommended levels, leading to concerns that the benefits of higher education are being slowly eroded by the increasing debt burdens of graduates (Harrast, 2004). The purpose of this poster is to empirically explore the characteristics of student loan borrowers and to examine the factors that affect the outstanding debt. These results will benefit policy makers, educators, financial consultants, future students and their families as well as employers and communities.

The sample used in the study was drawn from the 2007 Survey of Consumer Finances. All five implicates in the Repeated Imputation Inference (RII) method were used. Households with education loans and either respondents or their spouses or partners (if presented) having at least 1 year of college were included because student loans were assumed to be for postsecondary education. The final sample consisted of 419 households.

The debtors had an average of 1.5 student loans with a mean amount of total student loan borrowing of $28,593. Most borrowers were male (72.2%), with an average age of 37.7years. Sixty-two percent of participants were part of a couple (married or living with partner), followed by never married (22.7%). Almost half of borrowers (47%) had an average of 0.8 dependent children (less than age 18). The mean household size was 2.6. Sixty-four percent of borrowers were non-Hispanic White, while 20% were non-Hispanic Black and 12% were Hispanics. About 56% of participants were homeowners. For both respondents and their spouse or partner, most (88.7%) had a full-time job and 4.8% were unemployed. The mean income was $77,425 and the average net worth was $225,228. Nearly 8.2% received income from TANF, food stamps, or other forms of welfare or assistance such as SSI, the government assistance. Almost 83.8% of borrowers had credit cards, and 25.7% were late on payments. Nearly all, 97.4%, were reported by the interviewers as having good to excellent financial literacy.

The results of the Ordinary Least Squares model showed that the education levels had a strong significant ($p<0.001$) positive effect on student loan debt. This can be explained by the conditions that if one loan cannot support education expenditures, other loans will be obtained or both the respondent and spouse or partner had education loans. Number of student loans and age of the respondents had medium significant ($p<0.01$) positive and negative, respectively, effects on student loan debt. This makes sense because the more loans you have the more you borrow. As age increases, the debt should decline until it is paid off. In summary, those who were younger, more educated, and with more student loans were more likely to have a higher amount of outstanding student loan debt. Some student loan borrowers are undergraduates and they are expected to have less financial literacy. For these younger borrowers, policy makers and financial educators and consultants should provide sample debt payment plans, emphasize the consequences of debt, and teach them the importance of budgeting on the money they borrowed.

References

Cao, H. (2008). Credit constraints and human capital investment in college education. *Journal of Family and Economic Issues, 29*(1), 41-54.

Harrast, S. A. (2004). Undergraduate borrowing: A study of debtor students and their ability to retire undergraduate loans. *Journal of Student Financial Aid, 34*(1), 21-37.

Hart, N. K., & Mustafa, S. (2008). What determines the amount students borrow? Revisiting the crisis–convenience debate. *Journal of Student Financial Aid, 38*(1), 17-39.

The Institute for College Access & Success. (2010). Student debt and the class of 2009. *Projectonstudentdebt.org.*

[1]Chungwen Hsu, Apparel, Housing and Resource Management, Virginia Tech, 240 Wallace Hall, Blacksburg, VA 24061; Phone: (540) 231-4191; Fax (540) 231-1697; Email: chungwen@vt.edu

Invest NOW*: Money in Retirement* On-line Course

Cindy M. Petersen[1], Rebecca Hagen Jokela, Rosemary K. Heins, Dung Mao, and Sharon M. Danes
University of Minnesota Extension

Key Words: *asynchronous e-learning, financial planning, on-line learning, retirement investing, retirement*

Abstract
The future success of the University of Minnesota Extension depends on the delivery of educational programs using e-learning as one critical component. The use of e-learning for Extension's external audiences has great promise along with some challenges (U of MN Extension Compact 2011-2012). *Invest NOW: Money in Retirement* is an asynchronous web-based course designed to teach basic investment education and provide other basic information related to planning for retirement

Both an educational and budgetary objective guided the development of the on-line web course. The educational objective was influenced by the age of the target audience which was 20 to 30 year-olds who are more acquainted with e-learning technologies. A secondary motivator included budgetary and staffing reductions looming in the near future. Even though the target audience is 20 to 30 year old individuals, the content of the course would benefit any age group that has little to no knowledge of investments and wishes to learn more about investing, saving, social security, taxes and similar topics. The topics covered are not age bound. According to data from the 2010 Employee Benefit Research Institute study on retirement readiness, individuals saving for retirement may not be saving enough to maintain their current lifestyle in retirement; the study also indicates that another deterrent to saving and investing for retirement is lack of knowledge.

The course is made up of eight modules. The first module contains introductory materials using Camtasia (video-screen capture software), the University of Minnesota Extension publication "Planning Ahead for Retirement", and other information participants need to know and complete before starting the course. The last module contains a printable "Certificate of Achievement" document accessible after the participant gains at least a 75% on all the assessments within the course. The other six modules are the core content of the course. These are titled Finding Money to Invest, Understanding Social Security, Making Investment Decisions, Retirement Plans and IRS, Mutual Funds, and Considerations for Investing. Each contains an audio-streamed PowerPoint presentation, printable version of the slides, web resources, activities, assessments and action steps related to the topic. Embedded within the course's assessments are intention questions meant to measure what participants plan to do after learning the information. Nine students were in the initial pilot of the course and all 9 completed the intention questions.

The marketing strategy includes using Facebook. According to "Inside Facebook", a website that tracks Facebook traffic, it is estimated that 52% of traffic in Facebook comes from users ages 18 – 34. Based on these trends, we have a high probability of reaching the target audience. Other marketing includes word-of-mouth, brochures, fliers, news releases as well as a website about the course. The website is where visitors could learn more as well as sign-up to take the course. Additionally, more conventional blended learning methods will occur with students obtained through sources such as employers and clergy.

Our pilot study illustrates knowledge change from pilot participants, challenges that may be encountered when setting up e-learning courses, time commitment needed to manage the course and data, and how best to market on-line courses. The follow-up evaluation plan with *Invest Now* students to determine the extent of long-term behavior change will also be outlined.

References
Employee Benefit Research Institute. (2011). The 2010 Retirement Confidence Survey. EBRI.
Morrison, C. (2010, July 6). Facebook's June 2010 US Traffic by Age and Sex: Users Aged 18-44 Take a Growth Break. *Inside Facebook: Tracking Facebook and the Facebook Platform for Developers and Marketers.* Retrieved March 20, 2011, from: http://www.insidefacebook.com/2010/07/06/facebooks-june-2010-us-traffic-by-age-and-sex-users-aged-18-44-take-a-break-2/

[1]Cindy M. Petersen, 1390 Highway 15 South, Suite 201, University of Minnesota Extension Regional Office, Hutchinson, MN 55350; Phone: (320) 234-0440; Fax: (320) 234-0444; Email: peter210@umn.edu

Lack of Relational Charity Results in Diminished Economy and Use of Financial Resources

Ivan F. Beutler[1], Brigham Young Universtiy

Key Words: *relational charity, diminished economy, agentive theory*

Many of my colleagues and students have minimal appreciation for the technical rational aspects of finance and economics. They are immersed in the more emotional content of human relationships. Knowing this I have sought to identify important connections between good relationships and good economy. I draw on two major paradigms which taken together support the proposition that lack of charity (humanity and kindness) in human relationships results in diminished economy.

I draw upon major tenants and conclusions of classical micro economic theorists (Augier & March 2008) juxtaposed to those of agentive theorists (Warner 2001). In this way I let the community of economic scholars noted for in-depth knowledge of decision theory speak, and the community of agentive theorists noted for in-depth knowledge of interpersonal relationships speak. Then I show how comparison of their independent theoretical conclusions supports the proposition that lack of relational charity results in diminished economy.

A central tenant of micro economic theory holds that good economy is the result of good decisions implemented. A second tenant establishes a set of conditions common to all good decisions of choice. Failure to meet any one of these *necessary conditions* is considered to be a violation of the conditions necessary for good economy. A prominent *necessary condition* is that decisions of choice must be made on the reality of *available alternatives and their respective consequences.*

A central tenant of agentive theory is that relational charity entails humanity, kindness and compassion for others. Two additional agentive tenants are that we fail at charity when: 1) we betray ourselves and don't follow through with our own sense of goodwill for another person; and 2) when we become distracted, blaming and accusing with a distorted sense of reality.

Note that agentive theorist do not study or concern themselves with decision theory, the achievement of economy in family life, or the efficient use of financial resources. Neither do micro economists center their discipline on interpersonal relationships or charity in the way we relate to one another. Yet the conclusions of agentive theorists about behavior, when we lack charity in the way we relate to another, coincide with violation of micro economic conditions necessary for good economy.

Thus from an agentive perspective, we see that lack of charity leaves us living and acting with a distorted frame of reference, and preoccupied with accusing and blaming attitudes. Given these conditions from a micro economic perspective, we cannot make the decisions necessary to achieve good economy because: 1) the reality of alternative decisions and their consequences are not entirely available to us because we are living falsely in the world, and 2) because our negative preoccupation with others is interfering with the implementation of our decisions. These observations support the thesis stated here.

References

Augier, M., & March, J. G. (2008). A retrospective look at a behavioral theory of the firm. *Journal of Economic Behavior & Organization, 66*(1), 1-6.

Arbinger Institute, (2006). *The anatomy of peace: Resolving the heart of conflict.* San Francisco, CA: Berrett-Koehler Publishers

March, J. G. (1982). Theories of choice and making decisions. *Society, I*, 29-39.

Warner, C.T., (2001). *Bonds that make us free: Healing our relationships, coming to ourselves*. Salt Lake City, UT: Shadow Mountain.

[1]Ivan F. Beutler, Brigham Young University, School of Family Life, 2048 JFSB, Provo, UT 84602; Phone: (801) 422-6416; Fax: (801) 422-0229; Email: ivan_beutler@byu.edu

Modeling the Mediating Effect of Subjective Financial Well-Being of College Students on Overall Quality of Life

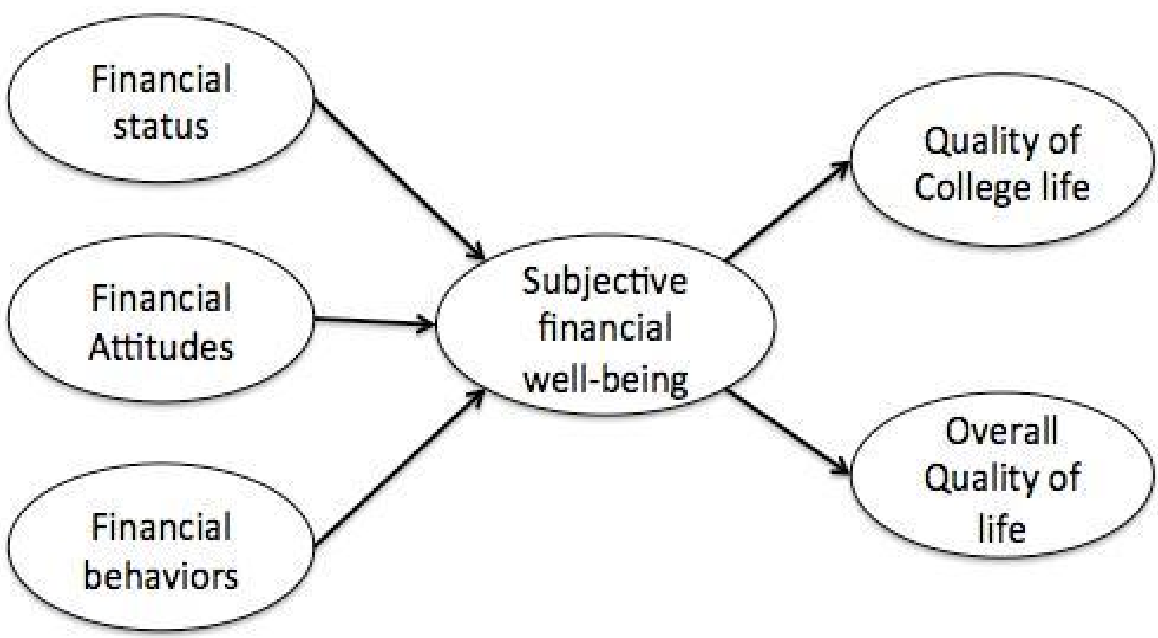
Ji Hyun Kim[1], University of Nebraska-Lincoln, and Catherine Huddleston-Casas, University of Nebraska-Lincoln

Key Words: *financial behaviors, financial attitudes, subjective financial well-being*

Increasingly, researchers are examining the relationship between college students' subjective well-being and financial factors such as financial behaviors and attitude toward money. Scholarship from Psychology suggests that performing certain specific behaviors increases satisfaction in the same domain (Lyubomirsky, Sheldon & Schkade, 2005). Applied to the financial domain, the proposed model outlines the links between financial attitudes, status, and behaviors and life satisfaction among college students by including subjective financial well-being as a mediating factor between attitudes, status, and behavior and overall life satisfaction.

In a preliminary step to testing the relationships between subjective financial well-being as a mediating factor between financial factors (financial behaviors, financial attitudes and financial status) and overall quality of life, the purpose of the proposed presentation is to delineate the hypothesized relationships with a conceptual model. The model is based on the Bottom-up Spillover Theory of Life Satisfaction (BSTLS). BSTLS purports that people's overall life is composed of various specific life subdomains such as family life, college life, and financial life and that overall life satisfaction (upper domain) is dependent upon subdomain satisfaction (Andrew & Withey, 1976). The proposed model applies BSTLS to the process by which spillover effects in the financial subdomain, specifically subjective financial well-being, impact overall quality of life. Previous research found objective financial well-being and overall subjective well-being positively but weakly related (Mullis, 1992). However, historically the concept of financial well-being has been used to refer to both objective factors (e.g. income level) and subjective factors (e.g. perceived financial well-being). In response to this conceptual confusion, the proposed model separates objective and subjective factors by placing subjective financial well-being as a mediator between objective financial factors and overall well-being.

Figure 1 Conceptual Research model



[1]Ji Hyun Kim, Department of Child, Youth, and Family Studies, University of Nebraska-Lincoln, Lincoln, NE 68588-0236; phone: (402) 472-2957, fax: (402) 472-9170; e-mail: jikim@huskers.unl.edu

The figure illustrates the proposed conceptual model. On the right side of the model, the upper domains are represented by *quality of college life* and *overall quality of life*. In the center of the model, the subdomain of interest is represented by *subjective financial well-being*. On the left side of the model, the factors hypothesized to determine subjective financial well-being are represented by *financial status*, *financial attitudes*, and *financial behaviors*. An investigation designed to empirically test the suppositions of the proposed conceptual model is currently under development. An online survey assessing the financial status, financial attitudes, financial behaviors, subjective financial well-being, quality of college life, and overall quality of life of college students will be administered to undergraduate students. The data collected will be analyzed using a Structural Equation Model to test the hypothesized relationships among the constructs.

Findings of this study are expected to contribute to the efficacy of work by financial counselors, planners, and educators. With a clearer understanding of how subjective financial well-being serves as a mediator between financial status, attitudes, and behaviors and overall quality of life, personal finance professionals will be better equipped to serve their clients.

References

Andrews, F. M., & Withey, S. B. (1976). *Social indicators of well-being: America's perception of quality of life*. New York: Plenum Press.

Lyubomirsky, S., Sheldon, K. M., & Schkade, D. (2005). Pursuing happiness: The architecture of sustainable change. *Review of General Psychology, 9*(2), 111.

Mullis, R. (1992). Measures of economic well-being as predictors of psychological well-being. *Social Indicators Research, 26*(2), 119-135.

Money Smart for Young Adults

Luke Reynolds[1], Nicole Peters and Elna Johns, Federal Deposit Insurance Corporation

Key Words: *financial education, money management, young adults*

Abstract

Federal Deposit Insurance Corporation overview efforts to equip young adults with the knowledge, skills and confidence they need to manage their finances at an early age. Session highlights student bank branches in high schools-a model for combining financial education with an opportunity for youth to begin practicing sound financial habits. Overview of the FDIC's free Money Smart for Young Adults curriculum and approaches to youth financial education delivery, particularly, during teachable moments. Money Smart for Young Adults is aligned with Jump$tart financial literacy standards and the National Council on Economics Education standards. In addition, highlights of FDIC's research relating to Economic Inclusion.

[1]Luke W. Reynolds, Chief, Outreach & Program Development, 3501 Fairfax Drive, Room CH-11066, Arlington, VA 22226; Phone: (703) 254-1045; Email: lureynolds@fdic.gov

Money Stories of Successful Long-Term Married Couples

Glen Jennings, EdD. Texas Woman's University, and Randy Ingram, PhD. Lifeworks Counseling

The statement of the problem

To examine the following areas of long-term marriages: 1. The reciprocity of money and marriage, 2. How couples negotiate the issues of money over the course of a marriage of at least 25 years, 3. What meanings couple give to money.

The assumptions of the study

That long-term married couples have developed various and unique strategies, characteristics, and strengths that have helped them in their marriage and money journey, 2. That their money stories can tell us about their courage, resolve, and compassion, 3. That the couples were willing to openly talk about their marriage and money issues.

The delimitations of this research

Heterosexual couples, married a minimum of 25 years, had reared at least one child, both had been dual earners a minimum of 10 years, willing to be interviewed jointly, and self-identified as successful marriages.

Conceptual Framework

A general systems framework was used to conduct the research. This included a focus on the processes and couple dynamics, the couples strengths, resilience, and successes.

Research questions

What themes are most prevalent in the money stories of couples married for a minimum of 25 years? 2. What strategies do couples attribute to their money stories? 3. What personal characteristics do couples attribute to the money stories?

Methodology

Phenomenology, purposeful volunteer sampling, jointly interviewed, interviews audio recorded and transcribed.

Participants

20 couples married for a minimum of 25 years, both employed a minimum of 10 years, having reared at least one child, marriage range of 25-52 years with a mean of 32.3 years, age range of 45-75 years with mean of 55.1, 95% Caucasian, 35% high school graduates, 13% associate degrees, 25% bachelor's degrees, 27% graduate degrees, income ranges= 20% below \$50,000, 10% between \$50,000-100, 000, 25% between \$100,00-250,000 and 45% over \$250,000 thus basically a high income group of participants.

Results

Nineteen of the twenty couples started with little money and struggled from the beginning. 20% of the couples had lived in a constant chronic struggle around money for the whole marriage, 60% of the couples began with little money but in time hit a severe financial crisis that motivated them to purposefully begin living a different money story, and another 20% rather quickly put their money story on a path of sound money management and wealth building. Nearly all couples said their strong Christian faith helped them to weather both the marriage and money struggles. Of the 60% that straightened their money story they had turned to a number of avenues for help ranging from extension professionals, to money managers, to finding a money mentor, and some selected a course of self-education by reading books on personal finances, newspapers, magazines, and the internet. A strong work ethic and strong commitment to the institution of marriage helped all the participants.

New Graduate Certificate Program: Financial and Housing Counseling

Patricia Swanson[1], Iowa State University, Sheran Cramer, University of Nebraska, Esther Maddux and John Grable, Kansas State University, Margaret Fitzgerald, North Dakota State University, Deborah Haynes, Montana State University, Sissy Osteen, Oklahoma State University, Kathryn Morrison, South Dakota State University, Deanna Sharpe, and Rui Yao, University of Missouri,

Key Words: *Financial and Housing Counseling Curricula*

The Great Plains Interactive Distance Education Alliance (Great Plains IDEA)[2] received a grant from USDA and the Department of Defense entitled the University Passport Program (UPP). This grant will provide distance education to train professionals to reach and empower military personnel and spouses with the tools and information they need for career placement and enhancement. It will enable them to develop individual strategies to address financial challenges, meet financial goals, and place them on the path to financial freedom. The Financial and Housing Counseling (FHC) Graduate Certificate is designed to support the UPP program but is not limited to the military population.

The FHC Graduate Certificate is designed for students who want coursework that meets the educational requirement to sit for the Accredited Financial Counselor (AFC) certification exam offered by the Association for Financial Counseling and Planning Education (AFCPE). It also provides background to students interested in taking the Certified Housing Counselor (CHC) examination.

The Financial and Housing Counseling Certificate curriculum includes four required courses and two additional courses selected on the basis of the individual students' professional and career objectives. The four required courses include: Family Economics, Financial Counseling, Housing/Real Estate and Fundamental of Financial Planning. Two additional courses are selected from: Insurance Planning, Estate Planning, Military Personal Financial Readiness, Retirement Planning/Employee Benefits, Personal Income Taxation, Family Systems, Investing for the Family's Future or Practicum. A Practicum experience in Financial or Housing Counseling would strengthen the career readiness of participants. The Certificate totals 18 semester credit hours, the number most commonly used for Certificate Programs in U.S. Colleges and Universities.

It is anticipated that the program will meet a major need of the military support services. Demand for such a Certificate is not "community unique" in that as a distance education program it has the potential to serve students from every branch of the military (Army, Navy, Air Force, Marines, Coast Guard and Select Services) from within the U.S. and world-wide. Active Duty, National Guard and Reserves numbers exceeded 2 Million in 2009. This figure did not include spouses. Additionally, the FHC Certificate addresses the professional needs of Extension, credit counselors, housing specialists, independent financial counselors, and social service personnel.

Competencies that will assess the effectiveness of the FHC Certificate include the degree to which students are able to: 1) assist individuals and families in making financial decision, 2) educate clients in sound financial principles, 3) encourage effective money management behaviors, 4) identify and implement strategies to achieve financial goals, 5) counsel or advise clients one-on-one and 6) support clients in meeting financial challenges and opportunities.

The number of students registering for the AFC and/or the AHC exams, the rate of successful completion, and the number moving on to the M.S. degree will be monitored as one aspect of program assessment. This data will be submitted to a central data base that includes data from all eight participating institutions. The data will be used as a part of program and course evaluation to determine revisions or adjustments to courses/program.

---

[1]Patricia Swanson, Iowa State University, 72 LeBaron Hall, Ames, IA 50011; Phone: (515) 294-2731; Email: pswanson@iastate.edu

[2]Participating institutions in the Family Financial Planning Program include: Iowa State, Kansas State, Oklahoma State, South Dakota State, Montana State, North Dakota State, University of Missouri, University of Nebraska-Lincoln

Older Women's Social Security Retirement Benefit and Employment Options and Choices

Martie Gillen[1], University of Florida and Claudia J. Heath, University of Kentucky

Key Words: *Social Security, retirement, employment, older women*

Abstract

The purpose of this study is to provide descriptive analyses of alternative retirement options based on Social Security benefit receipt and employment options using four time periods (2000, 2002, 2004, and 2006) of Health and Retirement Study (HRS) data. The contribution of this paper is to share current knowledge regarding the complex options that exist between alternative timing options (early, normal, or delayed) for receipt of Social Security retirement benefits and to report research-based findings regarding actual timing of election of benefits with and without consideration of employment status. The early retirement benefit option is most frequently elected. Also, employment differences were noted between women who received Social Security benefits and those who did not. Implications for financial planning and employment trajectories are discussed.

[1]Martie Gillen, University of Florida, Department of Family, Youth and Community Sciences, PO Box 110310, Gainesville, FL 32611-0310

Partnering with Local Libraries to Promote Youth Financial Literacy

Rebecca Hagen Jokela[1], Lori Hendrickson, Sara Croymans, and Janene Gilman, University of Minnesota Extension

Key Words: *Youth financial literacy, libraries, partnership, financial capability*

Abstract
The University of Minnesota Extension Center for Family Development partnered with select Minnesota libraries to promote April 2011 Financial Literacy Month. Display materials, bookmarks, website resources, and participant take-home handouts were distributed to libraries, in efforts to encourage parents and young children to read books with financial literacy messages.

Twelve libraries and four Horizon Communities participated in the Financial Literacy Month promotion. On a follow up evaluation the libraries and Horizon Communities used the display materials on bulletin boards and display tables. Most featured relevant financial literacy children's books by setting them near the display materials. One library indicated they handed out the bookmarks to the ECFE program, preschoolers and kindergarten class. One library indicated that "We are considering using the resource materials to set up a story time on money or a related booklist."

Participating libraries/communities were asked to rate the display promotional materials provided on a 5 point scale (1=very poor; 5=excellent). Libraries that rated the materials high (5) indicated, "Great blend of printed, relevant material and picture book recommendations" and ""We had a nice array of brochures and paper materials to give away. I noticed people browsing the materials and also taking the related books and checking them out."

Survey participants were asked to rate the statement "The people who viewed the display found the information important or valuable" on a 5 point scale (1=strongly disagree, 5= strongly agree). The mean response was 3.75. One individual indicated, "I saw an increase in the number of money and even math related books circulate in our collection. This is a section that is not often browsed, so I believe the display gathered attention and started families talking and reading."

There is value in teaching children good money habits, by beginning to teach financial education when children are young. Early financial education may encourage children to establish life-long skills, which may lead towards financial capability. A University of Minnesota Extension publication, "Teaching Children Money Habits for Life ", identifies the following: The life-long benefits of teaching children good money habits make it well worth the effort. Children who are not taught these lessons pay the consequences for a lifetime (Danes & Dunrud, 2008).

Through the "April Financial Literacy Month" promotion and partnerships, both children and parents were encouraged to learn more about money, become responsible money managers, and increase their financial literacy skills.

References
Danes, S.M., & Dunrud, T. (2008). *Teaching Children Money Habits for Life*. St. Paul, MN: University of Minnesota Extension.

[1]Rebecca Hagen Jokela, 179 University Rd., Cloquet, MN 55720; Phone: (218)726-6477; Fax; (218) 879-0857, Email: hagen022@umn.edu

Payment Instrument Utilization for Specific Transaction Types

M. Fahzy Abdul-Rahman[1], New Mexico State University

Key Words*: payment instrument, transaction, credit card, debit card, cash, check*

Using Consumer Finance Monthly data from 2007 to 2010, we look into six payment instruments (cash, check, credit card, debit card, direct payment, E-bill) used for 16 different types of transaction in the US such as housing, grocery, dining, health, and car expenses. Transaction-specific payment instrument usages would give a better picture in understanding changes in payment instrument especially with the economic crises and CARD Act. Results show different trends for different payment instruments, many of which cannot be explained with mere "did you use this payment method for any transaction?" questions.

Transaction-specific payment instrument data provides more insights to changes in payment instrument use. While the overall "use for any" transaction showed a consistent, very high use of check, we are noting that a decreasing trend of check use for almost all of the transactions studied. On the other hand, "not applicable" category showed low percentages in the overall use but exhibited high percentages in many of the listed transactions.

One can see that for expensive purchase items, people tend to use check and credit card while for smaller dollar purchase items, consumers tend to use cash. Cash was the most use payment method for grocery, dining, apparel, personal care, medicine, and entertainment.

Another way to look at the result is by comparing these payment instruments and the inferior-necessary-luxury nature of the transactions. "Not applicable" category would lend interesting insights where people would not bother purchasing these items in times of bad economy. In this study, we are observed jumps in the "not applicable" category for housing, household goods, dining, car payment, and entertainment. Economic debacles may have forced people to prioritize their financial lives by letting go of their wants.

While housing in general is a need, credit crisis may have led people who were not supposed to get housing loans to forgo their houses and not making their house payments. Federal housing assistance does not appear to be huge because its numbers should have gone into "Other (Unlisted)" category. A possible explanation in the sharp increase in car payment is that people letting go extra vehicles, paying for used car in full, and not rushing to buy cars.

"Other (unlisted)" category experienced a spike in grocery, doctor and health services, and medicine transactions. Due to increase in unemployment and debt crises, more people have resorted to welfare programs (e.g. WIC, SNAP, unemployment benefits) to finance these "needs" consumption items.

Debit and credit card usages tend to similar percentage usages. This is especially true for dining, cigarette and alcohol beverages, personal care, car payment, gas, doctor and health services, medicine, entertainment, tax, and insurance transactions. Credit card use tends to be higher than debit card use for household goods, grocery, car repair, and apparel. This is consistent with the tendency of credit card being preferred for large dollar amount transactions (Simon, Smith, & West, 2009). From the data, we do not know if consumers prefer a credit card to a debit card due to its higher security level or not being sure about saving balance in bank accounts in avoiding overdraft fees. Although debit card may be seen as an instrument to save money, consumers have to be informed about credit card's increased security in avoiding fraud and ability to argue charges.

[1]Fahzy Abdul-Rahman, New Mexico State University, 308 Gerald Thomas Hall, Las Cruces NM 88003; Phone: (575) 646-2253; Fax: (575) 646-1889; Email: fahzy@nmsu.edu

Private Rental Property Ownership: 2004 – 2008

Martin Seay[1], Andrew Carswell, and Robert Nielsen, University of Georgia

Key Words: p*rivate rental property*, *SIPP*, *real estate,*

Abstract

There is ample evidence that the early to mid-2000s marked the high point for the real estate investor. Shiller (2008) indicates that the late 90's through the mid 2000's saw nearly unprecedented real estate appreciation. However, by 2005 appreciation had slowed, and by early 2007 the U.S. had entered a period of depreciating home prices. Seeking to understand the effects of this market change on individual households, this research explored the characteristics of households that owned residential or vacation rental property in 2004 and 2008. These two time periods were selected to provide a comparison of the household characteristic of owners during the height of the real estate market and after the market had declined. Seay, Carswell, and Nielsen (2011) conducted a similar analysis over the 2004-2005 time period but indicated limited ability to make inferences due to the short time period.

Data from the 2004 and 2008 panels of the Survey of Income and Program Participation (SIPP), a nationally representative longitudinal survey conducted by the U.S. Census Bureau, were used. The final samples for the 2004 and 2008 analysis consisted of 34,756 householders (100,620,000 households when weighted) and 31,075 householders (101,150,000 households when weighted), respectively. A logistic regression model was created for each time period, with ownership of residential or vacation rental property serving as the dependent variable. Independent variables included householder characteristics (age, ethnicity, race, educational attainment level, and health status) and household characteristics (type, income, net worth, tenure status, region, and housing burdened status). The Taylor Series method (Tepping, 1968) was used to incorporate the necessary complex sampling design information into the analysis.

Preliminary analysis provided insights into both rental property ownership and the effect of the changing economy on the ownership decision. As might be expected, high net worth proved to be the strongest correlate. While remaining statistically significant, the magnitude of this relationship increased from the 5th quintile being 4.81 times as likely to own rental property than the third in 2004, to being 5.87 times as likely in 2008. This was especially interesting given that, on average, ownership of real estate would have been associated with decreasing net worth over this time period. Similarly intriguing were statistically significant results in both time periods indicating that African-Americans, holding all else constant, were more likely to own rental property than their comparable White respondents. Two groups, single males and those aged 55-64, demonstrated a preference for rental property in 2004 that disappeared by 2008. This may be indicative of a reliance on short term investment trends. Meanwhile, statistically significant results in both models indicated that homeowners and those who were housing burdened on their primary home were more likely to own rental property raised questions about overreliance on real estate as an investment strategy.

References

Seay, M., Carswell, A., & Nielsen, R. (2011). *Correlates of private rental property ownership*. Unpublished manuscript.

Shiller, R. (2008). Historic turning points in real estate. *Eastern Economic Journal*, 34, 1-13.

Tepping, B. J. (1968). *Variance estimation in complex surveys.* Paper presented at the American Statistical Association Social Statistics Section.

[1]Martin Seay, Doctoral Candidate, Department of Housing and Consumer Economics, 262 Dawson Hall, University of Georgia, Athens, GA. Phone: (706) 542-4892. Email: mcseay@uga.edu.

Providing Resources and Training to Meet Personal Finance Education Requirements

Debra Pankow[1], North Dakota State University, Mari Borr and Jesse Jurgenson, North Dakota State University

Key Words: *financial literacy, personal finance, education*

Background

The 2009 North Dakota Legislature mandated that high school students graduating in 2011or later be required to take a class which includes the basic Personal Finance concepts of credit, savings, investing, home ownership, managing income, recordkeeping, career exploration and paying for college. This is just one example of the increased recognition of the importance of financial literacy and the need to continue to train and educate teachers.

The National Endowment for Financial Education's (NEFE) High School Financial Planning Program (HSFPP) has provided free financial planning educational materials for students and educators since 1984. NDSU Extension has partnered with NEFE for over 20 years to provide these resources to North Dakotans. As a result, More than 20,000 North Dakota high school students and other young people in over 350 classrooms have increased their knowledge of money management skills since 2000. Trainings are ongoing to help educators utilize the HSFPP curriculum.

In 2010 and 2011, as a direct result of the 2009 legislation, interactive teacher trainings were conducted across the state to share lessons plans based on the NEFE materials and designed to help educators meet the North Dakota requirements. Teachers received training and a CD of lesson plans, Power Points, worksheets, and other resources.

Impacts

Thirty-eight educators participated in 2.5 hours of interactive trainings that were held at 15 sites in June and July, 2010. Also in the summer of 2010, over 70 educators were exposed to the materials and lesson plans at a two-hour presentation given at InvestND, an annual Teacher's Academy sponsored by the ND Securities Commission . These teachers represented approximately 40% of the high schools in North Dakota. Finally, other teachers have access to the training via an archived tape of interactive trainings held in May 2011, which was attended by five educators.

Participants in the 2010 trainings who responded to the immediate follow up questionnaire found the training structure, dates and locations to be convenient for them, and found the materials to be useful. They also reported that they had access to timely resources to help them teach Personal Finance as a result of the trainings. All of the educators reported feeling more comfortable and confident teaching the required materials as a result of the trainings. These 2010 participants will be contacted during the fall of 2011 for a follow-up questionnaire.

Narrative comments on the immediate follow-up included the following statements; "The dates and locations were convenient!," "Materials were very good," "Good, reasonable information," "It gave a broad overview," "Good lesson plans and resources," and "Easy to use---The CD really helped."

Upcoming Research

The 2011 participants will be surveyed immediately after viewing the archived training as well as one year after the training using an online survey tool. The questionnaires includes questions on demographics, previous personal finance education, satisfaction with the training, confidence in teaching personal finance topics before and after the training, anticipated future actions in relation to teaching financial education, use or non-use of the information received during the training, perceived consequences of the training, future wants or needs in relation to personal finance education training, and overall impressions of the training.

Importance of Potential Findings

The results from these two questionnaires may give insight as to whether the training was effective and whether the 2010 participants used the information from the trainings in their teaching of personal finance during the past school year. It will also determine future training needs and delivery methods.

[1]Debra Pankow, NDSU Dept 7260 Fargo ND 58108; Phone: (701) 231-8593; Fax: (701) 231-9645; Email: debra.pankow@ndsu.edu

Rethinking Teacher Professional Development: Using Financial Concept Knowledge Gain as a Means for Increased Confidence and Improved Behaviors

Billy J. Hensley, Ph.D.[1], National Endowment for Financial Education & Kristin V. Richards, MSW, Florida State University

Key Words: *professional development, teacher training, behavior change, adult education*

Introduction

Educators, both school and community based, have been the source of financial literacy intervention for many years. Those that have taken an interest in the topic and sought out training have been the most impactful and most visible in schools and communities. However, based on the research of Way & Holden (2009) the vast majority of school-based educators, teacher education faculty, and pre-service teachers know very little about financial education and topics related to personal finance. With the ever increasing number of states adding personal finance to state education curricula (Gutter, Copur, & Garrison, 2010), more and more teachers are being asked to teach personal finance. The new personal finance standards are being added to social studies and mathematics, with very little or even no professional development provided. So, the Jump$tart Coalition for Personal Financial Literacy, with coordination from the National Endowment for Financial Education® (NEFE®), brought together several partners (NEFE, the Jump$tart Coalition, the Council for Economic Education, the Federal Deposit Insurance Corporation, the Take Charge America Institute, Junior Achievement, the U.S. Department of Education, and the U.S. Department of the Treasury) to pilot a strategy that provides training to K-12 teachers as consumers while building upon what already works in professional development.

Purpose

The purpose of this research was to triangulate and better understand the impact that a content-focused professional development pilot had on teachers' personal financial decisions as well as the integration of the subject into their classrooms. This strategy for professional development implemented the creation of learning objectives, an orientation for all presenters, the collaboration of several organizations, and the careful evaluation of teacher feedback, attitudes, and behaviors—all aspects of this strategy have been assessed. In short, this research highlights the impact that rigorous, content-focused professional development has on teachers' financial behaviors.

Methodology

This project assessed attitudes and behavior change utilizing numerous data collection tools within a mixed qualitative and quantitative approach. Teachers (N=144) were given a pre-post attitudinal assessment of 18 questions that sought to measure their attitude change over the course of the three-day, six-session workshop. Two days after the workshop, teachers (n=96) were asked to answer 25 behavioral questions about their actions in the six months prior to the workshop. The behavior questions were asked after the workshop (about their previous financial behaviors) to assure all teachers had a common personal finance vocabulary and to assure the teachers fully understood the questions. Six months later, teachers (n=55) again answered the questionnaire to assess the change in their financial behaviors since the workshop. In addition, six weeks after the workshop, two semi-structured focus groups were conducted (FG1: N=5; FG2: N=10) to better understand strategies teachers used to integrate the concepts into their own lives as well as into the classroom.

Conclusions

Teachers who participated in this content-focused professional development pilot demonstrated an increase in long term positive financial behaviors, are more likely to teach financial education concepts in the classroom, and have greater confidence in teaching the subject area.

References

Gutter, M. S., Copur, Z., & Garrison, S. (2010). *Financial capabilities of college students from states with varying financial education policies.* Denver: National Endowment for Financial Education.

Way, W. L., & Holden, K. C. (2009). Teachers' background and capacity to teach personal finance: Results of a national study. *Journal of Financial Counseling and Planning (20)*2, 64-78.

[1] Billy J Hensley, Ph.D., Director of Education, National Endowment for Financial Education, 1331 17th St., Ste. 1200, Denver, CO 80202; Phone: (303) 224-3505; Fax: (303) 220-0838; Email: bjh@nefe.org

Socio-economic Influences on Financial Literacy Skills for Native American High School Students: Implications for Financial Education

Lorna Saboe-Wounded Head[1], PhD, South Dakota State University

Key Words: *Native American, financial knowledge, financial behavior, socio-economic*

Introduction

Well-being of individuals and families is impacted by financial literacy skills used to make financial decisions. Financial education is intended to increase knowledge leading to behavior changes to achieve financial success (Lyons & Neelakantan, 2008). The National Jump$tart Coalition survey identifies financial literacy level of high school students in four key areas: income, money management, saving and investing and spending and credit (Mandell, 2006). Native American students have consistently scored low on the national survey with an average mean score of 45% compared to 52% for all participants. Jorgensen and Mandell (2007) further analyzed survey data for the Native American participants finding a relatively small sample (1.5%) compared to other ethnic groups indicating a need for further study with a larger sample to determine if scores were representative of the population.

Purpose

The purpose of this study was to identify the relationship between socio-economic status and financial knowledge and behavior of Native American high school students to determine financial education needs for the population.

Methodology:

A secondary analysis of survey data collected by the 2008 Oweesta Jump$tart study was conducted. Sample included 386 participants from high schools in Montana, New Mexico and South Dakota with an enrollment of 60% or more Native Americans. An ANOVA comparison of means determine if a relationship existed between socio-economic status and financial knowledge and behavior. The theoretical foundation was based on Bandura's social learning theory with the premise that learning occurs through reciprocal interaction of environmental, behavioral and personal factors (Bandura, 1977). Socio-economic status was measured by identifying parent's home ownership, student's educational plans, estimate of parent's income and highest level of education parent's had completed.

Findings

Financial knowledge with future education plans (.028), estimate of parent's income (.012) and parent's education (<.001) was significant indicating a relationship. A relationship between socio-economic status and financial behavior was also found, questions used to signify the relationship were not consistent with each group and between each variable. Results of Bonferroni Post Hoc test indicated financial knowledge for students whose parents earned less than $20,000 was different from those whose parents earned $40,000 to $79,999 and for students whose parents had not completed high school was different from participants whose parents had completed college.

Implications for research and/or practice

Results of this study support the need for financial education at the high school level in collaborate with Native American communities to include financial education for families as well as students. Educational programs need to address characteristics of the Native American community that enhance and promote development of financial literacy skills taking into account low income and education level of parents.

References

Bandura, A. (1977). *Social learning theory*. Englewood Cliffs, NJ: Prentice-Hall, Inc.

Jorgensen, M., & Mandell, L. (2007). *The financial literacy of Native American youth.* Rapid City, SD: Native Financial Education Coalition.

Lyons, A. C., & Neelakantan, U. (2008). Potential and pitfalls of applying theory to the practice of financial education. *Journal of Consumer Affairs, 42*(1), 106-112.

Mandell, L. (2006). *Financial literacy: Improving education.* Washington, DC: Jump$tart Coalition for Personal Financial Literacy.

[1]Lorna Saboe-Wounded Head, South Dakota State University; SWG 309, Box 2275A, Brookings, SD 57007; Phone (605) 688-5009; Fax (605) 688-5578; Email: lorna.woundedhead@sdstate.edu

Teacher Preparedness about Teaching Financial Literacy and College Students Financial Knowledge

Michael S. Gutter[1], and Martie Gillen,Department of Family, Youth and Community Sciences, University of Florida, Gainesville, FL
Zeynep Copur, Department of Family and Consumer Science, Hacettepe University, Ankara, Turkey
Wendy L. Way, School of Human Ecology, University of Wisconsin-Madison

Key Words: *college students, K-12 teachers, financial literacy, financial knowledge*

The goal of financial education is to increase financial knowledge, which should lead to improved financial capability. Financial literacy includes an increase in financial knowledge and changes in financial behavior (Bernheim, Garrett, & Maki 1997; Lyons et al. 2006). Financial literacy is particularly poor among high school students (Mandell, 2006, 2008). For this reason, states across the U.S. have been discussing the need for financial education, with states taking different approaches ranging from not having any state standards for financial education to requiring classes be completed prior to graduation and even testing on state assessment exams. Despite the push to improve financial literacy in the United States, there is little evidence that teachers are being included in this process in a meaningful way. While education policy is crafted, pushed, and cajoled by numerous stakeholders, its ultimate success is largely dependent on the classroom teacher (Brophy & Good, 1986; Darling-Hammond & Bransford, 2005; McLaughlin, 1987, 1991; Thornton, 2005). This paper provides the results from a survey of 503 K-12 teachers and 4,855 college students regarding teachers preparedness teaching personal finance concepts and college students financial knowledge from 8 states in the United States..

Method

Data was collected using a web survey of college students and K-12 teachers. Sample sizes were 4.855 college students and 503 K-12 teachers. The average age of the students was 21.3, and almost all were full-time students (94.5%). About two-thirds (63.9%) were female, 84.2 % were white, 86.4% were single, and 29.4% were senior class-rank. The average age of the teachers 45.8 and 71.3% were female, 83.9% were white and 66.5% were married. This study used the 8 states including, CA, CO, GA, IA, NJ, PA, VA, and WI for comparison. The study involved the demographic variables, financial education, financial knowledge, financial behaviors (budgeting, saving and risky credit usage behaviors). Descriptive statistical methods were used to analyze survey responses includes simple bivariate comparisons utilizing a cross-tabulation table and chi-square test to examine whether or not financial education, perceive financial knowledge and financial behaviors differed by state in which students graduated from high school and teachers' current school is located. One–way analysis of variance was then computed to compare means among categories of subjects on financial quiz scales and self-reported financial knowledge variables by state.

Results

Overall, this study shows that financial knowledge, financial education and financial behaviors of college students vary by state. Most of the teachers in this study had not completed courses related financial literacy except macro/microeconomics and majority of reported adequately competent financial literacy topics. Most students were not taught personal finance in high school and in their community within the 8 states. Students' financial quiz scores were about the same in 8 states, excluding: IA (M=12.68) and WI (M=12.55) (p<.001). Students' self-reported financial knowledge level scores also showed differences with mean scores of the students in states with the PA state being higher (M=26.19) than students in other 7 states. It is possible to say that generally students believe they had "better" knowledge of financial issues compared to other people within the 8 states. Also teachers in this study

[1] Michael S. Gutter, IFAS, University of Florida, Gainesville, FL. Email: msgutter@ufl.edu

believe not well qualified related financial literacy regarding learners. More than half of the students in the sample was not budgeting, but this varied by states, a higher percentages of students were budgeting within the CA state. Generally more than half of the students reported that they save, except those in the GA and PA. Most students within the 8 states did not have any risky credit usage behaviors ("max out," "make late payments," and "do not pay off"). Generally majority of teachers have done positive financial behaviors within the 8 states excluding used a written spending plan, prepared their own personal income tax and calculated their net worth.

Implications

Despite evidence of the centrality of the teacher in student and policy-implementation success, there is little evidence of teacher role or teacher voice in the growing movement to develop and implement financial literacy. It is important not only to include teachers in the curriculum development and implementation process but also to ensure that teachers possess sufficient knowledge to effectively deliver curriculum (Darling-Hammond & Bransford, 2005; Shulman, 1986, 1987). Educators should be aware of the need to provide programming across the lifespan beginning with youth.

Teaching Financial Education Across the Generations.

Lori Hendrickson[1], Rebecca Hagen Jokela, and Barbara Haynes, University of Wisconsin Extension

Key Words: *intergenerational, financial education, generations*

Financial capability is important for all to achieve. How educators help learners make the connection between financial knowledge and implementing financial practice is an important factor for creating sustained financial behaviors. Using an individual's already existing frame of reference can assist in making connections that translate to behaviors. Each of us is shaped by experiences during our formative years and as a result, form a mindset shared across a generational cohort. Recognizing generational characteristics, as well as similarities and differences across generations can help educators understand how best to teach financial education to various audiences. Additionally, intergenerational learning can provide a means of translating financial lessons from one generation to another.
The publication, "Teaching Financial Literacy Across the Generations" provides a framework utilizing generational characteristics, life cycle tasks, appropriate financial concepts matched with teaching techniques appropriate to meet the needs of individual generations or groups of mixed generations. The tool can assist educators in understanding the generational mindsets providing techniques to teach appropriate financial concepts. Findings from several regional, state and national conference presentations will be shared including responses from educators and providers who were exposed to and used the educational tool.

References

Baker College. (2005). Teaching Across Generations. Effective Teaching & Learning Department. Goss, D. (1982). Financial Management Throughout Your Life, publication. University of Minnesota Extension Service.

Hendrickson, L., Hagen Jokela, R., Gilman, J., Croymans, S., Marczak, M., Zuiker, V. & Olson, P. (2010). The Viability of Podcasts in Extension Education: Financial Education for College Students. *Journal of Extension.*

Kaplan, M., Forthun L. & Kostelecky, K. et al. (2008). Rationale and Recommendations for Strengthening the Intergenerational Agenda within Cooperative Extension. [White paper].

National Center for Family Literacy. (2005). Basic Intergenerational Financial Literacy. http://literacynetwork.verizon.org/fileadmin/popups/bifl.htm

National Endowment For Financial Education. (2006). Closing the Gap Between Knowledge and Behavior: Turning Education into Action. [white paper].

Stencel, B. J. Professor and Bjorklund, A.(2008). Communicating Across the Generations Joint Council of Extension Professionals PowerPoint Presentation.

Strauss, W. & Howe, N. (1991). Generations: The History of America's Future 1954 to 2069.

Toussaint-Comeau, M., Rhine, S, "Delivery of Financial Literacy Programs", Consumer Issues Research Series Consumer and Community Affairs Division, December 2000 (2000-7). Federal Reserve Bank of Chicago.

Underwood, C. (2007) The Generational Imperative: Understanding Generational Differences in the Workplace, Marketplace, and Living Room. North Charleston, South Carolina: Booksurge.

Whitehead, B. (2004). Why Smart People Do Stupid Things with Money.

Wuest, B., Welkey, S., Mogab, J & Nicols, K.(2008). Exploring Consumer Shopping Preferences: Three Generations. *Journal of Family & Consumer Science.*

[1]Lori Hendrickson, 1861 E. Hwy 169 Grand Rapids MN 55744; Phone: (218) 327-5961; Fax: (218) 327-4126; Email: lhend@umn.edu

Using Virtual World Technology to Educate Students to be Financially Capable

Karen Richel, MS, AFC[1], K.D. Hatheway-Dial, MACC, CIA, Lori Wahl, BS, BA, C. Brian Cleveley, Joey Peutz, MS, University of Idaho

Key Words: *experiential learning, simulations, immersive education, virtual community, financial capability*

Abstract
It is no secret that our national economy has struggled, sank, rallied, and floundered in the last three years. The consistent factor in the economy has been the need to educate our students and clients on the basics of personal finance so these "downturns" do not financially devastate and destroy. In addition, traditional teaching methods need to be augmented by experiential pedagogy that gives students and clients a chance to apply what they have learned without risk. These experiential educational applications are best when they immerse participants into the subject matter and keep the experience brisk and engaging. Virtual world simulations can provide these fast paced hands-on experiences.

In response to these challenges, a team of multi-disciplinary faculty and staff from the University of Idaho came together through an Idaho State Board of Education grant to create a financial capability simulation designed for 6-12th grade, higher education and Extension clients using the 4D multi-player virtual world Second Life®. The simulation is designed to immerse participants into a virtual town where they experience real-life financial choices like buying their first car or renting their first place without suffering real-life consequences for bad choices. Participants can repeat the game-like simulation over and over and learn through virtual trial-and-error how to make strategic decisions with their personal finances.

The simulation begins on the Isle of Financial Capability where participants learn the rules of the game and are told to assume they are 24 years old and single. During the simulation, they are required to decide what level of education they intend to complete, make a career choice, decide to keep their cash in a bank or under their mattress, and spend their net pay for needs (living space with furnishings, groceries, clothing and transportation) and wants (entertainment and vacations). As they make spending choices, they will experience credit choices, consumer traps, and unexpected expenses such as vehicle repairs. However, the "Goddess of Financial Capability" is never far away to help guide them as they apply real-world skills to navigate life's setbacks, surprises, satisfactions, and sacrifices. At the end of the simulation, participants climb into their nest egg and fly into their financial future.

Virtual world simulations provide a new teaching resource for educators and trainers that have limitless possibilities. Students, employees, and clients can access these simulations from their home computer 24/7 and repeat the experience with the click of a mouse. Educators can reach students and clientele from any broadband connection just as if they are standing together in the same room.

[1]Karen Richel, University of Idaho Extension, Latah County, P.O. Box 8068/220 E. 5th Street, Room 336, Moscow, ID 83843; Phone: (208) 883-2241; Email: krichel@uidaho.edu

Retirement Minus 5 to 10 Years: 10 Key Questions

Barbara O'Neill[1], Rutgers University

Introduction

This practitioner's forum will describe the content of an educational program that addresses issues of concern to those on the cusp of retirement. With about 78 million members of the baby boom generation beginning or nearing retirement, pre-retirement planning is a "hot" topic for the financial services industry. The ten years before retirement and the five years after comprise the riskiest period of a person's financial life (Fried, 2008). Decisions that are made (e.g., at what age to claim Social Security) and events that occur (e.g., layoffs and bear markets) during this period can affect a person's lifestyle for 30 or 40 years. Prudential created a term for this critical period, "The Retirement Red Zone," in a marketing campaign for annuities that can provide guaranteed income (see www.retirementredzone.com). The financial crisis and subsequent sluggish economic recovery have exacerbated the risk of retiring without adequate preparation and the creation of a sustainable source of regular income that can last, perhaps, 3 to 4 decades.

Of particular concern are those close to retirement who have accumulated insufficient assets to pay even basic expenses and uninsured health costs in later life. Consider this finding: The Employee Benefit Research Institute's 2011 Retirement Confidence Survey found that 29% of workers have less than $1,000 saved for retirement and more than half (56%) said the total value of savings and investments, excluding the value of their home, was less than $25,000 (Helman, Copeland, & VanDerhei, 2011). A paper by the National Endowment for Financial Education warned that America faces a national crisis brought on by approximately 50 million at-risk middle income ($30,000 to $100,000) American households with insufficient retirement savings (Neiser, 2009). According to the National Retirement Risk Index developed by the Center for Retirement Research at Boston College, over 50% of U.S. households are at risk of being able to maintain their pre-retirement standard of living in later life (Tacchino, 2011).

Objective/ Purpose

Participants will learn about characteristics of the "retirement new normal."

1. Participants will learn about common retirement planning errors.
2. Participants will learn about stages of the "retirement grief cycle."
3. Participants will learn about ten critical retirement planning questions and answers.

Description of Content and Method

Retirement Minus 5 to 10 Years: 10 Key Questions is a 35-slide PowerPoint presentation designed to help those within a decade of retirement avert the potential underfunding disaster that many pundits have described. It begins with a description of "new normal" retirement challenges and common retirement planning errors. It then goes on to describe an application of "The Grief Cycle" (DABDA) model to retirement planning: Denial ("Not to worry. This is just a temporary blip"), Anger ("This isn't fair. They're taking away my [X]"), Bargaining ("Maybe the union can grandfather older workers so we can afford to retire"), Depression ("It's hopeless. I'll never be able to retire"), and Acceptance ("I've decided to follow a new retirement financial plan and will work a few years longer").
The remainder of the presentation describes ten key questions that all pre-retirees need to answer: 1. How long could I (we) live?; 2. How much money do I (we) need?; 3.What is my (our) projected income and expenses?; 4. Where and how should I (we) invest?; 5. How long will my (our) money last?; 6. Where do I (we) want to live?; 7. What do I (we) want to do?; 8. Where will I (we) get health insurance and how much will it cost?; 9. What can I (we) do to make up for lost time and/or money?; and 10. What steps should I (we) take between now and retirement?

Retirement Minus 5 to 10 Years was delivered as a conference workshop for a consumer audience and post-conference evaluations indicated that it prompted many planned actions by participants to improve their financial security in later life. A majority of respondents indicated that they planned to do a retirement savings need analysis, life expectancy calculation, and budget projection as well as save more money in tax-deferred plans and consider working longer.

---

[1]Barbara O'Neill, Rutgers Cooperative Extension, Cook Office Building, 55 Dudley Road, Room 107, New Brunswick, NJ 08901; Phone: (732) 932-9171 x250; Fax: (732) 932-8887; Email: oneill@aesop.rutgers.edu

References

Fried, C, (2008, October). Dangerous passage. *Money,* 37(10), 83-88.
Helman, R., Copeland, C., & VanDerhei, J. (2011, March). The 2011 retirement confidence survey: Confidence drops to record lows, reflecting "the new normal." *EBRI Issue Brief, Number 355*.
Neiser, B. A. (2009, July). Averting at-risk middle America's retirement crisis. *Journal of Financial Planning*, 31(7), 56-62.
Tacchino, K.B. (2011, March). Enhancing retirement security. *Journal of Financial Service Professionals,* 65(2), 7-9.

Investment and Retirement Education at Workplace

Jinhee Kim[1], University of Maryland

Key Words: *investment, workplace education, financial education*

Target Audience

The programs were developed for the faculty and staff at the state institutions. However, employees at for profit, nonprofit and government agencies can be targeted.

Objective/Purpose

To improve the awareness, knowledge, and behavior of faculty and staff with regard to financial management including retirement and investing. The sessions will share the curriculum, funding source, and the marketing strategies for partnerships.

Description of Content and Method

A series of retirement and investment education sessions were adapted for the faculty and staff of public institutions. The program was made possible with funding from the Investment Company Institute Education Foundation. Four classes were designed covering topics ranging from basic financial management to investment and retirement. The series begins with *Financial Check up*, which helps people understand where they stand in terms of their financial fitness. Participants will learn tips for financial planning, financial goal setting, budgeting, credit, assessing insurance coverage, estate planning, reviewing savings and investments, retirement planning, and other basic money management skills. The *Get a Handle on Money* session will help participants learn to set investment goals, learn the prerequisites to investing, tips for good money management, cash management, define savings alternatives, understand the difference between saving and investing, and find money to begin saving/investing. During the *What's your Investment IQ?* session, participants will learn key concepts and principles, types of investments (stocks, bonds, mutual funds, etc), how to choose the right investments, risk vs. returns, determine the advantages of tax deferred savings, and how to select the right investment professional. The *Is Retirement Within Reach?* session discusses the needs and sources of retirement income, increases the understanding of tax deferred retirement savings plans, helps participants determine the amount of money needed to retire comfortably, and estimate the amount of money to be saved for retirement.

The workshops were marketed though the Human Resources managers of campus departments, faculty and staff assistance program, benefits office on campus, and campus benefits fair. The curriculum includes Power Point presentations, worksheets, and handouts.

Two evaluation methods were created and collected at 1) the end of the classes, and 2) follow-up evaluations three-to-four months after participants have taken classes. The end of session evaluation surveys are conducted at the end of the last class to measure the effectiveness of the workshops, educators and curriculum, as well as participants' intention to change their financial behaviors. Educators will ask the participants to complete the survey and place it in an envelope that will then be sealed by a class participant and given to the educator. Participants are asked to give the last four digits of their home phone number on the back of the survey questionnaire so that paired responses and analysis can be conducted via a web-based follow-up survey.

[1]Jinhee Kim, Department of Family Science, 255 Valley Drive, Room 1142, School of Public Health Building, University of Maryland, College Park, MD 20742

Putting the Pieces of the Puzzle Together: Financial Recovery after Disaster

Phyllis Onstad[1], Sara Croymans, University of Minnesota Extension; and Lori Scharmer, North Dakota State University Extension Service

Key Words: *disaster financial recovery, financial resources, tools, strategies, decision-making, financial assistance*

Target Audience

Individuals and professionals interested in learning about financial recovery tools and resources to assist disaster survivors with long-term financial recovery planning and decision-making.

Objectives/Purpose

Program participants will:

- Understand the family financial issues related to a natural disaster
- Explore eXtension Financial Management in Times of Disaster web resources
- Explore *Recovery After Disaster: the Family Financial Toolkit* a resource for disaster survivors and those who will assist them in the long-term financial recovery process.
- Identify the role Accredited Financial Counselors could play in helping families navigate long-term disaster financial recovery

Description

Disasters wreak havoc on the financial well-being of those in their path. Financial recovery after a disaster is often a frustrating, complex, and long journey. It is vital for financial professionals to understand the family financial issues related to a natural disaster and to have knowledge of tools and resources needed to assist families throughout their recovery process. In this workshop, Extension professionals from the University of Minnesota Extension and North Dakota State University Extension Service showcased two NEW resources: the *eXtension Money Management in Times of Disaster* web resources and *Recovery After Disaster: the Family Financial Toolkit*.
The newly developed *eXtension Money Management in Times of Disaster* web resources, located at http://www.extension.org/pages/26397/money-management-in-times-of-disaster:-preparation, provides multiple resources and tools to assist individuals and families prepare for and recover from a natural disaster. Topics covered include, developing a household inventory, protecting important financial documents, understanding insurance, establishing an emergency fund, safeguarding home and property, returning to your damaged home, managing finances and making decisions after a disaster.

The new online resource *Recovery after Disaster: the Family Financial Toolkit* introduces disaster survivors to key financial recovery strategies. It provides hands on tools, worksheets and decision-making guides to help survivors find resources and make difficult financial decisions in the days, weeks and ensuing months. The toolkit includes nine units: How do I use this toolkit? What are key strategies for financial recovery? What tools do I need to implement key strategies? Where do I start? Where am I financially? Where will I live if I'm a homeowner? Where will I live if I'm a renter? The New Normal and Disaster Recovery Resources for Families. The toolkit is *designed to be customized by states* to include state and local resources important to disaster survivors and pertinent fact sheets. The toolkit is available for download in whole or by units free of charge at: http://www.extension.umn.edu/family/tough-times/disaster-recovery/family-financial-toolkit/.

References

eXtension Money Management in Times of Disaster. (2011). Resources and tools to prepare and recover from disaster. http://www.extenson.org/pages/26397/money-management-in-times-of-disaster:-preparation

Onstad, P., Croymans, S., Olson, P.D., Scharmer, L., Beers, N., & Johnson, C. (2011). *Recovery After Disaster: The Family Financial Toolkit.* http://www.extension.umn.edu/family/tough-times/disaster-recovery/family-financial-toolkit/

[1]Phyllis Onstad, M.Ed., AFC, Extension Educator, Family Resource Management, University of Minnesota Extension, 863 30th Avenue SE, Rochester, MN 55904; Phone: (507) 796-6008; Email: onsta003@umn.edu

Personal Financial Recovery Following Bankruptcy: Education Topics of Interest

Lance Palmer[1], Ph.D., CPA, CFP® and Vibha Bhargava, Ph.D., University of Georgia

Abstract
Debtor education following bankruptcy has been mandated by congress as a way to assist debtors with the formation of specific human capital relating to financial management. General human capital is also essential for debtors to reestablish themselves financially. A model was developed to assess the individual and collective impact specific human capital relating to financial management, general human capital, and social human capital have on financial recovery following bankruptcy. Results indicate that specific, general, and social human capital all contribute significantly to financial recovery following bankruptcy. Recommendations regarding mandated educational content provided in debtor education programs are discussed.

Introduction
On October 17, 2005 the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) was fully implemented. The new law brought about substantial changes in bankruptcy proceedings, which increased the cost of bankruptcy for debtors. One of congress' primary intentions in passing BAPCPA was to counter perceived abusive bankruptcy filings and require repayment plans for debtors with the perceived ability to repay debts. Key consumer protection elements of the new law included mandatory pre-filing debtor counseling and mandatory post-filing debtor education (United States Trustee Program: Oversight Hearing, 2007). In addition to the fresh start provided by bankruptcy, legislative intent in mandating the post-filing debtor education was to assist bankruptcy petitioners in gaining necessary personal finance knowledge and skills so that they could live more financially secure.

Oversight of the BAPCPA mandated debtor counseling and education was assigned to the United States Trustees Program within the Department of Justice. Guidelines regarding required topic areas for the debtor education classes and credit counseling sessions were also developed and promulgated by the United States Trustees Program. Content of debtor education courses must cover four general topic areas: budgeting, money management, wise use of credit, and consumer information (U. S. Department of Justice, 2006).

While content requirements have been provided by the U.S. Trustees Program, this study seeks to examine empirically the factors that are associated with financial recovery following bankruptcy. Specifically, the relative importance of specific human capital in the form of financial management behaviors and attitudes; general human capital; and social capital, on financial recovery outcomes are examined. Financial attitudes and practices, along with key elements of general and social human capital, which could be affected by education, are discussed, and suggested areas of emphasis are presented to improve consumers' likelihood of financial recovery following bankruptcy.

Review of Literature
General Human Capital
Many researchers have found evidence supporting the notion that adverse events affecting the value of an individuals' human capital are forerunners of bankruptcy. These events include: unemployment, underemployment, and particularly sickness and injury resulting in medical expenses and debt (Domowitz & Sartain, 1999; Himmelstein, Thorne, Warren, & Woolhandler, 2009; Jacoby & Holman, 2010; Keys, 2009; Lown, 2008; Sullivan, Warren, & Westbrook, 2000).

One indicator of how well bankruptcy petitioners recover financially following bankruptcy is their success in completing Chapter 13 repayment plans and shocks to general human capital appear to affect this as well. Eraslan, Li, and Sarte (2007) found that 44% of Chapter 13 bankruptcy petitioners receive a discharge, and that completion of repayment plans depends heavily on the debtors' circumstances following filing. Similar to identified causes of bankruptcy, shocks to income from unemployment and family disruption (social human capital) are significant predictors of whether a repayment plan is completed.

[1] Lance Palmer, Ph.D., CPA, CFP® University of Georgia, Department of Housing and Consumer Economics, 205 Dawson Hall, Athens, GA 30602-2622; Phone: (706) 542-4916; Fax: (706) 542-4397; Email: lpalmer@fcs.uga.edu

Specific Financial Management Human Capital
Several recent studies suggest that financial recovery following bankruptcy is improved through focusing on specific financial management skills, such as credit management. Accessing certain types of credit following bankruptcy can be difficult but is necessary in order to rebuild credit scores and credit reports (Fisher, Filer, & Lyons, 2004; Musto, 2004). Lyons, White, and Howard (2008) evaluated the impact of the BAPCA mandated debtor counseling and education on bankruptcy petitioners' development of specific financial management human capital. The counseling and education brought about measurable increases in financial knowledge. Changes in financial behaviors resulting from the education and counseling were more difficult to discern. While observable changes in behavior were limited, significant positive shifts in petitioners' mental preparation to change financial practices had occurred as a result of the education, suggesting a greater likelihood that observable change would follow.

Social Capital
Social human capital has been measured in a variety of ways, however a persistent broad measure is marital status (Coleman & Hoffer, 1987; Teachman, Paasch, & Carver, 1996). While some evidence was observed in the bankruptcy literature that bankruptcy preceded divorce, Keys (2009) found little observed support for the reverse relationship that divorce preceded bankruptcy. Fisher and Lyons (2006), using the Panel Survey of Income Dynamics found similar results, indicating that both bankruptcy and divorce are symptoms of the married couple's financial distress and that a simplistic causal relationship between bankruptcy and divorce is illusive.

While a causal relationship between divorce and bankruptcy is difficult to identify, general measures of social human capital, including being married, are significant deterrents to filing for bankruptcy. Agarwal, Chomsisengphet, and Liu (2010) show that individuals who have strong social networks have a significantly lower likelihood of filing for bankruptcy over their life span. In particular, individuals who are married are 32% less likely to declare bankruptcy compared to their single counterparts. Given that marriage appears to mitigate the likelihood of filing for bankruptcy, it likely also aids in the financial recovery following bankruptcy.

The objective of this study is to identify the factors associated with recovery from bankruptcy to inform bankruptcy education policies regarding the most relevant topics of education to focus on. This study examines three such topics including general human capital, social capital, and financial human capital. General human capital, social capital, and financial human capital are hypothesized to be positively associated with likelihood of recovery from bankruptcy.

Methodology

Data and Sample
Data used in this study were obtained from the 2004 and 2007 Surveys of Consumer Finances (SCFs). The SCF asks whether the respondent or his/her husband or wife or partner ever filed for bankruptcy and the year of most recent filing. For this study, we selected those 2004 and 2007 respondents who reported filing for bankruptcy. After applying the selection criteria, there were 423 respondents from 2004 SCF and 435 respondents from 2007 resulting in a pooled sub-sample of 858 filers.

Measurement of variables
A dichotomous variable measured whether the bankruptcy filer recovered from bankruptcy. To the knowledge of the authors, there are no validated quantitative or qualitative measures of recovery from bankruptcy. In this study, we create a measure of recovery by comparing net worth of those respondents who reported filing for bankruptcy with the net worth of their non-filer cohort group. We computed a recovery ratio for each household in which the numerator is the median net worth of each filer and the denominator is the age group-specific median net worth of non-filers. Respondents with a ratio of less than one were classified as those who did not recover from bankruptcy as of the survey years. Respondents with ratio of one or higher were classified as those who recovered from bankruptcy.

The independent variables were selected to capture important constructs of each of the topics. General human capital variables included age at bankruptcy filing, level of education, self-perceived health status, employment status, and income. Perceived health status was assessed by the respondent and was measured as a categorical variable. Employment status was measured as categorical variable. The categories were whether the respondent or the spouse was self-employed, working for someone else or if both were not working. Income was a continuous variable measured as log of total household income in 2007 dollars.

Social capital variables included marital status, presence of kids, possibility of receiving financial help in an emergency, and volunteering status. A binary variable measured whether the respondent was residing in married couple or non-married partner households vs. single households. A binary variable was equal to 1 if kids age 17 or younger were present in the household and equal to 0 otherwise. A dummy variable measured whether the respondent reports possibility of getting financial assistance of $3000 or more from friends or relative in an emergency. A binary variable was set to 1 if the respondent volunteered an average of one hour or more a week to any charitable organizations in the previous year.

Financial human capital was measured by four variables that reflect on respondent's financial competence. A binary variable measured whether the respondent or his or her spouse or partner had IRA/Keogh account. A binary variable also measured whether the respondent had a checking account. Whether the respondent shopped around when borrowing was also measured by a binary variable. A binary variable measured whether the respondent paid loan on time. Homeownership status was a binary variable measuring whether the respondent owned a home.
Financial planning horizon, spending behavior, and smoking status were included as measures of financial attitudes. A continuous measure of number of years since filing for bankruptcy was included in the model to control for the time available to recover from bankruptcy. Race/ethnicity was coded as a binary variable measuring whether the respondent was White.

Data analysis
Descriptive and multivariate data analyses techniques were used. In order to examine the added contribution of general human capital, social capital, financial human capital, and financial attitudes, these sets of variables were added sequentially. Odds ratios were computed for each variable in the models. Nested model likelihood ratio tests were used to assess the improvements in the model-fit with each added set of variables.

Results

Descriptive Results
Nearly 27% of the filers recovered from bankruptcy. Those who recovered differed from those who did not recover on several measures of general human capital, social capital, financial human capital, and financial attitudes. On the average, those who recovered from bankruptcy were about five years younger and had four additional years of education compared to those who did not recover. A higher percent (33.52%) of those who recovered, compared to those who did not recover (19.58%) reported being in excellent health. On the average, annual income of those who recovered was more than twice of those who did not recover. Approximately 74% of those who recovered reported the possibility of getting financial help from family in an emergency, compared to about 48% of those who did not recover. Majority (66.71%) of those who recovered from bankruptcy were married while only about 37% of those who did not recover were married. A higher percent (28.73%) of those who recovered reported having IRA/Keogh account, compared to those who did not recover (7.96%). Majority (84.33%) of those who recovered were homeowners compared to about 40% of those who did not recover. A higher percent (45.84%) of those who recovered report a planning period of 5-10 years or more than 10 years, compared to those who did not recover (30.24%). A higher percent (43.67%) of those who recovered reported spending less than income than those who did not recover (26.69%). Overall, the results suggest that those who recovered from bankruptcy have higher levels of general human capital, social human capital, financial human capital and better financial attitudes compared to those who did not recover from bankruptcy.

Multivariate Results
As noted above, control variables and sets of variables measuring general human capital, social capital, financial human capital, and financial attitudes were added sequentially to the model resulting in five logistic regression models. The chi-square statistic for all the models was statistically significant. The value of log likelihood ratio increased with each additional set of variables. The likelihood ratio test was used to test the null hypothesis that the restricted model and the sequentially expanded model were equivalent. Based on this test, the null hypothesis was rejected, suggesting that at least one additional variable from the added set of variables was important and explanatory power of the model improved with each added set of variables. Thus, each form of human capital—general, social, and specific financial—contributed significantly to an individual's post-bankruptcy financial recovery.

In Model I, only control variables were added and both years since filing for bankruptcy and being White were positively associated with likelihood of recovery from bankruptcy. Race was no longer significant when the set of variables measuring general human capital are added. Age at bankruptcy filing was negatively associated with recovery from bankruptcy. Age at filing remained a significant predictor of likelihood of recovery in all models. Education and health were positively associated with the likelihood of recovery in the general human capital model; however, when specific financial human capital and social capital were added to the model education and health were no longer significant. Both general employment and self-employed were significant in all models and likelihood of recovery was 200% higher than those who are not working.

Being married is positively associated with the likelihood of recovery. In the full model those who were married had predicted odds of recovery 75% higher than single households. Those reporting possibility of getting financial help from family have predicted odds of recovery 82% higher than those who did not report this possibility.

Financial human capital variables significantly enhance the explanatory power of the model. Having IRA / Keogh account and being a homeowner were significant predictors of likelihood of recovery in this set of variables. Those who have IRA / Keogh account had predicted odds of recovery nearly 300% higher than those who did not have these accounts. Odds of recovery of homeowners were about 536% higher than those who did not own homes. Financial planning horizon was a significant predictor of likelihood of recovery from bankruptcy. Those who reported planning horizon of 5-10 years or more than 10 years had predicted odds of recovery 70% higher than those who reported planning horizon of less than a year or a few months.

Discussion and Implications

In the case of bankruptcy, time does not heal all wounds. Those individuals most likely to recover from bankruptcy are those who have a higher stock of general and specific human, as well as social capital. The effect of holding the stock of human and social capital prior to the bankruptcy filing, versus building that stock following bankruptcy, is unclear from this analysis; however, it is clear that higher stocks of general and specific human and social capital substantially benefit the individual in attaining or surpassing their peer group's net worth following bankruptcy. Human and social capital constructs within the model also eliminate racial or ethnic differences in the likelihood of recovering financially from bankruptcy.

Individuals with fewer working years remaining at the time of filing are less likely to recover to the financial level of their peer group following bankruptcy. Self-employed individuals are 1.9 times more likely than non working individuals to recover financially after filing for bankruptcy. Many of these self-employed individuals appear to achieve some measure of financial success relative to their peer group following bankruptcy.

The effect of specific financial management human capital is concentrated in two behaviors, both of which foster longer planning horizons and enjoy preferential treatment under the bankruptcy laws. Having an IRA or Keogh plan increases the likelihood of financial recovery by 300% and owning a home increases the likelihood of recovering financially following bankruptcy by 536%. Both of these particular assets are afforded substantial protection in bankruptcy proceedings, particularly retirement accounts. If IRA and home ownership variables are excluded from the financial management model, no other financial practices are significant in predicting future financial recovery following bankruptcy.

From a general perspective, mandated financial counseling and education in connection with bankruptcy could facilitate an increase in general and specific financial human capital and therefore aide in the financial recovery process. However, the focus of currently mandated financial education does not address the key significant elements of general and specific financial human capital that aid in the financial recovery following bankruptcy. Mandated education and counseling would likely enjoy substantially improved outcomes over the long-term if additional human capital building and asset building programs were integrated with it. These programs could include job training and certificate education programs. In addition to these programs, small business development training and job search assistance may also be provided to individuals who need these services. Reconsideration of the specific mandated financial management topics that are currently promulgated by the United States Trustees Office is appropriate.

Determinants of Payday Loan Users

Scott Garrett[1], CPA, Doctoral Candidate, Ph.D. Personal Financial Planning Texas Tech University; and, Sandra Huston, Associate Professor, Personal Financial Planning, Texas Tech University

Key Words: *payday, loan, 2007 Survey of Consumer Finances, credit*

Abstract

Payday loans deserve special attention due to their tremendous growth and the high annual percentage rate (APR) charged on loans. This study uses data from the 2007 Survey of Consumer Finances to examine factors that affect the likelihood of being a payday loan user. Results indicate that economic, credit, and human capital factors all influence the odds of being a payday loan recipient. Households that do not save have the highest odds of using payday loans. Families that have been denied credit before or have a respondent that smokes also carry a risk of being a payday loan user.

Payday loans deserve special attention due to the tremendous growth of the product and the high annual percentages rate (APR) that is charged on loans. The high APR can entrap households into a cycle of high interest debt if they are not able to pay off the loan. This is a timely topic for financial counselors because, according the to the Center for Responsible Lending, twelve million households per year are initiated into a cycle of 400% interest payday loans with an average of nine flips per borrower per year. Current industry estimates show that ten percent of U.S. households will use a payday loan in the future, up from the current estimated rate of five percent (Stegman, 2007).

The purpose of this study is to identify factors that are associated with increasing a household's odds of using a payday loan. Results from this study will help alert financial counselors and educators to the risk factors associated with using payday loans.

Industry Background

Before 1990 there were no payday loan stores (Elliehausen & Lawrence, 2001), however, by 2007 23,000 stores nationwide were in existence (Stoianovici & Maloney, 2008). Today there are now more payday loan and cash checking stores in the United States than there are Burger King's, McDonald's, J.C. Penny's, Sears' and Target stores combined (Stegman, 2007). Caskey (2001) provides three reasons for the rise in payday loan stores: 1) increase in direct deposits which caused check cashing stores to look for new avenues for profits, 2) friendly state legislatures allowing lenders to charge higher fees, and 3) an increase in the number of people with impaired credit. The rise in popularity has attracted many critics of the industry.

Stegman (2007) states "payday loans are the credit market's equivalent of crack cocaine—an addictive source of easy money that traps a consumer in a perpetual cycle of debt (p. 176)." Skiba and Tobacman (2007) find that people approved for an initial payday loan apply for an average of 8.8 loans amounting to $2,400 in debt with an average finance charge of $350. Wilson et al. (2010) report that borrowers will pay more in fees than the original amount borrowed if they keep rolling over the principal amount—a $300 loan renewed over a two year period will cost $2,340 or more.

The payday loan industry counters the criticism by maintaining that payday loans are only a temporary solution and not meant to be a permanent fix (Flannery & Samolyk, 2005). Studies have shown that access to payday loans help in three ways: 1) it increases community resiliency to financial difficulties, 2) relaxes credit constraints without increasing the delinquency rate, and 3) reduces the incidence of financial problems (Elliehausen, 2009). While beneficial in some respects, one criticism that taints the industry is the excessive fees that are charged, especially the APR.

The typical amount borrowed is between $300 and $500 with APR's ranging from 390% to 1,000% (Lawrence & Elliehausen, 2008). The typical maturity is around fifteen days and most fees (finance charges) range from $15 to

[1]Scott Garrett, CPA, Doctoral Candidate, Texas Tech, Lubbock, TX, (205) 572-1017, Scott.garrett@ttu.edu

$20 per $100 borrowed (Flannery & Samolyk, 2005). As a quick example, the APR on $200 borrowed for two weeks which the lender charges $15 per $100 borrowed equates to a yearly fee of 390% (Caskey, 2001). It should be noted that if the fees for overdraft protection and bounced checks are calculated over a year's horizon, the APR would range between 608% and 791% and 487% to 730%, respectively (Wilson et al., 2010). With the exorbitant fees that lenders charge, they could be extracting rents from less sophisticated borrowers and making a handsome profit.

Profit margins of payday lenders are eight percent compared to commercial lenders who average 13.04% (Huckstep, 2006). The lower profit margins are a function of higher default rates because losses accounted for 13.7% of revenues (Lawrence & Elliehausen, 2008) and stores are labor intensive with salary costs accounting for over 50% of total costs (Elliehausen, 2009). Stegman & Faris (2003) note that most stores are open 63 to 77 hours per week with 96% open on Saturday and 26% on Sunday causing costs to be higher than commercial banks. A typical lender has an outstanding loan portfolio of less than $100,000 and annual revenue of $350,000. A new store (less than four years old) makes 1,000 loans a year and a mature store (older than four years) makes around 8,500 loans per year (Flannery & Samolyk, 2005).

Payday loans are small short-term loans used to carry a borrower through a temporary cash conundrum (Flannery & Samolyk, 2005). Borrowers receive cash in exchange for a personal check in the amount of cash received plus a finance charge dated for their next payday. A borrower can redeem the check by paying off the loan, rolling it over or having the lender cash the check (Caskey, 2001). To get a loan, typically the borrower must have the following: a current checking account, a steady income source from employment, working telephone number, and proof of identity and residence (Flannery & Samolyk, 2005). Lenders typically do not run a credit report check and most limit the amount borrowed to a percentage of the borrower's paycheck (Elliehausen & Lawrence, 2001).

Literature Review

Elliehausen and Lawrence (2001) were the first researchers to take an in-depth look at defining a profile based on a survey that was completed in 2000. Elliehausen (2009) did a follow-up survey in 2007 that was very similar to the original. Both surveys were funded by the Community Financial Services Association (CFSA), the self-regulatory organization that governs the payday lending industry. Both surveys used as their sample population CFSA member companies that agreed to participate. The authors chose this path because a random sample of the general population would produce a small sample size because only 2% of the population had received a payday loan in the past year (Elliehausen & Lawrence, 2001).

The results from the 2000 survey showed most borrowers were less than age 35 (36.4%) with the second highest group being those between the ages of 35-44 (31.9%). Also, 52% of their sample had incomes of $25,000-$49,999 and 58% were married or living with a partner. Over 73% had been turned down for credit in the last five years. Only six percent had not graduated from high school.

The 2007 survey indicated that the typical customer had a low to moderate income and was a younger age. People that had yearly incomes of between $25,000 and $39,999 were the largest group at 27.6% followed by the $15,000 to $24,999 income bracket at 17.6%. People that were less than age 35 made up 29.3% of the sample followed by those 35-44 who comprised 23.4% followed closely by the 45-54 age bracket at 22.7% . Over 55% claimed that they had been denied for credit which was down from 73% from the 2000 survey. Close to 10% had not graduated from high school.

Between the 2000 and 2007 surveys, respondents over the age of 54 increased by 15%. The 55-64 age bracket increased by almost 10% in 2007 and the 65 and older group increased by close to six percent. In the 2000 survey, 68% made between $15,000 and $49,999. In 2007 the percentage in this income range fell to 59%. The biggest drop occurred in respondents who made $25,000 to $39,999—this bracket experienced a five percent decline. The pattern noted in the CFSA population was that loan users were increasing in age and made less money.

In other studies of payday loans, Skiba and Tobacman (2007) noted that the average age was 36, 43% were Black, 34% were Hispanic, and average income was $20,388. Stegman (2007) stated that most payday loan customers were highly credit constrained. Caskey (2001) cited reports from both the Wisconsin and Illinois Department of Financial Institutions that showed that the average age and income from a sample of payday loan customers in those states was 39 and 37 and had individual incomes of $18,675 and $25,131, respectively.

Stegman and Faris (2003) established in their study that the core market for payday loan customers were those with checking accounts, steady employment, impaired credit, and incomes less than $50,000. They also found that Blacks were twice as likely to have used a payday loan in the past two years as Whites and Hispanics were less likely than Whites and Blacks to patronize payday loan lenders. Single adult households were less likely to take out loans than married or unmarried couples.

Conceptual Framework

According to the life cycle hypothesis of saving (Ando & Modigliani, 1963) households are induced to smooth consumption to maximize lifetime utility. Using a payday loan is a relatively expensive way of bringing future resources into the present to smooth consumption. Factors that are hypothesized to influence the use of payday loans fall into one of three categories: economic circumstances, credit constraints, or human capital factors.

Economic circumstances provide insight into the household's relative financial situation in terms of income, net worth, saving behavior and stability to assess the ability for a household to borrow from itself. Credit constraints capture the household's ability to use the market or other private sources for borrowing. Human capital factors, particularly those that impact time preference or willingness to use high-cost credit market products must be accounted for in the analysis.

Hypotheses

Three main hypotheses can be generated from the conceptual model:

H1: Households with less ability to borrow from themselves will have higher odds of using payday loans.
H2: Households with fewer opportunities to borrow from less costly credit products or private sources will have higher odds of using payday loans.
H3: Households with a present consumption-orientation and/or with greater familiarity or access to payday loan outlets will be more likely to use payday loans.

Data and Methods

This study uses data from the 2007 Survey of Consumer Finances (SCF), a triennial survey which provides detailed information on financial and demographic characteristics of U.S. households and is sponsored by the U.S. Federal Reserve Board (Bucks et al., 2009). The 2007 wave of the SCF provides information for 4,418 US households. All descriptive statistics have been weighted to represent results for the U.S. population. Unweighted logistic regression is used for predicting the determinants of payday loan use.

Variables

Dependent Variable

The binary (yes/no) dependent variable is created from the survey question that asks "*During the past year, have you (or anyone in your family living here) borrowed money that was supposed to be repaid in full out of your next paycheck?*"

Independent Variables

Economic circumstances, or the ability of the household to borrow from itself, are represented by five variables from the data. Two variables are created to capture a household's relative financial position. Households in the bottom quintiles for both income and net worth are compared to households in the other four quintiles in the multivariate analysis. A binary (yes/no) variable measures whether the household does not save (coded as 1) or does save (coded as 0). Families that provide support to individuals living outside of their households are compared to families without this financial responsibility. To capture potential economic instability, households that do not have spouses/partners are compared to married/partner couple households.

Credit constraints, or the ability to borrow from credit markets or other individuals, are represented through five variables available within the SCF. To capture the inability to efficiently borrow (actual and perceived), two variables are used. The first binary (yes/no) variable is created from the survey question which asks, "*In the past five years, has a particular lender or creditor turned down any request you or your spouse/partner made for credit?*" The second binary (yes/no) variable captures the perceived inability regarding the worry of being denied credit from the question, "*Was there any time in the past five years that you or your spouse thought of applying for credit at a* *particular place, but changed your mind because you thought you might be turned down?*" The amount of available credit card credit a household has remaining (i.e., up to the credit limit) was calculated to create a variable that indicates whether a household has access to credit on a credit card. If a household does not own a credit card or has no available credit remaining, the household was coded as 1 (no access to credit on a card) or otherwise coded as 0. To capture the inability to access funds from private sources, households that responded no to the question, "*In an emergency could you or your spouse/partner get financial assistance of $3,000 or more from any friends or relatives who do not live with you?*". Finally, because younger people typically have much higher human to financial capital ratios compared to older individuals, it can be more difficult for them to obtain credit. Younger households (with a respondent less than forty) are compared to households with older respondents.

The human capital factors that are controlled for in this study include smoking status, planning horizon, education, and race. The first three variables contain an intertemporal element which provides insight into the time orientation of the respondent for the household. Households respondents that smoke, indicate shorter planning horizons, and have attained less education exhibit characteristics consistent with a more present-orientation, i.e., they have much higher rates of discounting future utility and are less willing to forgo present consumption for future consumption. Race (white vs. minorities) is included to control for any potential disparity attributed to cultural preference or payday loan store location.

Results

Description of Sample

Table 1 provides descriptive statistics for the total sample (N=4,418) as well as separately for the group that uses payday loans and households who do not. Results indicate that almost two and a half percent of the U.S. population, representing 2.8 million households, uses payday loans, which is in line with reported industry averages (Elliehausen & Lawrence, 2001). In terms of economic circumstances there are notable differences among all the variables included. Just over half of households without payday loans indicate they do not save (spending more than income) while a majority (90%) of payday loan users indicate not saving. The median household income of a payday loan using household ($30,000) is $16,000 less on average compared to a household that does not use payday loans ($46,000). The median net worth of a household that does not use payday loans ($129,000) is nearly 23 times greater on average compared to a household that uses payday loans ($5,420). Sixty percent of payday loan households are not married compared to 41% of households who do not use payday loans, indicating that payday loan households have greater potential to be less financially stable.

Table 1.
Description of Households, 2007 Survey of Consumer Finances

Variable	Total Sample *N = 4,418*	Payday Loan *N = 75*	No Payday Loan *N = 4,343*
Payday loan user	2.4% (*2.8 million households*)		
Economic Circumstances			
Does not save	56%	90%	54%
HH income - mean (median)	$81,035 ($45,000)	$31,443 ($30,000)	$82,245 ($46,000)
HH net worth - mean (median)	$555,715 ($121,820)	$38,163 ($5,420)	$568,343 ($129,000)
Support to family/friends	16%	22%	16%
Not Married	41%	60%	41%
Credit Constraints			
Denied credit in last 5 years	20%	60%	19%
Worried about credit denial	15%	55%	14%
No access to credit on card	34%	68%	33%
No access to $ from rel/friend	67%	65%	33%
Mean Age (in years)	50	39	50
% Less than 40 year old	31%	61%	30%
Human Capital Factors			
Smoker	22%	53%	22%
Planning Horizon - months	22%	36%	22%
Mean Education (in years)	13	12	13
Less than high school	13%	14%	13%
High school	33%	39%	33%
Some college	18%	27%	18%
College degree	35%	19%	36%
Race White	74%	60%	74%
Black	13%	22%	12%
Hispanic	9%	15%	9%
Other	4%	3%	4%

There are substantial differences among all of the variables included to represent credit constraints in the analysis. The majority of households with payday loans were either actually denied (60%) or worried about being denied (55%) credit within the last five years compared to about one in five households without payday loans having been worried about or denied credit. About a third of payday loan-free households have neither access to credit on a credit card or from a family member or friend living outside their household compared to about 7 out of every 10 payday loan using households. On average, respondents from payday loan using households are younger than those from households that do not use payday loans.

The descriptive statistics for the intertemporal-related variables (smoking status, planning horizon, and education) would tend to suggest that payday loan using households are more present-oriented compared to non-payday loan using households. The smoking variable provides the strongest indication where more than twice as many respondents from payday loan using households indicate being smokers. Although the mean level of education is about the same, there is a higher frequency of college degree completers among the households who do not use payday loans. About a third of payday loan using households indicate a short planning horizon (i.e., over the next few months) compared to about one in five from households without payday loans. The percentage of minorities among payday loan using households is 40% compared to about a quarter of non-payday loan using households.

Logistic Regression Results
Results from the logistic regression indicate there is support for all three hypotheses. In terms of economic circumstances, households that are unable to borrow from themselves are more likely to initiate payday loans. This is evidenced in multiple ways (see Table 2.).

Table 2.
Logistic Regression Results, Payday Loan User as Dependent Variable (N=4,418)

Variable	*Coefficient*	*P-Value*	*Odds Ratio*	*Std. Beta*
Economic Circumstances				
Does not save	1.2669	0.0015	3.550	0.3482
HH income < $19,000	-0.4340	0.1584	---	---
HH net worth < $6,900	0.6646	0.0230	1.944	0.1377
Support to family/friends	0.7567	0.0126	2.131	0.1711
Not Married	0.7779	0.0039	2.177	0.1739
Credit Constraints				
Denied credit in last 5 years	1.1201	0.0000	3.065	0.2229
Worried about credit denial	0.6699	0.0157	1.930	0.1166
No access to credit on card	0.5437	0.0777	1.712	0.1297
No access to $ from family/friends	0.5952	0.0480	1.727	0.1341
Less than 40 years old	0.6372	0.0170	1.891	0.1501
Human Capital Factors				
Smoker	0.8169	0.0015	2.264	0.2008
Planning Horizon - months	-0.1440	0.5868	---	---
Education - college degree	-0.2907	0.3965	---	---
Race (White)	-0.1282	0.6310	---	---

Max re-scaled R^2=0.2894

First, relatively poor households (i.e., in the bottom net worth quintile) are nearly twice as likely to use payday loans. This result does not hold for households in the bottom income quartile. Second, households that have the potential to be economically unstable (no spouse/partner) have over double the odds of using payday loans compared to married couple households. Third, families that provide support to individuals living outside the household also double their odds of using a payday loan. The most important predictor of payday loan use is the saving status of the household. Households that indicate they do not save are more than three and half times more likely to have a payday loan compared to households who do indicate they save.

Credit constraints represent an important component of predicting payday loan use. Being denied credit within the last five years is the strongest predictor variable, with those being denied being three times more likely to use a payday loan. Perceiving being denied credit provides an almost two-fold increase in the odds that a household will use a payday loan. No access to credit on a credit card and no access to funds from family/friends increases the odds (by approximately 70% for each) that a household will use a payday loan. Younger households (i.e., those with a respondent under 40) are almost twice as likely to have a payday loan compared to older households.

Results suggest that households with a more present utility orientation are two times more likely to have payday loans. Of the three variables used to represent time preference, smoking status provided the second strongest predictor in the model and the only statistically significant result. Planning horizon and education do not discriminate among payday loan users and non-users. When controlling for all other factors, race does not appear to be a predictive factor in terms of explaining variation in payday loan use.

Discussion

In order to smooth consumption, households must have the ability and willingness to bring future resources into the present for consumption. Payday loans represent a relatively expensive method of borrowing to smooth consumption. While a relatively small proportion of households (2.4% in the SCF) initiate payday loans, this number represents about 2.8 million U.S. households and the incidence of payday loans is projected to increase to 10% of American households in the future (Stegman, 2007) making this a continued area of concern for financial counselors and educators.

Results from this study indicate that a household's economic circumstances, credit constraints, and time preference are important factors in determining the use of payday loans. To smooth consumption, households have the option of borrowing from themselves, borrowing from credit markets, or borrowing from family/friends outside the household unit. The hypothesis that households with limited ability to borrow from themselves is supported by the empirical analysis. Access to accumulated wealth is statistically significant, with relatively poor households being about twice as likely to initiate payday loans. While the level of income does not appear to influence the use of payday loans, how a household allocates its income is key. Whether a household indicates saving behavior is an important predictor of using a payday loan. Households that do not save are three times more likely to use payday loans. Families that provide financial support to outside individuals and households with less economic stability (single respondents) more than double their odds of using a payday loan.

Credit constraints also represent an important determinant of payday loan use. The hypothesis that households with limited ability to borrow from others is also supported by this research. The most important predictor of using payday loans is having been denied credit within the last five years. Households that have actually been denied credit are more than three times more likely to use a payday loan and households that are worried that they will be denied credit are almost twice as likely to be payday loan users. The inability to borrow on a credit card, the lack of opportunity to borrow from family/friends, and households with a respondent less than forty also have increased odds of using payday loans.

There is evidence to support the hypothesis of a positive relation between present-oriented households and payday loan use. The temporal elements of being a smoker provide stronger evidence than planning horizon or educational attainment. Households exhibiting characteristics consistent with a high rate of discounting future utility (as evidenced by the respondent being a smoker) more than double the odds of being a payday loan user. This increased willingness to use high cost forms of borrowing (i.e., payday loans) is the third strongest predictor of explaining variance among payday loan use.

Flannery and Samolyk (2005) find that payday loan stores are located in areas that have more minorities and where the poverty rate is higher. Even though payday loan use among minorities appears to be higher in the SCF data than reported in other studies (Stegman & Faris, 2003; Flannery & Samolyk, 2005) the results from the current study reveal that, when economic and credit constraints are controlled for, minority status does not appear to significantly impact the use of payday loans.

Conclusions

Although the proportion of payday loan users is relatively small (2.4%), the number of households affected and the billions of dollars involved is substantial. Given that the use of payday loans is projected to increase (Stegman, 2007), financial counselors and educators should be aware of potential warning signs among those who are most likely to initiate payday loans.

The top three red flags appear to be having been household saving behavior, having been denied credit, and a present time orientation. The evidence from this research suggests that the approach to mitigating the use of payday loans may be better addressed by encouraging behavior change rather than enhancing knowledge. To the extent that formal educational attainment represents financial sophistication, the lack of statistically significant results from the education variable provides evidence to suggest that providing education to increase knowledge about payday loans would be less effective than lobbying for more reasonable disclosure requirements and/or helping present-oriented households to find commitment devices that would encourage savings behavior.

Bertrand and Morse (2011) find that information that makes payday loan consumers think less narrowly about finance costs results in less borrowing. The treatment showed how much it would cost to borrow $300 in fees and interest if repaid in two weeks ($45), one month ($90), two months ($180), and three months ($270). This information is presented to the consumer when the loan is originated. By reinforcing the concept of racking up fees when loans are rolled over, this reduced subsequent borrowing by 11% over a four month period. Lobbing Congress for simple disclosure requirements could slow the cycle of debt that entraps some consumers.

One successful commitment device has been the Save More Tomorrow Program (SMART) developed by Benartzi and Thaler (2004). The program allows employees to allocate a portion of their future salary increases towards savings. Results show that savings rates increased from 3.5% to 13.6% over a span of forty months. Counselors and educators can encourage their clients to pay themselves first by having automatic drafts setup to have a portion of each paycheck be deposited in a savings vehicle. Another idea is to push more companies to adopt the SMART program.

Households need to have access to borrowing instruments that allow them to smooth lifetime consumption. While it may be preferable to discourage the use of payday loans, the reality is that they exist and will be used by certain households identified in this study. Just as nutritionists need to acknowledge less healthful foods exist and help their clients incorporate all types of food in their diets, financial counselors and educators must acknowledge that high-cost loan products exist and help their clients to navigate among the alternatives. Behavioral strategies to reduce the use of payday loans, through framing and commitment devices that encourage saving, may be effective in decreasing the demand for high-cost borrowing instruments among more present-oriented households. On the other side, creating and promoting the need for simple disclosure among relatively lower-cost lending products may help to increase competition to supply more affordable ways to help present-oriented, credit-constrained, and economically-limited consumers smooth their lifetime consumption.

References

Ando A., & Modigliani, F. (1963). The Life Cycle Hypothesis of Saving: Aggregate Implications and Tests. *The American Economic Review*, *53*, 55-74

Benartzi, S. & Thaler, R.H. (2004) Save more tomorrow: using behavioral economics to increase employee saving. *Journal of Political Economy, 112*, S164–S187

Bertrand, M. & Morse, A. (2011). Information Disclosure, Cognitive Biases and Payday Borrowing, Working Paper.

Bucks, B.K., Kennickell, A.B., Mach, T.L., & Moore, K.B. (2009). Changes in U.S. family finances from 2004 to 2007: Evidence from the Survey of Consumer Finances. *Federal Reserve Bulletin, February,* A1–A56.

Caskey, J. (2001). Payday Lending. *Financial Counseling and Planning, 12*(1), 1-13.

Elliehausen, G. & Lawrence, E.C. (2001). Payday Advance Credit in America: An Analysis of Customer Demand. Monograph No. 35. Washington: Georgetown University, McDonough School of Business, Credit Research Center.

Elliehausen, G. (2009). An Analysis of Consumers' Use of Payday Loans. *Financial Services Research Program, Monograph No. 41*. Washington, DC: George Washington University School of Business.

Flannery, M. & Samolyk, K. (2005). Payday Lending: Do the Costs Justify the Price? *Center for Financial Research Working Paper*. Washington, DC: FDIC.

Huckstep, A. (2006). Payday Lending: Do Outrageous Prices Necessarily Mean Outrageous Profits? *Fordham Journal of Corporate & Financial Law*, *12*(1), 203-232.

Lawrence, E.C. & Elliehausen G. (2008). A Comparative Analysis of Payday Loan Customers. *Contemporary Economic Policy*, *26*(2)

Skiba, P. M. & Tobacman, J. (2007). Measuring the Individual Level Effects of Access to Credit: Evidence from Payday Loans, Federal Reserve Bank of Chicago, 280-301.

Stegman, M.A., & Faris, R. (2003). Payday Lending: A Business Model That Encourages Chronic Borrowing. *Economic Development Quarterly*, *17*(1), 8-32.

Stegman, M.A. (2007). Payday Lending. *Journal of Economic Perspectives*, *21*(1), 169-90.

Stoianovici, P.S., & Maloney, M.T. (2008). Restrictions on Credit: A Public Policy Analysis of Payday Lending, Available at SSRN: http://ssrn.com/abstract=1291278.

Wilson, B., Findlay, D.W., Meehan, J.W., Wellford, C.P., & Schurter, K. (2010). An Experimental Analysis of the Demand for Payday Loans, Available at SSRN: http://ssrn.com/abstract=1083796.

Using Web Conferences to Learn About Required Minimum Distributions

Barbara O'Neill, Rutgers Cooperative Extension, Karen Chan, University of Illinois Extension
Michael S. Gutter[1], University of Florida

Target Audience

Broadly, the target audience for this AFCPE workshop includes anyone who is interested in the topic of retirement planning and required minimum distributions (RMDs) and/or the process of conducting a financial education Webinar to interact with professional colleagues and/ or clients

Objective/Purpose

The three purposes of this proposed session are to:

1. Share our experience using online web conferences to reach educators and consumers. This includes results of the evaluation and follow-up activities.
2. Discuss the complex issue of required minimum distributions and the messages consumers should hear.
3. Create a forum for other practitioners to share how they have used web conferences to build capacity and to reach clients.

Description of Content and Method

"RMD" is an abbreviation for "required minimum distribution." This is the amount of money that retirees age 70½ and older are required to withdraw from their tax-deferred plans such as IRAs and 401(k) and 403(b) plans. RMD rules are serious business. The penalty for not withdrawing the proper amount is a 50% excise tax on the amount not distributed as required. For example, if you don't withdraw a required $1,000 from your traditional IRA or tax-deferred employer plan, the tax penalty is $500. This can substantially impact is the retirement planning of older consumers. The only exception to the RMD beginning at age 70½ is for those still working for the company where they have a retirement savings account (e.g., 401(k) or 403(b) plan). The "still working exception," allows them to delay their beginning withdrawal date until April 1 of the year following their retirement year.

For all others, the first RMD can be taken as late as April 1 of the year following the year that someone turns 70½. For example, if you turned 70 on November 1, 2010, and 70½ on May 1, 2011, you must take your first RMD no later than April 1, 2012. If you postpone your initial RMD until the following year, however, you will have to take two distributions during that first year. Therefore, for most people (unless you expect a big drop in income), it is preferable to take the first RMD at age 70½ so withdrawals are spread over two tax years rather than being bunched up into one.

This session will present information about a recent web conference hosted by the eXtension Financial Security for All (FSA) Community of Practice (CoP). RMDs are a frequent Ask an Expert topic received from consumers, The Web Conference focused on providing educators and consumers with rules governing distributions from retirement plans. In particular the panelists discussed implications of the required minimum distribution (RMD) rules on tax planning and funding retirement. The panelists were two experienced Extension educators who are also CFP® Practitioners.

The web conference attracted educators, partners, and others who had all been hearing questions regarding this complex issue that is affecting many who did save for their retirements. The implications and importance for consumers was highlighted. In addition, resources were shared and new ones were suggested. As the evaluation data to be presented will show, most participants learned a lot in this session and planned to share with their clientele. FSA CoP Web conferences are evaluated for knowledge change and intention to utilize the information in outreach programming. The same evaluation questions are used regularly to evaluate FSA CoP web conferences and chats.

Michael S. Gutter[1], 3002-c McCarty Hall D, PO Box 110310, Gainesville, FL 32611; Phone: (352) 273-3529; Fax: (352) 392-8196; Email: msgutter@ufl.edu; Twitter: @mikegutter

Partnering to Evaluate the Effectiveness of a Financial Education Program for 4th and 5th Graders

Karen Varcoe,[1] Ph.D., and Connie Costello, University of California, Riverside
Charles Go, Ph.D., University of California, Alameda County Cooperative Extension

Key Words: *Financial choices; evaluation; youth; money-management skills and knowledge*

Target Audience

While the target audience for this project is 4th and 5th grade students in public schools in Oakland, California, the program could be duplicated for use in any school or out-of-school youth program.

Objectives/Purpose

The goal of Money Savvy Youth is to teach money management skills that benefit youth over their lifetimes. Ultimately, the goal is to equip students with the knowledge to manage their money, plan for their futures, and build assets for a secure financial future. As a result of the program, youth develop healthy financial behaviors and attitudes, feel more in control of their financial decisions, are more likely to save money, and better understand factors that shape their "money attitude."

Description

The *Money Savvy Youth* Program is a project of the East Bay Asian Local Development Corporation (EBALDC) working with the University of California Cooperative Extension to provide 4th and 5th grade students with the money-management knowledge, skills, and tools needed to build secure futures while giving them the confidence to make sound financial choices today. This partnership between a land-grant university and a non-profit organization was created to evaluate the effectiveness of the Money Savvy Youth curriculum being implemented by EBALDC. The Money Savvy Youth program has been taught to 4th and 5th graders in Oakland public schools since 2006; however, it had never been formally evaluated. EBALDC staff conduct the workshops over five weeks, providing students with first-hand knowledge of financial concepts such as: create and maintain a budget; set goals and develop an action plan; understand value of saving and cost of impulsive spending; open a bank account and conduct basic bank and credit transactions; and get reliable information on financial topics of interest to them. The content is age-appropriate, contains topics and scenario-based activities that students can apply to their life situations, and meets students at their level facilitating active learning and engagement. Funding for this project is through a grant from the National Council for Economic Education.

Protocol. All students who participated in the program received a piggy bank upon graduation from the program. Consent forms were sent home to all parents to allow the students to participate in the evaluation. If consent forms were received, the students received $20 and the non-study students received $5. Students who participated in the three-month follow-up survey received an additional $20 to add to their bank. For the first group of 64 students, 41% reported keeping their $20 intact—they did not spend any of the money—while 23% reported that they spent it all. Fifty-two percent of the students added money received from grandparents, parents, doing chores, and birthdays. But, they spent it with some of these students being the students that reported that they had spent it all.

About 50% of the student participants indicated that the piggy bank helped them save because it gave them a place to put the money. It was also noted by the students that the ceramic piggy banks made it hard to get to the money so they "smashed" it. The fact that the bank was ceramic and breakable was a concern to most of the students, even if they enjoyed having one. Unfortunately, about 10% of the students reported that their piggy bank was stolen either after school or at home where siblings took it because they knew there was money inside. Few students gave their piggy banks to their parents for safe-keeping. Most parents asked the students about the piggy banks with their initial reaction being that of distrust. Many of the students were asked if they had stolen the piggy bank. It is clear that there needs to be more communication between EBALDC and the parents regarding the piggy banks and the banks should not be ceramic. Additional findings will be forthcoming.

---

[1] Karen Varcoe, Ph.D.; 139 Highlander Hall, University of California, Riverside 92521; Phone: (951) 827-5241; Fax: (951) 827-5607; Email: Karen.varcoe@ucr.edu.

The Impact of a Financial Literacy Curriculum on Middle-School Youth in Georgia

Irina Kunovskaya[1], PhD., Michael Rupured, M.S. AFC,
The University of Georgia

Key Words: *youth financial literacy, financial education, middle school youth*

Abstract
This study examines an innovative middle school-based financial education program, called ''Your Money Your Future'' (YMYF) implemented in 20 Georgia counties and developed by the University of Georgia Cooperative Extension Service. Using a single group pretest-posttest design, the study examines quantitative data to analyze program effects on financial personal values, knowledge, and behavior. Middle school children who participated in YMYF scored significantly higher on several determinants of the post intervention survey in comparison with the pre-intervention survey. Results present evidence that the YMYF program has the potential to impact specific behaviors of program participants. Results suggest significant differences in pre-and post intervention surveys scores between boys and girls in regards to giving money to charity.

A number of surveys have shown that American youth lack basic financial knowledge leading to poor financial decision making (Lusardi, Mitchel, & Curto, 2010; Mandell, 2009; Sallie Mae, 2009; USA Today/NEFE, 2006). The results of surveys specifically targeting teenagers were not reassuring. The Charles Schwab Foundation's "Teens & Money" Survey found that many teenagers had already started to accumulate debts with a third of those surveyed owing money to either a person or a company (2006). On average, 13 to 15 year-olds owed $230, and 14 percent of those in debt owed $1000 or more. A recent Junior Achievement/The Allstate Foundation "Teens and Personal Finance" Survey confirmed that teens face a financial literacy gap. Surveyed teens aged 12-17 reported that they were not sure how to manage credit cards (48%), how to invest effectively (36%), and whether they are budgeting effectively (25%) (2011).

Survey results combined with rising consumption among youth (Chinadle, 2008), exposure to the world of economics and finance at earlier ages (VanFossen, 2003), and the impact of the current economic crises on all American families have increased educators' and policymakers' concern regarding young people's knowledge about personal finance and their preparedness to make good financial choices. At the federal level, a new National Strategy for Financial Literacy 2011 was created (U.S. Department of the Treasury, 2011) to promote teaching of unbiased financial information through schools. State laws related to the provision of financial literacy vary across the states (Jump$tart Coalition for Personal Financial Literacy, 2011). In Georgia, personal finance standards are incorporated into the social studies curriculum. However, the standards specific to personal finance for 4th through 8th grades leave much to be desired, revolving around the student explaining personal money management choices in terms of income, spending, credit, saving, and investing (6th through 8th grades) or identifying the elements of a personal budget and explaining why personal spending and saving decisions are important (4th and 5th grades) (Georgia Performance Standards for Social Studies, 2008).

There are virtually no surveys conducted in regards to the financial literacy of youth in Georgia. Young Georgians increasingly fail to finish high school. Georgia maintains one of the lowest rates of high school completion among the states (Chapman, Laird, & Ramani, 2010). The resulting educational deficit of failing to complete high school places these students at risk for a lifetime of economic hardship.

This study examines a middle school "Your Money Your Future" financial education program implemented in 20 Georgia counties. The component objectives of this research were: 1) to review what is already known about youth financial education, 2) to explore the differences in the Your Money Your Future participants' financial personal values, knowledge, and behavior before and after intervention, and 3) to investigate gender differences between participants on indicated financial personal values, knowledge, and behaviors both before and after the intervention.

---

[1]Irina Kunovskaya, PhD., 226 Hoke Smith Annex, Athens, GA 30602-4356; Phone: (706) 542-8884; Fax: (706) 542-1799; Email: irkunovs@uga.edu

Literature Review

The literature has focused on the financial literacy and behaviors of adults from various countries, cultures, and age-groups (see Orton, 2007; Braunstein, Welch, 2002; Martin, 2007, for a review). There is also a significant body of literature specific to the financial management knowledge and behaviors of college students, and nearly as much about high school students (Bernheim, Garrett, 1996; Mandell, 2008; Lusardi & Mitchell, 2010).
A foundational study by Bernheim, Garrett, and Maki (2001) demonstrated the positive effects of statewide financial education mandates on savings rates and net worth during peak earning years. Research by Peng, Bartholomae, and Cravener (2007) showed no significant relationship between high school financial education and investment knowledge. According to a Varcoe, Martin, Devitto, and Go (2005) study, financial education for teens resulted in improvement in all measured financial behaviors: saving, decreasing auto insurance costs, and comparison shopping. To date, research has demonstrated mixed evidence of the effect of the interventions (O' Connel, 2009). The lack of rigorous impact evaluation is widely recognized as the primary obstacle in determining whether educational programs for youth were truly successful at achieving their goal (Holzman, 2010; Atkinson, 2008; Hathaway and Khatiwada, 2008).

Financial education is less common in elementary and middle school curricula than in high school. Because the majority of financial education is geared toward high school students, little research has targeted youth in the lower grades. The existing research suggests effective financial education is important for middle school children. Moreover, effective education requires a strategy specific to children's financial understanding that takes into account the gender differences between the young children in acquiring and retaining financial knowledge and behaviors.

Greenspan (2005), Mundy (2008), McCormic (2009), Suiter & Meszaros (2005) acknowledged the importance of financial education for young people in particular because they are a captive audience, have an income earned from occasional work, and are intensively targeted by advertising and marketing. Research suggests the significant impact of financial education on the children's well-being in terms of providing a guide to "consider the financial implications of whether or not to continue their education" (Mundy, 2008, p. 59). McCormic (2009) and Suiter and Meszaros (2005) argued that if financial education was postponed until high school, those who drop out of high school will be ill-prepared to quickly face adult financial tasks and responsibilities. Providing financial education was recognized as being particularly beneficial to children from disadvantaged backgrounds (Lussardi, Mitchell, & Curto, 2010). Other potential benefits of receiving financial education earlier in life include acquiring and instilling responsible attitudes and good financial habits at an early age, and getting prepared for greater financial challenges in an increasingly complex economic environment (Danes & Dunrud, 2008).; Lucey & Giannangelo, 2006; Mundy, 2008). It also has been noted in the literature that financial education for early ages may increase parents' financial knowledge, suggesting that children discuss what they have learned at home (Holden, Kalish, Scheinholtz, Dietrich, & Novak, 2009).

A cognitive development approach provides support for the proposition that financial literacy education is appropriate for young children (Holden et al., 2009). This body of literature suggests the importance of assuring that concepts are taught when they are meaningful for the specific stage of children's development (Spelke, 2000), that financial concepts are embedded in more general forms of social interaction (Schuchardt, Hanna, Hira, Lyons, Palmer, & Xiao, 2009), and combined with personal economic experiences (Furnham, 1999; Sherraden, Johnson, Guo, & Elliott III, 2010). Mandell (2008) conducted a pilot study in which children at ten public middle schools watched a play about the benefits of saving. Results suggested that students improved their knowledge and attitudes as a result of a program that was fun, engaging, and relative to their cognitive stage of development.

Although there is general agreement in the empirical literature that women have lower levels of financial literacy than men, less is understood about how gender differences translate to younger ages (Hira & Mugenda, 2000; Fonseca, Mullen, Zamarro, & Zissimopoulos, 2010; Chen & Volpe, 2002). Danes and Haberman (2007) identified gender differences between youth and found that male teens reinforced their existing knowledge, whereas female teens learned more in areas in which they were not familiar before the financial education program. Sherraden et al. (2010) did not find significant differences between female and male elementary school children who participated in the "I Can Save" program and took the test.

The present study extends the literature in the following ways. First, the effect of the YMYF program for middle-school children was evaluated for several key determinants of personal financial values, knowledge, and behaviors.

Second, the data set was used to examine how financial personal values, knowledge, and behaviors differ across genders. Third, a discussion of results of financial education for middle school youth and implications for future development, implementation and replication of the program is presented.

Program Description

The "Your Money, Your Future" (YMYF) program (2009) was an initiative provided through University of Georgia Cooperative Extension 4-H/Youth Development. The curriculum revolves around a series of six interactive financial literacy lessons designed to enhance the financial literacy skills and practices of students in 6th through 8th grades through in-school clubs. Each lesson includes one or more activities to illustrate key concepts. The flexible lesson plans were designed for delivery in about 30 minutes, with optional activities for longer sessions through once-a-month visits by 4-H educators to social studies or science classes during school hours.

The goals of the curriculum were to increase knowledge of personal money management choices and basic savings principals, to encourage saving and sharing habits, to promote high school completion, and to reinforce understanding of the relationship between education/training and earned income. To accomplish these goals, individual units focused on (1) the three purposes of money (spending, saving, and sharing); (2) attitudes about money, values, and wants versus needs; (3) goal-setting; (4) the time value of money; (5) the extra cost associated with credit purchases; and (6) investing in oneself to increase earning potential.

The program was introduced through four, district-level trainings, reaching every 4-H agent and program assistant in the state of Georgia. In the first year (the 2009/2010 school year), educators in 20 counties delivered the YMYF program to approximately 2,500 youth. A total of 943 youth returned signed parental consent forms and usable pre- and post-intervention surveys. The content of the intervention was exactly the same in all counties. Variation between counties regarding the settings where the intervention took place, the length of the sessions, grade levels of the participants, and the number of sessions taught were not significant. A minority of participating counties offered the program in other than an in-school setting. In the majority of participating counties (65%), the sessions lasted 45 minutes or longer, on average, the enrolled participants were from grades 6th to 8th, and all six lessons were taught (95%). (Table is available from authors).

Survey Instrument and Data

The study used a single group pretest-posttest design, approved by the University of Georgia Institutional Review Board. All subjects were middle school students who were invited and chose to participate in the monthly YMYF program. Written surveys of 12 items were filled out before and after the study. The common items of the pre- and post-surveys chosen for this study are described below and were intended to assess money availability for personal use and money personality of the respondents; their saving, spending and sharing habits; understanding of the impact of compound interest on savings for long term goals; money management choices between needs and wants; and the intention to go to college. The majority of the questions were Likert-type items. Because Likert scales are often called summative scales, where possible, responses were summed to create a score/index for a group of items. Other items were analyzed separately and treated as ordinal data.

Money availability. This item described how often the respondents had their own money to use as they wanted. Answers were given on a five point scale (1 = *never* and 5 = *almost always*). Higher scores indicated that a student was more likely have money available to use as he wanted getting it through gifts, allowances, or part- time or odd jobs.

Money personality. This item identified each respondents' money personality (personal values about money) in terms of attitudes towards saving and spending. Students were asked how they use money most of the time when they have it. Answers were given on a five point scale (1= *spend all of it* and 5 = *save it all*). Higher score indicated that respondent most of the time valued saving for goals more than spending.

Saving behavior index. The scale for saving behavior contained three items asking how often respondents save money for goals, add money to savings, and earn extra to save. Answers were given on a four point scale (1 = *never* and 4 = *almost always*, α =0.71) The procedure is described in more detail in Appendices B and C. Higher scores indicated more frequent self-reported saving practices performed by respondent.

Saving time horizons. This item identified the respondents' awareness of the magic of compound interest and the advantages of starting early to save. Students were asked what they would do to save a million dollars by their 70th birthday. Answers were given on a five point scale (1= *do nothing because it would be impossible to save that much, 5* = wait to start until you are 21 to 30 years). A higher score indicated the respondent's better understanding of the opportunity cost of waiting to start saving.

Sharing money /Giving money to charity. This item described how often respondents shared the available money with others for charitable purposes Answers were given on a four point scale (1 = *never* and 4 = *almost always.*) A higher score indicated respondent's better understanding of money sharing by giving to charity more often.

Spending prioritizing behavior. This item described how often respondents spent money on wants before needs reflecting their understanding of the difference between wants and needs. Answers could be given on a four point scale (1 = *almost always* and 4 = *never.*) A higher score indicated the respondent's understanding of the difference between wants and needs by buying wants before needs less often.

Investing in Yourself. This item described how often respondents thought of going to college. Answers were given on a four point scale (1 = *never* and 4 = *almost always.*) A higher score indicated the respondent's better understanding of the relationship between education and income by thinking of going to college more often.

There were two hypotheses of this study: Research Hypothesis #1: Middle school students in Georgia improved the indicated financial personal values, knowledge and behaviors, measured by mean scores, after participating in the YMYF financial education program. Research Hypothesis #2: Scores of the indicated financial personal values, knowledge and behaviors are statistically higher for male YMYF participants than female counterparts both before and after intervention.

Statistical Methods

(OK--do you need to add a space between "Statistical Methods" and this line?)The first hypothesis to be tested was the effectiveness of the YMYF program in improving personal values, knowledge, and behaviors in regards to personal money management choices of middle school students. The statistical analyses compared baseline (pre-intervention survey and post intervention survey results (paired samples *t*-test) to address mean score differences in subjects' responses to the seven survey determinants described earlier.

The target outcomes were those related to personal money management choices in terms of saving, spending, sharing, and income: self-reported positive changes in *money availability*, *money personality*, *saving behavior*, *saving time horizons*, *sharing behavior/ giving money to charity*, *spending prioritizing behavior*, and *investing in yourself*. For the analyses, self-reported positive change was defined as a shift from a respectively lower to a higher score/index.

A *Saving behavior* summative index was constructed using principal component analysis (PCA) to reduce the information from the three survey questions about saving behavior (saving money for goals, adding money to savings, and earning extra money to save) into one. S*aving behavior index* was estimated as the first principal component of the three saving behavior items by equal weighting. The procedure is described in more detail in Appendixes A and B. Panel 1 of Appendixes A and B show that every pairwise correlation between saving behavior responses was significant ($p < .01$) for both pre-intervention and post intervention. The corresponding distribution of Eigen values is presented in Appendixes A and B, Panel 2. The first component accounts for 60 percent of the variation before intervention and for 61 percent after intervention. The factor loading/scoring coefficients for the saving behavior index are shown in Panel 3. Every component described above was compared at baseline (pre-intervention survey) and post intervention survey.

Gender differences.
To address the second research hypothesis, nonparametric analysis was applied (the two samples of gender groups were not normally distributed.) The Mann-Whitney U test was conducted to evaluate the hypothesis that girls would score lower, on average, than boys on indicated financial personal values, knowledge, and behaviors at pre-intervention and post intervention surveys. In the field of behavioral research, the Mann-Whitney U test is defined as one of the most commonly used nonparametric statistical tests (Kasuya, 2001). A confidence interval of 95 percent

was applied for all analyses. SPSS PASW 18.0 for Windows was used for data preparation and statistical analyses. The focus was on emerging trends in the data.

Sample Description
At baseline, 943 middle school students from 20 different Georgia counties participated in the YMYF intervention during the 2009-2010 school years and completed both questionnaires. Our sample consists of 55.7 percent female respondents. The average age in the sample is around 12 years of age. Age distribution (not shown) is fairly smooth, with about 85 percent of respondents between 11 and 14 years of age. With respect to the detailed breakdown by county, 21.9 percent of respondents resided in Elbert County, 16.1 percent in Effingham County, 8.7 percent in Washington County, and the remaining 46.1 percent in the other seventeen counties. (Table is available from authors).

A majority of respondents (84.4%) reported having their own money to use as they wanted at least sometimes. Almost half the study participants (49.7%) demonstrated having a personality of savers: most of the time when they have money they tend to spend a little and save the rest or save it all. Notably, a large number of respondents (70. 9%) were aware of the advantages of starting early to save for long-term goals. A set of three questions attempted to assess saving behavior of the respondents before intervention. Saving for goals, adding money to savings, and earning extra to save was reported at least sometimes by 49 percent, 37.3 percent and 38.1 percent of the respondents respectively. Almost a third of the respondents most of the time prioritized wants before needs (28.7%), and two-thirds (61%) very rarely or never gave money to charity. A large number of study participants (78.7 %) were willing to invest in their own future and thought about going to college most of the time. Baseline characteristics of the sample are described in Table 1.

Table 1
Sample characteristics at baseline. Pre-and post intervention surveys' determinants by gender

Survey determinants	Number of respondents	Pre-intervention mean score (SD)			Post intervention mean score (SD)		
	Pre/post	Total	Boys	Girls	Total	Boys	Girls
Gender	937						
Boys		44.0					
Girls		55.9					
Age		12.2					
Money Availability	937/	3.45	3.46	3.44	3.45	3.52	3.40
(min=1, max=4)	935	(.975)	(1.017)	(.941)	(.959)	(.971)	(.947)
Never		1.1			9.0		
Not Very Often		14.5			14.2		
Sometimes		40.6			40.3		
Most of the Time		26.4			27.7		
Almost Always		17.5			17.0		
Money Personality	936/	3.05	3.16	2.97	3.000	3.10	2.92 (1.329)
(min=1, max=5)	931	(1.318)	(1.334)	(.1.300)	(1.326)	(1.317)	
Spend of it		18.2			17.7		
Save a Little and Spend the Rest		18.4			23.7		
Save Some and Spend Some		14.3			10.8		
Spend a Little and Save the Rest		37.9			36.8		
Save it All		11.2			11.0		
Saving Time *Horizons*	939/	4.20	4.30	4.12	4.42	4.42	4.41
(min=1, max=5)	933	(1.441)	(1.321)	(1.526)	(1.205)	(1.193)	(1.215)
Do Nothing		13.7			7.2		
Wait to start until 51-60 years old		3.4			4.5		
Wait to start until 41-50 years old		2.9			3.7		
Wait to start until 31-40 years old		9.1			8.4		
Wait to start until 21-30 years old		70.9			76.2		
Sharing Money/Giving Money to Charity	925/	2.13	2.01	2.23	2.22	2.09	2.32
(min=1, max=4)	913	(.923)	(.922)	(.913)	(.877)	(.897)	(.866)
Never		31.2			25.1		
Almost never		29.7			32.6		
Sometimes		33.5			37.6		
Most of the Time		5.5			4.7		
Saving Money for Goals	927	2.81					
(min=1, max=4)		(.927)					
Never		12.8			9.6		
Almost never		16.0			15.9		
Sometimes		49.0			51.4		
Most of the Time		22.2			23.1		
Adding Money to Savings	928						
Never		12.3			14.0		
Almost never		16.1			18.4		
Sometimes		43.1			41.1		
Most of the Time		28.4			26.5		
Earning Extra for Saving	928						
Never		18.0			17.0		
Almost never		19.2			22.8		
Sometimes		43.1			41.3		
Most of the Time		19.8			18.9		
Saving Behavior Index	932/	2.74	2.75	2.72	2.78	2.81	2.75
(min=1, max=4)	928	(.773)	(.787)	(.761)	(.747)	(.755)	(.739)
Spending prioritizing behavior	925/	2.12	2.08	2.16	2.07	2.08	2.07
(min=1, max=4)	914	(.961)	(.926)	(.988)	(.921)	(.897)	(.921)
Most of the Time		28.4			29.0		
Sometimes		43.1			44.2		
Almost never		16.1			16.8		
Never		12.3			10.0		
Investing in Yourself	930/	3.7	3.66	3.73	3.75	3.73	3.77
(min=1, max=4)	911	(.668)	(.709)	(.668)	(.608)	(.622)	(.597)
Never		2.9			2.5		
Almost never		3.3			1.5		
Sometimes		15.1			14.3		
Most of the Time		78.7			81.6		

Table 2

Effect of the intervention on Your Money Your Future participants' responses: pre- and post intervention surveys

Survey's items and components	Number of respondents n	Mean score pre-intervention (SD)	Mean score post intervention (SD)	t -value	P- value (one- tailed)
Money availability	932	3.45	3.45	-.155	.439
Money personality	927	2.84	2.74	1.161	.123
Saving time horizons	933	4.20	4.42	-4.105	.000***
Giving money to charity	902	2.13	2.22	-2.862	.002***
Saving behavior index	925	2.74	2.78	-1.358	.088*
Spending prioritizing behavior	902	2.88	2.92	-.976	.165
Investing in yourself	904	3.7	3.75	-2.163	.016**

*Note : *p<.1, ** p<.05, ***p<.01*

Results

Test results of the two hypotheses about the intervention of teaching middle school students the YMYF program are presented in this study. One hypothesis concerned the subjects' mean scores of indicated financial personal values, knowledge, and self-reported behaviors before and after intervention. The other concerned gender differences in the respondents' financial personal values, knowledge, and self-reported behaviors before and after the YMYF intervention. The dependent variables (financial personal values, knowledge, and behaviors) were measured by administration of four- or five-point Likert scale pre- and post-intervention surveys to all participants in the program.

Hypothesis # 1. Statistical Analysis: Paired Samples T-tests Results

To analyze how the determinants of financial personal values, knowledge, and self-reported behaviors described earlier changed during the YMYF intervention for the total sample, seven paired t-tests were used. These statistical tests allowed comparing the means of the individual item/determinant scores on the pre- and post-intervention surveys to see if statistically significant positive differences existed. Small p-values for a one-tailed hypothesis for four out of seven determinants on the surveys led to the conclusion that changes were observed. There were significant changes in the mean scores for items such as *saving time horizons* and *giving money to charity* ($p < .01$), *investing in yourself* ($p < .05$), and *saving behavior index* at marginal level ($p < .1$) between the pre- and post-intervention surveys demonstrated in Table 2. In other words, the first hypothesis was supported for three of seven determinants and there is some evidence of positive personal values, knowledge, and self-reported behaviors change due to YMYF intervention.

Hypothesis # 2. Statistical analysis: The Mann-Whitney U Test Results.

To test whether differences between the genders contributed to intervention effects, both groups of students were compared. Visual inspection identified differences between the groups of boys and girls (Table 1). As before, after intervention boys were more likely than girls to have money for spending as they want, to demonstrate a personality of savers, and to tend to start saving earlier. Girls reported giving to charity, buying wants before needs, and thinking about college (investing in their own future) more often than boys.

Nachar (2008) recommended utilizing the statistical technique called the Mann-Whitney U test when statistically comparing the differences between two groups, rather than the Student's *t*-distribution, when samples are not normally distributed and the data are of the ordinal type, and that recommendation was followed. The results for Mann-Whitney U test reported in Table 3: mean ranks for boys and girls at pre- and post-intervention surveys, *z*-statistic (the *z*-approximation test was used because of sufficiently large sample sizes), and one-tailed *p*-values. In the pre-intervention survey the results of the test were in the expected direction and only marginally significant for *money personality* ($p <.1$), in the opposite direction and significant for *giving money to charity* ($p < .01$), and in the opposite direction and only marginally significant ($p <.1$) for *investing in yourself*. In the post intervention survey, the results of the test were in the expected direction and significant for *money availability* ($p <.05$), *money personality* ($p <.05$), and in the opposite direction and significant for *giving money to charity* ($p < .01$) (Table 3). Results of on the Mann-Whitney U test lead to the conclusion that at pre-and post-intervention surveys, the girls would score higher on average, than boys in regard to *giving money to charity.* In post intervention the boys would score higher on average, than girls, in regard to *money availability* and *money personality*.

Table 3
The Mann-Whitney U test for between-gender comparison: pre- and post intervention surveys

YMYF Survey items/determinants	Pre-intervention Mean rank Boys	Pre-intervention Mean rank Girls	Post intervention Mean rank Boys	Post intervention Mean rank Girls	Results of between-gender statistical comparisons: pre-and post intervention
Money availability	472.1	464.7	486.9	453.0	*Pre:* (z = -.438, p = .331) No significant difference between genders *Post:* (z =-2.001, p = .0225)
n	414	521	414	521	**Significant difference between genders****
Money personality	480.1	456.6	483.7	452.0	*Pre:* (z = -1.376, p = .0845) **Significant difference between groups*** *Post:* (z = -1.856, p = .032)
n	413	520	411	520	**Significant difference between groups****
Saving behavior index	474.0	460.1	474.5	456.7	*Pre:* (z = -.768, p = .221) No significant difference between genders *Post*: (z =-1.015, p = .155)
n	413	519	407	521	No significant difference between genders
Saving time horizons	476.7	462.0	465.59	468.11	*Pre:* (z = -1.036, p = .150) No significant difference between genders *Post:* (z = .190, p = .424)
n	412	524	410	523	No significant difference between genders
Giving money to charity	428.3	488.0	420.39	485.8	*Pre:* (z = 3.599, p = .000) **Significant difference between genders*****
n	410	512	402	511	*Post:* (z = 3.929, p = .000) **Significant difference between genders*****
Spending prioritizing behavior	453.08	468.1	461.8	454.1	*Pre:* (z= .907, p = .1825) No significant difference between genders
n	408	514	403	511	*Post:* (z= -.463, p =.322) No significant difference between genders
Investing in yourself	454.6	471.4	448	462.3	*Pre:* (z= 1.338, p = .090) **Significant difference between genders*** *Post:* (z=1.217, p = .112)
n	411	516	403	508	No significant difference between genders

*Note : *p<.1, ** p<.05, ***p<.01*

Findings

The main aim of this study was improvement in indicated financial personal values, knowledge, and self-reported behaviors among middle school youth. Improvement was defined as the significant positive change in mean scores of seven determinants from pre- to post-intervention for the middle school students who participated in the YMYF program. Of the students participating in the YMYF program who filled out both surveys, 28 percent reported an increase in money availability, 26.2 percent reported a change in money personality toward savings, 21.8 percent tended to start saving earlier, 26.9 percent reported an increase in sharing money with charity, 26.2 percent reported prioritizing wants before needs less often, 12.2 percent reported an increase in saving practices, and 13.3 percent reported thinking about going to college more frequently. Almost all determinants showed a tendency to positive changes but not all of them were statistically significant. Only s*aving time horizons* and *giving money to charity* (p < .01), *investing in yourself* (p <.05), and *saving behavior index* at marginal level (p < .1) demonstrated a significant effect between baseline survey and post intervention survey for the middle school students who participated in YMYF financial education program. The findings regarding improvement in financial personal values, knowledge, and behavior as a result of financial education intervention, as well as gender differences in regards to financial knowledge and behavior are mostly similar to those reported by researchers for other financial education programs for youth (Mandell, 2008; Kempson, Atkinson, & Collard, 2006).

The present study impacts the middle school students' financial life skills by offering adolescents principles and strategies to control their money use. By experimenting with different strategies through in class activities, appropriate to their cognitive abilities and stage of development (Holden et al., 2009) adolescents might understand what does or does not work for them in personal money management. However, not all youth were efficiently engaged in this process. That would explain why fewer students improved their personal values, knowledge, and self-reported behaviors.

A noteworthy finding of this study is that a majority of participants recognized the need for personal finance education in response to an open-ended question. Half of the participants reported sharing money tips they learned with their parents. This is important because it created additional opportunities to discuss financial literacy within the family unit and confirms the conclusions of other studies that "students, who have themselves benefited from financial education, help their parents to manage their finances" (Mundy, 2008, p. 59).

Discussion

Today's youth will need to understand more complex financial concepts in order to make serious financial decisions in the future. Clearly, middle school is not too early to introduce students to personal money management skills (McCormic, 2009; Sherraden et al., 2011). While youth may become familiar with some of the terminology, it is more important to teach them about the important principles of personal money management such as prioritizing needs and wants; spending, sharing, and saving as uses for money; time value and the advantages of starting early to save; and the relationship between educational attainment and earned income.

The present study was unique in that the majority of participants were a captive audience in school classrooms who received the education in bite-sized pieces over a six-month period. Moreover, the curriculum focused on a particular format showing key concepts through experiential activities rather than explaining them through lectures. Extensive use of time-consuming activities with questions for discussion also reduced the need for the educators who by and large, had little or no background in personal financial management, to teach outside of their comfort zone (Way, Holden, & La, 2009). It is also possible that alternative formats, may increase the effect of the program (Bell, Hogarth, & Gorin, 2009). Providing access to a saving account (Sherraden et al., 2011) during a program may be more effective at developing savings habits among participants than just viewing slides and implementing in-class activities.

The increase in charitable giving from pre-to post intervention might be explained by the introduction of giving/sharing as a use of money. Participants tended to know saving and spending were purposes of money. The addition of sharing with others as a third use was new information to some participants. In the same lesson a guideline to spend 80 percent, save 10 percent and share 10 percent of income with others was introduced. When asked to note the most important thing they learned from the six lessons, nearly all of the 640 students who provided a response wrote that the 80-10-10 rule was the most important thing they learned in the six-lesson series.

The sample reported a relatively high level of saving behaviors on the pretest. A possible explanation for the higher than expected level of reported saving behaviors is that the students who returned signed parental consent forms receive re-enforcement and support from parents who are more actively engaged in the child's education. Although participants were aware of the importance of savings, many were less informed about the long-term pay-off and the advantages to starting to save at younger ages. Again, written comments about the most important thing learned in the six-lesson series frequently referenced the importance of saving for the future and starting to save at younger ages.

As with saving behaviors, the sample reported an overwhelming desire to attend college on the pretest. Additional research is needed to further explore the motivation to attend college. Again, a higher level of engagement by the parents may translate into an expectation that the child attend college without the child having any awareness of why doing so is important. Roughly ten percent of written comments about the most important thing learned reference the need for education or training beyond high school to earn a higher salary.

Contrary to the hypothesis, girls were more likely to engage in the desired behaviors at both the pretest and posttest. A possible explanation is that particularly among middle school youth and extending into high school, girls tend to be more mature, physically and emotionally, than boys and consequently, more likely to attend to the lessons being taught. Additional research is needed to further explore these gender differences.

This study has several limitations. First, the sample only represents middle school students from 20 Georgia counties. This means that our results are not generalizable to all middle schoolers. A requirement for signed consent from the school system, a parent, and the participating youth significantly reduced the number of program participants who completed the surveys. Consequently, it is very likely that youth who participated in the study are different in unknown ways from youth who failed to obtain parental consent. The researchers' Institutional Review Board has since approved an assent script and a letter to parents eliminating the need for signed consent which will reduce this concern in future studies. With the exception of Clarke and Rockdale counties, the study sample was derived largely from rural and suburban counties. The cost of photocopying two consent forms for each participant (one for the parent and one for the student) may have been a barrier to offering the opportunity to participate in the survey in urban counties with large numbers of participants.

Second, the YMYF program used non-experimental pretest-posttest design and did not include control or comparison groups. This design is generally considered to be a weaker means of measuring program impact than experimental design (Bernard, 2000). Financial resources and technical ability were not sufficient to identify a group of youth who appropriately match the characteristics of the intervention groups in each county.

Third, the reliability of the data is in question with specific regard to the use of self-reported data. For example, some participants may feel uncomfortable reporting their spending behavior and not giving to charity; others may simply be unsure of the specific financial behaviors because of the lack of money. Self-reported behaviors in post intervention surveys may be biased upward; suggesting participants want to demonstrate that they learned something. In addition, the quality of pre- and post-intervention survey data might have varied based on the extent to which the testing instrument was administered as intended in school settings (sufficient time provided, talking about responses and items prohibited, distractions during surveys minimized). Moreover, the ability of younger students in particular to successfully complete the survey may have been impacted by low levels of literacy.

Finally, program developers were limited in the extent to which they could develop a brief survey that would include enough items to sufficiently measure each program objective while remaining within an administration time frame that was acceptable to participating middle schoolers. Given the Schwab study (The Charles Schwab Foundation, 2006) findings about teen debt, reaching students earlier with information about the cost of credit is vital and was included in the program. A corresponding item was not included in the surveys. Notably, many students in response to an open-ended question wrote that the most important thing they learned was how much more it costs to pay with credit. Similarly, many students wrote about setting goals, but accomplishment of this learning objective also was not possible, because it was not tested.

Conclusion

The YMYF program for middle school youth implemented in 20 Georgia counties seems to have an effect on specific financial values, knowledge, and behaviors. Results suggest that middle school youth reported improvements in their personal values towards starting early to save, giving money to charity, and thinking about going to college more frequently when they were exposed to the YMYF intervention. This research lays a foundation for further exploration of the possible links between personal financial management knowledge and behavior of middle school youth and financial education, and strategies for enhancing career aspirations. Additional research is needed to determine whether or not the lessons learned carry-over into high school and adulthood.

References

Atkinson, A. (2008). Evidence of impact: An overview of financial education evaluations. *Consumer Research, 68.* London: Financial Services Authority.

Bell, C.J., Hogarth, M.J. & Gorin, D. (2009). Teaching for the test, and life is the final exam. In S. Eitel (Ed.) *2009 AFCPE Conference Proceedings*. (pp. 22-32). Scottsdale, AZ.

Bernard, H. R. (2000). *Social research methods: Qualitative and quantitative approaches.* Thousand Oaks: Sage Publications, Inc.

Bernheim, B. D., Garrett, D. M., & Maki, D. M. (2001). Education and saving: the long-term effects of high school financial curriculum mandates. *Journal of Public Economics, 80,* 435-465.

Braunstein, S., & Welch, C. (2002, November). *Financial literacy: An overview of practice, research, and policy* (Federal Reserve Bulletin). Retrieved from http://www.federlreserve.gov/pubs/bulletin/2002/1102lead.pdf

Chapman, C., Laird, J. & Kewal Ramani, A. (2010). *Trends in high school dropout and completion rates in the United States, 1972-2008.* Washington, D.C.: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics.

Charles Schwab (2006). *Charles Schwab Teens & Money 2006 Survey Findings.* Retrieved from http://www.aboutschwab.com/teensurvey2006.pdf

Chinadle, N. (2008). [Review of the book *Financial literacy for children and youth*]. *Journal of Family and Economic Issues, 29*(3), 543–544.

Chen, H., & Volpe. R. P. (2002). Gender differences in personal financial literacy among college students. *Financial Services Review*, *11*(3), 289-307.

Danes, S., & Dunrud, T. (1993). *Children and money: Teaching children money habits for life.* Publication No. HE-FO 6116. Minnesota Extension, University of Minnesota. Retrieved from: http://www.extension.umn.edu/distribution/youthdevelopment/DA6116.html

Danes, S. M., & Haberman, H. R. (2007). Teen financial knowledge, self-efficacy, and behavior: A gendered view. *Financial Counseling and Planning, 18*(2), 48-60.

Fonseca, R., Mullen, K., Zamarro, G. & Zissimopoulos, J. (2010). What explains the gender gap in financial literacy? (Working Paper). Retrieved from http://www.rand.org/pubs/working_papers/2010/RAND_WR762.pdf.

Furnham, A. (1999). The saving and spending habits of young people. *Journal of Economic Psychology, 20*, 677-697.

Georgia Department of Education. (2008). Georgia Performance Standards for Social Studies. Retrieved from http://www.gadoe.org/ci_services.aspx?PageReq=CIServSocStud

Greenspan, A. (2005). The importance of financial education today. *Social Education, 69*, 64-65.

Hathaway, I., & Khatiwada, S. (2008). *Do financial education programs work?* (Federal Reserve Bank of Cleveland Working Paper No. 08-03). Retrieved from http://www.clevelandfed.org/research/workpaper/2008/wp0803.pdf

Hira, T. K., & Mugenda, O. (2000). Gender differences in financial perceptions, behaviors and satisfaction. *Journal of Financial Planning, 13(2),* 86-92.

Holden, K., Kalish, C., Scheinholtz, L., Dietrich, D., & Novak, B. (2009). Financial literacy programs targeted on pre-school children: Development and evaluation. Credit Union National Association (CUNA). Retrieved from http://www.cunapfi.org/download/168_CUNA_Report_PHASE_ONE_FINAL_4-28-9.pdf.

Holzman, R. (2010). Bringing financial literacy education to low and middle income countries: The need to review, adjust, and extend current wisdom. Bonn: The Institute for the Study of Labor (IZA). Retrieved from http://ftp.iza.org/dp5114.pdf.

Junior Achievement/The Allstate Foundation. (2011). Teens and Personal Finance Survey. Retrieved from http://www.ja.org/files/surveys/2011-Teens-And-Personal-Finance-Poll.pdf.

Kasuya, E. (2001). Mann-Whitney U test when variances are unequal. *Animal Behavior, 61*, 1247-1249.

Kempson, E., Atkinson, A., & Collard, S. (2006). *Saving for children: A baseline survey at the inception of the Child Trust Fund* (HM Revenue and Customs Research Report 18). Retrieved from http://www.pfrc.bris.ac.uk/publications/pensions_savings/saving_for_children.html

Lucey, T. A., & Giannangelo, D. M. (2006). Short changed: The importance of facilitating equitable financial education in urban society. *Education and Urban Society, 38(3),* 268-287.

Lusardi, A., Mitchel, O.S., & Curto, V. (2010). Financial literacy among the young. The Journal of Consumer Affairs, *44(2),* 358-380.

Mandell, L. (2008) Teaching young dogs old tricks: The effectiveness of intervention in pre-high school grades. In L. Thomas & K.S. Cooter *Financial Literacy for Children and Youth*. DigitalTextbooks.biz.

Mandell, L. (2009). *The impact of financial education in high school and college on financial literacy and subsequent financial decision making*. Presentation at the American Economic Association Meetings, San Francisco, CA.

McCormic, M. (2009). The effectiveness of youth financial education: A review of the literature. *Journal of Financial Counseling and Planning, 20(1),* 70-83.

Martin, M. (2007). *A literature review on the effectiveness of financial education*. (Working Paper No. 07-3). Federal Reserve Bank of Richmond. Retrieved from http://www.richmondfed.org/publications/research/working_papers/2007/wp_07-3.cfm.

Mundy, S. (2008). Financial education programs in schools: Analysis of selected current programs and literature: Draft recommendations for best practices. *Organization for Economic Co-operation and Development Journal, 3,* 54-127.

Nachar, N. (2008). The Mann-Whitney U: A test for assessing whether two independent samples come from the same distribution. *Tutorials in Quantitative Methods for Psychology, 4(1),* 13-20.

O'Connell, A. (2009). Evaluating the effectiveness of financial education programs. Paris: Organization for Economic Co-operation and Development. Consultant Report. Retrieved from http://www.financial-education.org/dataoecd/38/44/44509435.pdf

Orton, L. (2007). Financial literacy: Lessons from international experience. Ottawa: Canadian Policy Research Network. Retrieved from http://www.cprn.org/documents/48647_EN.pdf.

Peng, T. M., Bartholomae, S., Fox, J. J., & Cravener, G. (2007). The impact of personal finance education delivered in high school and college courses. *Journal of Family and Economic Issues, 28(2),* 265-284.

Sallie Mae. (2009). How America saves for college: A national study by Sallie Mae and Gallup. Retrieved from https://www1.salliemae.com/about/news_info/research/how_america_saves/

Schuchardt, J., Hanna, S.D., Hira, T. K., Lyons, A., Palmer, L. & Xiao, J.J. (2009). Financial literacy and education research priorities. *Journal of Financial Counseling and Planning, 20*(1): 84–95.

Sherraden, M. , Johnson, L., Guo, B. & Elliott III, W. (2010). Financial capability in children: Effects of participation in a school-based financial education and savings program. *Journal of Family and Economic Issues.* doi: 10.1007/s10834-010-9220-5.

Spelke, E. S. (2000). Core Knowledge. *American Psychologist, 55,* pp. 1233-1242.

Suiter, M., & Meszaros, B. (2005). Teaching about saving and investing in the elementary and middle school grades. *Social Education, 69*(2), 92-95.

Jump$tart Coalition for Personal Financial Literacy. (2011). State financial education requirements. Retrieved from http://www.jumpstart.org/state-financial-education-requirements.html.

USA Today/National Endowment for Financial Education. 2006. Young Adults' Finances Poll.
http://www.nefe.org/Portals/0/NEFE Files/USATodaySurvey.pdf.

U.S. Department of the Treasury. (2011). Promoting financial success in the United States: National Strategy for financial literacy 2011. Retrieved from http://www.treasury.gov/resource-center/financial-education/Documents/NationalStrategyBook_12310%20(2).pdf

Varcoe, K., Martin, A., Devitto, Z. and Go, C. (2005). Using a financial education curriculum for teens. *Financial Counseling and Planning, 16,* 63-71.

VanFossen, P. J. (2003). Best practice economic education for young children? It's elementary! *Social Education, 67(2),* 90–94.

Way, W., Holden, K. & La, R. (2009). Teachers' background and capacity to teach personal finance: Results of a national study. In S. Eitel (Ed.) *2009 AFCPE Conference Proceedings*. (pp. 99-11). Scottsdale, AZ.

Appendix A
Construction of the pre-intervention saving behavior index

Panel 1
Pairwise correlations between saving behavior responses

	Saving for Goals	Adding money to savings	Earning extra to save
Saving for Goals	1.000		
Adding money to savings	.417***	1.000	
Earning extra to save	.377***	.427***	1.000

**p<.1, ** p<.05, ***p<.01*

Panel 2
Pairwise correlations between saving behavior survey items

Component	Eigen values	Proportion explained	Cumulative Explained
1	2.117	.60	.60
2	.623	.21	.81
3	.563	.19	1.00

Panel 3
Component score coefficient matrix for PCA

Saving for Goals	Adding money to savings	Earning extra to save
.422	.439	.426

Appendix B
Construction of the post intervention saving behavior index

Panel 1
Polychoric pairwise correlations between saving behavior responses

	Saving for Goals	Adding money to savings	Earning extra to save
Saving for Goals	1.000		
Adding money to savings	.413***	1.000	
Earning extra to save	.401***	.448***	1.000

**p<.1, ** p<.05, ***p<.01*

Panel 2
P*olychoric Pairwise Correlations between saving behavior survey items.*

Component	Eigen values	Proportion explained	Cumulative Explained
1	1.838	.61	.61
2	.609	.20	.81
3	.552	.19	1.00

Panel 3
Component score coefficient matrix for PCA

Saving for Goals	Adding money to savings	Earning extra to save
.416	.432	.430

Use Debit Cards Wisely

Bobbie D. Shaffett,[1] Charlestien Harris, and Susan Cosgrove, Mississippi State University Extension Service

Key Words: *Debit card, adult education, opt-in, overdraft fees*

Target Audience

Practitioners who work with general adult audiences and older youth, particularly those who teach employees or others required to move from paper paychecks to electronic banking.

Objectives/Purpose

The purpose of the program described for practitioners in this session is to prepare consumers to use debit cards wisely, particularly those not accustomed to using bank accounts or electronic banking. The program is also suitable for those who use electronic banking regularly, cautioning them about situations where using debit card may not be the most appropriate payment method.

Participants of this session will learn:

- To access the "Use Debit Cards Wisely" publications online
- How to use publications and other teaching materials with small and large group sessions or new employee trainings
- Procedure to obtain a PowerPoint presentation other coordinating resource materials.

Description

The way we pay for things is changing from paper (cash and checks) to plastic (credit cards and debit cards). Recently, debit cards have become the preferred form of payment by American consumers who use plastic for multiple purchases. Since Social Security encourages direct deposit and many employers are moving to electronic payments, rather than paychecks, it is important to educate all consumers about account management!

"Use Debit Cards Wisely" is a publication and program used by Extension educators to teach adults about the new debit card rules, account management, and card safety. It also provides useful tools to help user's record transactions and keep track of account balances.

Online publications may be downloaded and printed for use by consumers, or educators who work with older youth or adult groups. A coordinating PowerPoint presentation has also been developed, and will be made available to educators by the author. Participants of this session receive copies of the publication and tracking tool, and learn how to obtain the PowerPoint presentation.

[1]Bobbie D. Shaffett, Ph.D., Extension Professor, Mississippi State University, School of Human Sciences, Box 9745, Mississippi State, MS 39762; Phone: (662) 325-3080; Fax: (662) 325-8188, Email: bobbies@ext.msstate.edu

Integrating Service-Learning into Financial Counseling and Planning Curricula

Dorothy B. Durband, Ph.D.[1], and Irene Arellano, M.Ed., Texas Tech University;
Joseph W. Goetz, Ph.D., University of Georgia

Key Words: *Service-learning, financial planning and counseling curricula, pro bono*

Target Audience
Educators and students in financial counseling and planning

Objectives/Purpose
This forum will provide perspectives on the value of service-learning in higher education. An overview of service-learning and its use in two financial planning courses will be illustrated. Attendees will understand the benefits of service-learning and will receive ideas and tools for integrating service-learning into their curriculum.

Description
Service-learning is a "teaching and learning strategy that integrates meaningful community service with instruction and reflection to enrich the learning experience, teach civic responsibility, and strengthen communities" (National Service-Learning Clearinghouse, n.d., para 1). As educators, we need to pay attention to the activities that we provide for meaningful participation in communities of practice based in volunteering or community service. Students in service-learning courses receive multiple benefits. First, they participate in experiential learning conducive to building confidence and skills through working with others. Second, they are able to identify, articulate, and critically reflect on issues from their perspective as well as those of others they serve. Ultimately, the experience of helping others can also foster continued volunteerism, cultivating leaders who are meaningfully engaged in helping individuals and families in their communities.

Service Learning Models in Two Financial Planning Programs
The financial planning profession offers pro bono services to (a) individuals with the least access to financial planning, (b) those with little or no assets, and (c) non-profit agencies who serve these populations (Financial Planning Association Pro Bono, n.d.). Given the involvement by professionals, it makes sense to introduce financial counseling and planning students to pro bono services through incorporating service-learning into undergraduate and graduate courses. One model for integrating service-learning is through a practicum similar to those used for decades within programs such as psychology and marriage and family therapy. This model entails having an on-campus clinic where direct observation by faculty and other students can take place. Financial planning students provide direct clients services under the supervision of AFC/CFP® certified faculty. The practicum students present their cases to the class, and subsequently work together to identify opportunities for improvement within student-client work and to develop optimal recommendations for the client. Furthermore, financial planning students can benefit from collaborating with students of other disciplines in providing interventions for individuals and families.

Another model involves supervised delivery of pro bono financial planning in the community. Working within the infrastructure of established social service agencies can dramatically increase client participation and therefore enhance the experience for students. Agencies can include financial counseling and planning as a required component of their clients' program. Students share and reflect on their experiences working within organizations to help individuals who would typically not have access to financial counseling and planning expertise. In both models, students may partially fulfill experience requirements for earning professional designations (e.g., AFCPE® Accredited Financial Counselor).

References
Financial Planning Association. (2010). *FPA pro bono.* Retrieved from
http://www.fpanet.org/professionals/Connect/ProBono/
National Service-Learning Clearinghouse. (n.d.). *What is service-learning?* Retrieved from
http://www.servicelearning.org/what-is-service-learning

[1]Dottie Durband, Personal Financial Planning, Texas Tech University, Box 41210, Lubbock, TX 79409-1210; Phone: (806) 742-5050; Fax: (806) 742-5033; Email: dottie.durband@ttu.edu.

Use of Financial Planning Software to Assist Mid-Career Employees in Developing an Integrated Financial Plan

Jim Murphy[1], Marine & Family Services, Headquarters & Service Battalion, Headquarters, U.S. Marine Corps

Key Words: *financial planning, integrated financial plan, Monte Carlo simulation, retirement expense forecast, survivor needs analysis, financial independence*

Target Audience

Among the AFCPE conference attendees, the target audience is (1) military counselors who support mid-career officers and non-commissioned officers, and (2) civilian counselors who support mid-career clients or employees at their place of work.

Objectives/Purpose

As background, at least two papers appearing in past AFCPE publications (see references) have addressed the interface between financial education and counseling, and financial planning. Many counselors, particularly military counselors, work in communities with a larger number of mid-career service members who are at a point where they should be developing a goal-focused, integrated financial plan to carry them to retirement. These clients are at least ten years into their work-life. Most are now financially stable. An integrated financial plan is key to achieving financially independence. The purpose of this session is to describe the presenter's experience with an informal "proof of principle" test, using commercially available financial planning software, to assist couples in developing a basic integrated financial plan. Armed with the basic plan, the couples are then able to seek financial services professionals for assistance in refining, implementing, and revising the investment, accounting (taxes), legal, and insurance components of their initial plan.

Description of Content and Method

The presenter has assisted a small number of couples in developing integrated financial plans using commercially available software. The presenter reviews (1) the learning curve necessary to become proficient with the software, (2) the importance of having completed a detailed statement of income and expenses as well as a statement of net worth, (3) the collaborative effort necessary to help the persons articulate near, intermediate, and long-term financial objectives (key inputs to the software), (4) the use of Monte Carlo simulation techniques embedded in the software to model financial objectives, financial resources available, risk tolerance, and time horizons in an environment of multiple economic and financial variables (inflation rates, interest rates, rates of return, tax rates, retirement benefits, social security COLA, etc.) to produce statistical probabilities of success (that is, of achieving the objectives and ultimately becoming financially independent), (5) the iterative process of refining "objectives-resources-risk tolerance-time horizons" to finally achieve a feasible plan, (6) strengths and limitations in the software, and (7) thoughts on the implications of providing this extension of support to clients, particularly mid-career armed service members. The presenter uses graphics adapted from actual plans to show cash flow projections; retirement capital analyses; taxable, tax-deferred, and tax-free savings and investment accounts; Monte Carlo simulation graphs; education funding; life, health, disability & long-term care insurance analyses; and estate planning considerations.

It is helpful to have a basic understanding of the financial planning process and to understand the construction of compound interest tables using Excel. The textbook listed below (reviewed recently in the Journal of Financial Counseling and Planning) is used in an initial fundamentals course in an overall financial planning curriculum.

References

Langrehr, V.B. (1991). Financial Counseling and Planning: Similarities and Distinctions. *Journal of Financial Planning and Counseling, 2*, 155-167.

Schuchart, J., Bagwell, D.C., Bailey, W.C., DeVaney, S.A., Grable, J.E., Leech, I.E., Lown, Jean, J.M. Sharpe, D.L., & Xiao, J.J (2007). Personal Finance: An Interdisciplinary Profession. *Journal of Financial Planning and Counseling, 18(1)*, 61-69.

Dalton, M.A., Gillice, J.M., & Langdon, T.P. (2011). *Fundamentals of Financial Planning* (2nd ed.). Saint Rose, LA: Money Education

[1]Jim Murphy; Marine & Family Services; H&S Battalion, HQMC; Henderson Hall; 1555 Southgate Road, Arlington, VA 22214-5000; Phone: (703) 614-6950; Email: james.murphy2@usmc.mil.

Crossing Educational Boundaries through Virtual World Teaching: Making the Impossible Possible

Karen Richel, MS, AFC[1], K.D. Hatheway-Dial, MACC, CIA, Lori Wahl, BS, BA, and C. Brian Cleveley, University of Idaho; and Joey Peutz, MS, University of Idaho Extension

Key Words: *experiential learning, simulations, immersive education, virtual community, financial capability*

Target Audience

Practitioners Forum: Financial educators, counselors and facilitators who are looking for an innovative way to reach youth and young adult audiences with financial capability experience.
Simulation Audience: Students grades 6-12/college age with a desire to explore financial capability skills on their terms. Future versions of this simulation will include military personnel and multiple generation groups.

Objectives/Purpose

Entertaining while educating. Edutainment. Experiential Learning. Whatever you like to call it, interactive games, simulations and virtual world technology have taken over our cyber waves and captured the "teachable moment". Audiences are looking for experiences, immersion and engagement that are not traditional, nose-to-the-book programming. To add to the challenge, educators are bombarded with funding issues and time constraints; however, the need to solve real-world problems continues to exist and grow.

In this session, the participants will be introduced to assorted pedagogical delivery methods with an emphasis on immersive simulations that can be delivered in the virtual world Second Life®. Virtual world programming can provide a variety of educational delivery tools some of which provide immersive experiences that would be otherwise cost prohibitive in the real world. Plus, travel cost savings can be experienced when educators can reach students and clients without leaving their desk and still meet agency training objectives and goals.

The purpose of this session will be to introduce the "Prosperity Quest" Financial Capability Simulation and other educational delivery methods suitable for delivering education in Second Life®. Virtual world technology is a flexible medium and can provide a platform for both traditional educational delivery methods such as PowerPoint and simple classroom discussion or it can be used to create amazing immersive educational environments. Participants will experience a PowerPoint presentation, a video, simulation teaching, and a discussion…using immersive technology.

Description

An Idaho State Board of Education grant secured funding to create a financial capability simulation designed for K-12, higher education and Extension clients using the 4D multi-user, virtual world community program Second Life® that is free to users. Virtual worlds, like Second Life®, have the ability to operate in an environment that is not bound by the laws of nature. Participants can learn risk-free in a fun environment and apply what they are learning immediately. Imagine the movie "Avatar" meets "Schoolhouse Rock". Simulation participants use the virtual world game-like immersion to select an education and a career, acquire the income associated with that career, and learn to manage this income as they explore expenses and purchases that an average single, 24-year old might encounter. Surrounded by an environment that is visually appropriate for each purchase (i.e., the bank looks like a bank, the coffee vendor sells coffee), the simulation provides an opportunity to "test drive" a career and attempt to manage expenses with no real world risk. The user can immediately answer questions like, "Did I have enough money?", "Was I able to lead the lifestyle I wanted?", and "What changes should I make to my real world education/career choice to allow me to live the lifestyle I want?"… all from their computer… at their pace. In addition, the participant works in a real-time synchronous environment where they can interact with other participants or mentors. The simulation also allows the participant a "do-over" to "relive" the simulation a second time and apply the lessons learned for stronger retention and application in their future economic/educational lives.

When we employ virtual worlds as educational delivery tools and as a process to facilitate group communication, we have the opportunity to expand our creativity beyond our imagination, to make the impossible possible.

[1]Karen Richel, University of Idaho Extension, Latah County, P.O. Box 8068/220 E. 5th Street, Room 336, Moscow, ID 83843; Phone: (208) 883-2241; Email: krichel@uidaho.edu

Train-the-Trainer Program Scales Financial Literacy Program Reach

Nancy VanBoskirk, M.Div[1], and Brenda Vaughn, M.Ad.Ed., TG

Key Words: *financial literacy education, train the trainer, credit, saving, investing, spending plans, employee compensation, employee benefits, setting financial goals, needs, wants, monitoring spending, solving debt problems*

Target audience

Higher education, community organizations, military administrators, high school, and college access groups

Objectives/Purpose

The TG Financial Literacy Train-the-Trainer Program enables TG to increase the scalability of TG Financial Literacy Program content. In addition, TG's Train-the-Trainer graduates often broaden their own scope of learning and expertise through ongoing program support, refreshed/enhanced material training, and pursuit of further study.

Description

The TG Financial Literacy Train-the-Trainer Program is designed as a strategy to multiply distribution of TG Financial Literacy Program content. The program consists of a series of mini-modules, each of which are comprised of a 15-minute presentation, a workbook, and an activity. The mini-modules are presented in small chunks of memorable content, have a high visuals-to-text ratio with animated graphics, and are designed to be instructionally "sticky." Strategies for gaining and holding attention include frequent presenter-audience interaction (about every 90 seconds) utilizing workbook-based guided note-taking exercises. The fun and thought-provoking activities that accompany the presentations take an additional 15–20 minutes. The presentations and activities can be mixed and matched in a variety of combinations. The mini-modules teach a range of concepts on topics such as setting financial goals, building and monitoring a spending plan, credit, saving and investing, employee compensation, and benefits. The TG Financial Literacy Train-the-Trainer Program enables facilitators to use TG's dynamic content with confidence.

Participants in the TG Financial Literacy Train-the-Trainer Program have access to both in-person training and regularly scheduled webinar training. These sessions cover TG's Train-the-Trainer processes and procedures, the materials, and what is expected of the Train-the-Trainer graduates. The training also provides a thorough review of the program's mini-modules. During the in-person training, the participants practice facilitating the presentations as well as the activities. The webinar trainings consist of two mini-modules per webinar, and are scheduled on a rotating basis every quarter. The amount of time available will determine the number of mini-modules covered at in-person trainings. On average, training takes 45 minutes per mini-module.

Once the training is complete, the Train-the Trainer graduates are asked to sign a "Welcome Letter" in which they agree to the terms and conditions of the program. The terms and conditions specify that mini-modules are intended to be delivered free of charge; the facilitator must complete the training on the module that is being presented; the facilitator must make every effort to distribute and collect as many participant evaluations as possible. Train-the-Trainer graduates are then able to request materials and facilitate a financial literacy event of their own. To continue to present and order materials, Train-the-Trainer graduates must return both a "Presenters Report" and evaluations from the participants following each of their events.

The program's effectiveness closely mirrors results gathered from participants in sessions led by TG's financial literacy consultants. TG documents all aspects of the Train-the-Trainer graduate's receipt of training. Many graduates confirm the value of the program by choosing to request materials to host additional events. The repeated interest in TG's program suggests that Train-the-Trainer graduates are confident in their knowledge and ability to educate their participants on personal money management. Further evidence of the success of the Train-the-Trainer Program comes from participant evaluations, which indicate that participants have retained knowledge and made positive changes in both attitude and willingness to establish money goals.

[1] Nancy VanBoskirk, M.Div, P.O. Box 83100, Round Rock, TX, 78683-3100; Phone: (800) 845-6267; Fax: (512) 219-4739; Email: FinLit@tgslc.org

Development and Validation of a Financial Self-Efficacy Scale

Jean Lown[1], Utah State University

Key Words: *self-efficacy, scale, Transtheoretical Model, Stages of change*

As the role of psychological factors in influencing financial decisions has become widely acknowledged, consumer educators recognize that simply providing more financial education may be necessary but not sufficient to improve financial capability. Behavioral economists have demonstrated that information and education alone are not sufficient to induce behavior change.

A major factor influencing consumer behavior is the feeling of self-confidence or self-efficacy. Self-efficacy (SE) refers to a sense of personal agency, the belief that one can achieve and succeed at a given task. SE measures are designed to assess a person's belief that they can cope with a variety of life's challenges. People with high levels of self-efficacy believe that they can perform well at a specified task. Although there are a couple of widely accepted psychological measures of general self-efficacy, there is no measure specific to financial behavior.

One indication of the need for psychometric scales relating to personal financial management comes from the report of the NEFE Quarter Century Project which brought together financial literacy experts to review the past 25 years of research in order to outline an agenda for the future. Among the eight competencies identified by the team as necessary for building a "foundation for sustainable financial well-being" is "understanding personal beliefs and attitudes." The development of a financial SE scale will help consumers and the professional who serve them to identify pathways and barriers to productive personal financial management.

This study developed and tested the reliability and validity of a 6-item Financial Self-Efficacy Scale for use by researchers, educators, counselors and advisors. Bandura's concept of self-efficacy and Prochaska's Transtheoretical Model (TTM) of the Stages of Changes served as the theoretical framework. According to Bandura (1997), persons with high levels of self-efficacy who have confidence in their ability to accomplish a task, are more likely to accept rather than avoid a challenge and more likely to succeed. The TTM is based on the constructs of self-efficacy, decisional balance, and the process of behavior change. Numerous personal finance researchers have grounded their studies in Prochaska's Transtheoretical Model (TTM) of the Stages of Changes.

Methods

Scale items specific to financial SE were adapted from Schwarzer and Jerusalem's 10-item General Self-Efficacy Scale (GSES) that has been validated in 30 countries. This study incorporated specific references to financial management in six of the original ten statements. Four of the original GSES items were retained. Psychometrics were measured with a sample of 726 university employees. Data were collected online from employees of a large state university as part of a larger study of financial planning. The human resources office provided employee email addresses and sent a notification letter encouraging their participation.

Subjects were instructed to respond to each statement using a Likert-type scale: 1 = not true at all, 2 = hardly true, 3 = moderately true, and 4 = exactly true. Total scores on the 10 items can range from 10 to 40; possible scores on the six financial self-efficacy statements range from 6 to 24. According to Jerusalem and Schwarzer, it is equally appropriate to sum the responses to obtain a total score or to calculate a mean score.

To assess criterion-related validity, responses to the Financial Self-Efficacy Scale were correlated with the Retirement Personality Type measure, a self-perception measure of investment sophistication and financial confidence used in the Employee Benefit Research Institute annual Retirement Confidence Survey. The five RPTs are: *planner, saver, struggler, impulsive, and denier.*

One way analysis of variance (ANOVA) was also used to assess validity. It was hypothesized that the more sophisticated and self-confident the investor, the higher their level of financial SE. A second hypothesis was that,

[1]Jean Lown, Ph.D., Utah State University, 2905 Old Main Hill, Logan, UT 84322-2905; Phone: (435) 797-1569; Fax: (435) 797-3845; Email: jean.lown@usu.edu

using the RPT, planners and savers would score higher on financial self-efficacy than strugglers, impulsives and deniers. Factor analysis was used to determine the extent to which financial SE is similar to or different from general SE. Factor analysis is a statistical method to analyze relationships (correlations) among variables and to explain the common underlying constructs (factors).

Results

Surveys were sent to 1,720 employees; 726 responses were received for a response rate of 42.2%. Males constituted 54.6% of the sample. Most respondents (79.3%) were married with a mean age of 47.2 years. The most common RPT was planner (53.1%) followed by saver (20.9%), impulsive (13.90%), denier (7.7%), and struggler (4.1%).

Scores on the six financial SE items ranged from 6 to 24 with a mean of 17.0. Cronbach's alpha reliability of the six-item financial SE scale was .76. The Pearson r correlation between the six financial SE items and the four general SE items was .373 ($p<.000$).

Oneway ANOVA compared SE scores to respondents' assessment of their investment sophistication. The ANOVA is significant ($p< .000$). There is a clear relationship with "sophisticated" investors scoring 19.3 on financial SE, "average" investors scoring 18.5, "simple" investors scoring 17.0, and "know nothings" scoring 15. It was hypothesized that financial SE will correlate with level of confidence in being able to manage money to last for their lifetime. Financial self-efficacy mean scores ranged from 13.5 for those "not at all confident' to 20.2 for the "very confident." The ANOVA is significant ($p< .0009$). Mean financial self-efficacy scores for the five Retirement Personality Types (RPT) are: deniers (15.4), impulsives (14.0), strugglers (14.7), savers (17.4) and planners (18.4). The overall ANOVA was significant ($p<.000$), planners and savers scored above the mean while strugglers, impulsives, and deniers score below the mean, consistent with the RPT. As evidence of criterion-related validity, mean financial self-efficacy scores increase with educational level: some college (15.4), bachelor's degree (16.6), master's degree (16.8), and doctorate or professional degree (17.9). The Oneway ANOVA is significant ($p< .000$).

In the factor analysis the four GSES items are negatively correlated with the financial SE statements. The total variance explained by component one is 29.9% with 18.6% explained by component two. The six financial self-efficacy items are all strongly correlated with each other, with factor loadings ranging from .574 (worry about money in retirement) to .759 (progress toward goals). The four general self-efficacy items constitute the second factor. The factor loadings for three of the general self-efficacy statements range from .638 to .783; the fourth general SE item (coping with unexpected events) has a factor loading of .358 with the general items and -.521 with the financial statements. Half (51%) of the total variance is explained by the two factor solution.

Based on this study, the 6-item Financial Self-Efficacy Scale (FSES) demonstrates a high alpha reliability of .76, as well as criterion-related and construct validity. According to the factor analysis, financial SE is different from general SE as measured by the GSES.

Discussion

A financial self-efficacy instrument can help educators and counselors better understand, guide, and motivate their students and clients. This financial self-efficacy measure provides researchers with a valuable tool to measure behavioral aspects of financial management. The FSES can be used with adults in education, counseling, and research applications. Financial counselors and advisors can use the FSES to assess the extent to which their clients are likely to need supplemental support, encouragement, and attention to accomplish financial tasks. As described in the TTM, clients or students with low levels of financial self-efficacy are likely to need extra help and reminders to accomplish tasks and achieve goals.

For researchers, the FSES is well suited to program evaluation purposes. The 10-item two-factor scale can help students or clients assess their levels of both financial and general self-efficacy. Following Schwarzer and Jerusalem, there is no specific cut off score for assessing self-efficacy, but the mean FSE score for the six items is 17.

Copies of the instrument are available from the author.

Offender Financial Literacy Education: Challenges and Opportunities

Rosemary K. Heins[1], Sara Croymans, Phyllis Onstad, Susan Hooper,
University of Minnesota Extension Educators

Key Words*: corrections financial education, financial literacy, incarcerated financial education, offender financial education, offender reentry skills, prisoner education*

Target Audience

Individuals involved in teaching financial literacy courses and interested in providing education to an incarcerated or a recently released offender audience.

Objectives/Purpose:

Program participants will:

- explore what literature says about an offender population and their educational needs
- explore two program models used by MN Extension Educators for providing financial literacy education with offenders
- understand the challenges of providing financial education in a correctional environment
- identify adaptations of traditional teaching activities for a correctional audience

Description

In prison systems, two serious problems converge – crime and illiteracy. The majority of offenders have serious educational deficits that affect their ability to function productively on the outside. Part of economic stability is financial capability, a key to successful offender re-entry into society. Studies show that lack of basic financial knowledge may be a barrier (Koenig, 2007).

To improve financial literacy education with an offender population, both a direct teaching model and a mentorship model were utilized by MN Extension faculty. For the direct teaching model Extension Educator s facilitate and lead financial capability learning sessions with the offender participants. In the mentorship model correction staff attended a two-day financial literacy training with their Extension partner. Together the team develops, co-teaches, and evaluates two 6-hour personal finance programs. These efforts provide an opportunity to build correction staffs' teaching skills and content knowledge to enhance on-going offender financial education efforts. Presenters will share the challenges related to teaching in a correctional facility environment and adaptations of traditional teaching activities for this audience. Participant program evaluations will be shared.

References

Koenig, Lori A. (2007).*Financial Literacy Curriculum: The Effect on Offender Money Management Skills*, Journal of Correctional Education, v58 n1, p 43-56.

[1]Rosemary K. Heins, M.S., AFC, Extension Educator, Family Resource Management, University of Minnesota Extension, 550 Bunker Lake Blvd NW, Ste L-1, Andover, MN 55304; Phone: (763) 767-3879; Email: heins002@umn.edu

The Relation Between Education and Financial Literacy

Sandra J. Huston[1], Ph.D., Associate Professor, Personal Financial Planning, Texas Tech University, Box 41210, COHS, Lubbock, Texas 79409, T: 806-742-5050, F: 806-742-5043, sandra.huston@ttu.edu

Key Words: *financial literacy, education*

Introduction

There is a paucity of research on financial literacy formation along with a lack of consistency among the measures typically used in studies that do incorporate measures of financial literacy (Huston, 2010a). While there is some evidence to suggest a positive relation between financial education and financial literacy (Lyons, Palmer, Jayaratne, and Scherpf, 2006; Fox, Bartholomae, and Lee, 2005) there are others who contend that such efforts are unwarranted (Willis, 2008). Willis argues that, even if financial literacy is enhanced through financial education, the improvement may not be sufficient enough and will provide individuals with a false sense of confidence regarding personal finance matters. The purpose of this study is to investigate the relation between education and financial literacy levels among American adults using a comprehensive and reliable financial literacy measure (Huston, 2010b). Because individuals are required to engage in at least some degree of public education (as opposed to targeted financial education) and some studies use formal education to proxy financial literacy, this research focuses on formal schooling and its relation to financial literacy levels.

The Connection Between Education and Financial Literacy

A financially literate person has more potential to engage in financial behavior that is aligned with increasing financial well being compared to a person with an inferior stock of personal finance-related human capital. When making financial decisions, individuals may use service flows from their stock of financial literacy to enhance decision outcomes. Just because a person is financially literate does not necessarily translate into behavior that is reflective of one's attained knowledge and skill. However, the impetus for enhancing financial literacy is to increase likelihood of making appropriate financial decisions that will lead to higher levels of economic well-being. While enhancing financial literacy may increase the odds of better financial health, it is certainly no guarantee.

There are two main avenues for human capital enhancement - education and experience. This paper concentrates on the former by examining the impact of formal education on financial literacy. Formal education is the focus for two reasons. First, it is difficult to acquire data that has quality measures for both financial literacy and education specific to personal finance. Second, most people have not received personal finance-specific education but are required to attain at least a certain level of formal education. The hypothesis this research is focused on is the positive relation between formal education on measured financial literacy levels. The more an individual invests in activities that enhance human capital in general, the more efficient they become at producing additional human capital. Thus, even though educational content may not be specifically focused on personal finance, human capital building capability is increased through this investment. This paper will examine education's relation to total financial literacy along with separate dimensional (knowledge and skill) and content (basics, borrowing, building, and protection) analyses to determine if there is variation in the impact of education across these sub-divisions within the financial literacy measure.

Methods

This study uses the conceptual framework, financial literacy instrument (and scoring grid) from Huston's (2010b) research. The 20-item financial literacy instrument incorporates both knowledge and skill dimensions and includes the four main divisions of personal finance-related content. The instrument is comprised of sixteen objective items; eight knowledge items and eight items which test the respondent's ability to appropriately apply knowledge. There are two items per each personal finance content area. Each knowledge question relates to a corresponding ability question such that the pairs can be compared to determine the sophistication with which respondents are able to apply personal finance knowledge. The more greater the number of corresponding pairs, the greater the respondent's

---

[1]Sandra J. Huston, Ph.D., Associate Professor, Personal Financial Planning, Texas Tech University, Box 41210, COHS, Lubbock, Texas 79409; Phone: (806) 742-5050; Fax: (806) 742-5043; Email: sandra.huston@ttu.edu

sophistication. The remaining four items are subjective and gauge the respondent's confidence regarding the management and use of personal finance concepts and products. Respondents are asked to rate their level of confidence on a scale from no confidence (=0) to a great deal of confidence (=10). To aid with interpretation, financial literacy scores in each of the dimensions are analyzed to segregate respondents into one of three financial literacy zones: target, caution, and danger.

The total financial literacy score, along with dimension and content scores are calculated and compared to the respondent's education to determine the nature of the relation. All scores are represented in percentage terms to allow comparison among sub-categories. An analysis of the factors associated with being in the financial literacy target zone is also included in this research. Descriptive statistics along with OLS regression (single and multivariate) and multivariate logistic regression techniques are used to assess the relation between education and financial literacy.

Data

Data used in this study are from the Consumer Finance Monthly Survey (CFM). The CFM is conducted by the Consumer Finance Research Group with the Center for Human Resource Research at the Ohio State University. A module containing the 20-item financial literacy assessment instrument was initiated in December 2009 and data were collected until February 2011. The CFM includes data on credit usage, assets, debt, income, and demographic information of U.S. households. Data is collected via telephone interview using computer assisted telephone interview (CATI) software and the survey sample is representative of the U.S. population. The financial literacy module contains data for 3,603 households and complete information to calculate total financial literacy scores for 3,275 respondents.

In addition to information regarding the respondent's financial literacy and education, additional control variables were included in the multivariate regressions: having a tax advantaged investment arrangement (IRA, 401(k), 403(b), 529 Plan, Annuities, and/or Keogh Plan), home ownership, stock ownership, household income, and the respondents age, race, gender, and marital status. Half of the sample have some type of tax advantaged saving arrangement, 20% own stock (outside of tax advantaged accounts) and the majority (87%) are homeowners. The mean household annual income is approximately $58,000. The majority of respondents are white (87%), married (61%), less than half are male (43%), and the average age is 58 years.

Results

The average financial literacy score for the sample is 58%. Among the concept dimensions, the mean score is 61% for knowledge items, 48% for ability items, 37% for sophistication (knowledge-ability pair concordance) and 70% for self-assessed confidence (i.e., 7 on the confidence scale). The mean score for the sixteen objective items (i.e., knowledge and ability) is lower (55%) than the subjective evaluation regarding management and use of personal finance concepts and products (70%). In terms of financial literacy content for the whole sample the scores ranged from 62% for borrowing (credit and loan) items, 60% for basic concept (balance sheet and cash management) items, 56% for protection (insurance) items, and 49% for building (investing) items.

The mean financial literacy score for those with a college education (65% and 67% for college degree and graduate school, respectively) is nearly double the mean score for respondents with less than high school education (36%). For the dimensional sub-categories, mean scores for college-educated respondents is more than double compared to less than high school educated respondents for both knowledge and ability. While there is great variation between the highest and lowest education levels among mean scores in categories using objective items, there is relatively little variation in self-reported confidence across all education levels. There is some variation in pattern with regard to mean scores for the content areas. The category with the highest mean content score for respondents with some college or less is borrowing and basic concepts for college-educated respondents.

To test if these relations are statistically significant, ten OLS regressions were run using total financial literacy score, along with its dimensional and content sub-categories, as the dependent variables and education as the independent variable. In all cases the coefficients are statistically significant ($p<0.001$) and positive, indicating that increases in education are associated with increases in financial literacy and all of its sub-categories. In terms of the magnitude of effect, each year of additional education is associated with a three percentage point increase in the total financial literacy score.

Results for OLS regressions that control for experience (age, asset ownership, race, gender), motivation (high income), and additional human capital access (marital status) using three dependent variables - total financial literacy score, objective (the sum of knowledge and ability scores), and subjective score (confidence) - are used to assess the impact of education on financial literacy and its dimensions, controlling for other influencing factors. Results for the education variables in the total financial literacy score and objective score regressions are all statistically significant, have a positive relation, and a smaller, yet still substantial, magnitude of effect on improving financial literacy scores. Age has a non-linear effect indicating that financial literacy scores increase with age for younger people and then decrease slightly each year for older people. All of the other control variables have a positive relation with financial literacy scores indicating that experience and motivation also play a role in enhancing financial literacy, yet education appears to have the strongest effect in terms of magnitude of effect. The coefficients on all of the variables in the objective score regression are all higher, indicating that the impact of education is attributed more to knowledge and ability to apply knowledge than it is to the confidence component of financial literacy. None of the education variables are statistically significant for the confidence (subjective component) regression when controlling for other factors . The results for age differ compared to the results for total and objective financial literacy scores, indicating that older people gain confidence as they age, although the magnitude is small.

Of the total respondents, 14% are in the target zone (financially competent), about a third are in the caution zone (32%) and over half are in the danger zone (54%). Half of the respondents in the danger zone fall into the overconfidence category, a third are financially unaware (low scores in all dimensions), and the remainder (17%) are financially paralyzed (high knowledge and low ability/confidence). Of the people in the target zone, fewer than 1% have a less than high school education, 8% are high school educated, one in five have some college, and the majority (72%) are college educated. About a third of the danger zone is comprised of high school educated respondents, and the majority are either in the overconfident or unaware categories. Nearly a third of the danger zone is occupied by respondents with some college, with almost equal representation in each of the three danger zone sub-groups.

Using logistic regression to predict the likelihood of being in the financial literacy target zone, results indicate that in terms of explaining variance in target zone membership, education levels are among the strongest predictors and provide the greatest magnitude of effect, even when controlling for experience and motivation factors. The odds ratios indicate that respondents with some college education have double the odds of a high school (or less), those with a college degree increase their odds three-fold, and respondents that have graduate education are more than four times more likely to be in the target zone compared to respondents with high school (or less) education. Age provides the greatest explanatory power of the model as evidenced by the standardized beta coefficients (1.57 and 1.79 for age and age-squared, respectively). Clearly, the experience opportunities gained through aging are important to explaining variation in target zone membership.

Discussion

The average financial literacy score from this sample was 58%. This statistic mirrors results from previous studies using the same financial literacy instrument on different populations (Huston, 2010b; Huston, 2009) and, consistent with previous literature, finds that financial literacy levels are low among the American population. Unlike most studies that incorporate financial literacy measures, this research uses an instrument that is based on a conceptual model and provides the opportunity for analysis by both conceptual dimension and content division. In terms of the total score, the descriptive statistics suggest and the OLS regression analyses verify a positive relation between education attainment and financial literacy. Even when controlling for experiential and motivational factors, the impact of education is statistically significant and substantial. Measuring education continuously and categorically produced very similar results, indicating that the gain in financial literacy is more reflective of human capital rather than signaling theory.

All of these findings combined provide evidence to suggest that the formal education process does seem to provide efficiency in developing more specific forms of human capital, such as financial literacy; however the impact is not uniform across all financial literacy dimensions. Education appears to have a much greater impact on knowledge (and to a lesser extent ability) compared to the confidence dimension of financial literacy. This makes sense as the formal education process is primarily focused on acquiring and demonstrating the ability to apply knowledge.

Confidence is an important component of financial literacy and one that is often not included in financial literacy measures. Half of all the people in the danger zone are considered to be financially overconfident and education does not appear to have any impact on explaining variation in confidence levels. None of the confidence dimension regressions performed particularly well, indicating a better model needs to be developed to identify the factors that drive this component of financial literacy.

In terms of the factors that predict membership in the financial literacy target zone, education is certainly an important consideration. The odds are doubled, tripled, then quadrupled for as the levels of education advance above high school (some college, college degree, and graduate school, respectively). Though the odds increase, the reality is that not very many people are at a target zone level of financial literacy. Even if everyone in the population had a college degree (or higher) out of a group of ten people, only two of them would be in the target zone, four would be in the caution zone, and four would be in the danger zone. Even though education appears to make the financial literacy formation process more efficient, it does not appear to be the ideal solution. Either factors need to be identified that can substantially raise financial literacy, or the financial landscape that individuals are expected to navigate needs to be altered, or a combination of both.

It would be very interesting to have the ability to repeat this study using data containing measures for both financial literacy and education specifically targeted to personal finance content. While one would expect that education specifically targeted to financial literacy enhancement would provide greater odds of target zone membership, the degree to which zone membership proportion would be affected by financial education, as opposed to formal education, is more difficult to predict.

References

ANZ (2008). ANZ Survey of Adult Financial Literacy in Australia. http://www.anz.com/Documents/AU/Aboutanz/AN_5654_Adult_Fin_Lit_Report_08_Web_Report_full.pdf

Financial Services Authority. (2006). Levels of Financial Capability in the UK: Results of a Baseline Survey. http://www.pfrc.bris.ac.uk/Reports/Fincap_baseline_results_06.pdf

Fox, J., Bartholomae, S., & Lee, J. (2005). Building the case for financial education. *The Journal of Consumer Affairs, 39*(1), 195-214.

Huston, S.J. (2010a). Measuring Financial Literacy. *Journal of Consumer Affairs, 44*(Summer), 296-316.

(2010b). Determining Financial Literacy: Developing and Refining a Financial Literacy Assessment Instrument. *Consumer Interests Annual*, 56.

(2009). The Concept and Measurement of Financial Literacy: Preliminary Results from a New Survey on Financial Literacy Assessment. *Academy of Financial Services Proceedings.*

Lusardi, A., & Tufano, P. (2008). Debt Literacy, Financial Experiences and Overindebtedness. http://www.dartmouth.edu/~alusardi/Papers/Lusardi_Tufano_122208.pdf

Lyons, A.C, Palmer, L, Jayaratne, K.S.U, Scherpf, E. (2006). Are we making the grade? A national overview of financial education and program evaluation. *The Journal of Consumer Affairs, 40*(1), 208-235.

Moore, D. (2003). Survey of Financial Literacy in Washington State: Knowledge, Behavior, Attitudes, and Experiences (Technical Report 03-39). http://www.dfi.wa.gov/news/finlitsurvey.pdf

Müller, S. & Weber, M. (2008). Financial Literacy and Mutual Fund Investments: Who Buys Actively Managed Funds? http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1093305%20.

NASD Investor Literacy Research. (2003). NASD Investor Literacy Research: Executive Summary. Retrieved February 3, 2009, from http://www.finrafoundation.org/surveyexecsum.pdf

PACFL (President's Advisory Council on Financial Literacy). (2009, Jan. 9). 2008 Annual Report to the President. http://www.treas.gov/offices/domestic-finance/financial-institution/fin-education/docs/PACFL_ANNUAL_REPORT_1-16-09.pdf.

USFLEC (United States Financial Literacy and Education Commission). (2007). Taking Ownership of the Future: The National Strategy for Financial Literacy. http://www.mymoney.gov/pdfs/add07strategy.pdf

Volpe, R.P., Kotel, J., & Chen, H. (2002). A survey of investment literacy among online investors. *Financial Counseling and Planning, 13*(1), 1-13.

Willis, L. (2008). Against Financial Literacy Education. *Iowa Law Review, 94,* 197-285.

America–Military Saves Week "Start Small, Think Big"
USDA/NIFA Cooperative Extension Partnership

Susan Shockey[1], PhD, CFCS, USDA/NIFA Family and Consumer Economics, and Rebecca J. Travnichek, PhD, AFC®, University of Missouri Extension

Key Words: *America Saves Week, Goal Setting, Saving Money, Reducing Debt, Social Marketing Campaign*

Target Audience
For the AFCPE Conference, Military and Cooperative Extension employees will be the target audience. General population is the focus of America Saves Week. America Saves programs are designed as a social education marketing effort throughout the United States. Programs are designed to create personal awareness of financial issues and promote individual's savings.

Objective/Purpose
1. Explain America–Military Saves Week 2011 program impacts by explaining productive partnerships developed.
2. Understand the American Saves techniques to educate and assist individuals and families to build wealth by saving and reducing debt.

Description
Individuals and families are continuing to experience economic recovery with their personal finances. The fourth annual national survey assessing household savings revealed that despite hopeful macroeconomics signs, more Americans are concerned about recession impacts on their personal finances than a year ago. Findings from the fourth annual national survey revealed that consumers with a savings plan are far more likely to save and reduce debt. There are large differences between the savings progress of those with and without a savings plan, as the table suggests below.

	With Savings Plan	Without Savings Plan
Spend less than income, save difference	88%	50%
Reducing consumer debt or debt-free	87%	69%
Sufficient emergency savings	85%	50%
Saving enough for retirement	61%	27%

The goal of most Americans is financial security, which is the ability to save and invest for the future while keeping pace with day-to-day basic needs. Financial assets provide the security and have vast economic and social effects on neighborhoods, families, and children. USDA/NIFA Cooperative Extension and Military Saves have formed a partnership to deliver the social-educational marketing messages of *America Saves Week* and to encourage all Americans including military service members to achieve financial security and stability by saving and reducing debt. The Military Saves refers to economic security as "financial readiness" meaning that if a service member is distracted by financial problems, they cannot concentrate on their military mission.. During 2011 Military Saves Week, over 82,000 military personnel and their families participated in financial seminars and 80,000 pieces of promotional materials were distributed. Stephen Brobeck, Consumer Federation of America, Executive Director, recognized Cooperative Extension educators as key leaders of the America Saves campaign. He states, "They have organized local and statewide coalitions with hundreds of member groups that are responsible for the enrollment of tens of thousands of Savers and an increase of personal saving of millions of dollars a year" (USDA/NIFA, 2010).

References
Beeferman, L. 2001. *Asset development policy: The new opportunity*, Waltham, MA: Asset Development Institute, Brandeis University.

PR Newswire–United Business Media. 2011. *Fourth annual saving assessment indicates many Americans still struggling*. Retrieved February 22, 2011, from http://www.prnewswire.com/news-releases/fourth-annual-saving-assessment-indicates-many-americans-still-struggling-116670569.html

United States Department of Agriculture (USDA/NIFA). 2010. *Cooperative Extension Report–Saves Week 2010*. Retrieved March 6, 2011, from http://www.nifa.usda.gov/nea/economics/pdfs/2010_america_saves_imp.pdf

[1]Susan S. Shockey, PhD, CFCS, USDA-NIFA, 800 9th St., SW, Washington, DC 20250;Email: sshockey@nifa.usda.gov

Developing Social Media Strategies: Results from a Large Scale Promotion Involving America Saves Week

Andrew Zumwalt[1], Rebecca J. Travnichek University of Missouri, Michael S. Gutter, University of Florida, Barbara O'Neill, Rutgers University

Key Words: *social media, America Saves Week, savings*

Target Audience

Broadly, the target audience includes anyone who is interested in using social media sites to interact with clients. A more narrowly defined target audience would be individuals looking to share personal finance education with their clients.

Objective/Purpose

The purpose of this proposed session is twofold.

1. Share our experience using a large distributed network of users to disseminate personal finance educational information through social networks. This includes feedback from users and planned improvements for 2012.
2. Create a forum for other practitioners to share how they have used social media to reach clients.

Description

Social media can be defined as digital networks (e.g., blogs, Facebook, Twitter, wikis, Google +, and YouTube) that enable people to organize, socialize, learn, play, and participate in e-commerce transactions. Less than ten years ago, words like Twitter, Facebook, and "social networking" did not exist. Today they are major avenues for communication, marketing, and information sharing. Due to the rapid increase in social networking, social media literacy is a 21st century technical skill for financial educators along with computer literacy and subject matter expertise. Social media literacy includes understanding, not only how specific social media tools operate (e.g., tweeting or posting a Facebook message) but, much more importantly, how to engage online users in two-way information flows and measure the impact of social media outreach.

This session will present a national social media outreach project conducted by the eXtension Financial Security for All (FSA) Community of Practice (CoP) to promote savings and debt reduction during *America Saves Week* 2011 including discussion of strategies used to measure its impact. A grant funded two FSA CoP members' time to develop and track usage of "cut and paste" Twitter and Facebook messages that were e-mailed to almost 100 project cooperators. A total of 70 Facebook posts and 70 tweets were prepared. The messages, which provided information about the America Saves program or some aspect of saving money or reducing expenses, were, in turn, distributed through cooperators' individual social media accounts.

Messages were short educational pieces; most had a shortened link to either America Saves or eXtension personal finance resources. Here is an example of a "turn-key" message that complies with Twitter's 140 character limit: "Save >$2/day buying coffee vs. latte. In 1 year, you could "find" $500 to save. Wake up & smell the coffee! http://bit.ly/ASEnroll #eXasw". Facebook messages were slightly longer, but still had the shortened link to both keep the message short and provide an easy way to track clicks.

Project outreach was tracked through a project-specific Twitter hash tag (#eXasw), online surveys of project participants and their content users, the number of clicks on project-specific URLs, and Klout and Peer Index "Twitter "influence metrics." At the conclusion of America Saves Week, 1,037 tweets and 845 clicks from Facebook messages and 234 clicks from tweets were recorded.

[1]Andrew Zumwalt, 162 Stanley Hall; Columbia, MO 65211; Phone: (573) 884-1690; Fax: (573) 884-1690; Email: ZumwaltA@missouri.edu

Establishing Strong Community Partnerships Contribute to Successful Military Saves Programs

Joanne Roueche[1], CFCS, Utah State University Extension, Selena Campbell, AFC

Key Words: *Military Saves, Community Partnerships, Youth Financial Education*

Target Audience

Extension, Civilian and Military professionals and others who develop, provide and promote financial education for youth and adults.

Objectives/Purpose

The importance of the partnership between Cooperative Extension and the U S Military was recently recognized with the signing of a proclamation on April 27, 2011 at the USDA /DoD Family Resilience Conference in Chicago, Illinois. The aim of that partnership is to strengthen and support military members and their families in the community. Three major objectives were identified to meet the emerging needs of military families:

- Increasing and strengthening community capacity in support of families,
- Increasing professional and workforce development opportunities for those working with military families,
- Expanding and strengthening family, childcare and youth development programs.

The Military Saves/Military Youth Saves Program accomplishes these objectives.

Description of Content and Method

The Military Saves/Military Youth Saves Program brought together Utah State University Extension, Hill Air Force Base Family Readiness Center, Utah National Guard & Reserve, Hill Field Elementary and many community partners. Through that partnership, military youth and adults receive financial education and support presented by professionals from community organizations.

The 2011 Military Youth Saves Program provided two finance classes for every student K-6 at Hill Field Elementary. In 2008 the Utah Legislature passed a bill requiring all K-12 students receive financial education in their classroom. The Utah Saves lessons met this mandate and Utah State Office of Education core curriculum requirements for their age level. Each of the 500 students had the opportunity to participate in an official Military Youth Saves Kick-off, take the youth savers pledge and make banks for a Piggy Bank Parade.

Military Saves has been a source of financial information for military members and their families at Hill Air Force Base for the past five years. For the first time in 2011 the program expanded to reach the Utah National Guard & Reserve stationed at the Draper National Guard Armory. The Military Saves program is part of the community standards (adequate personal savings, manageable or no consumer debts, and financial literacy) that DoD strives to establish in all military families (2010 Military Saves Accomplishments). The 11 classes provided information to 166 military members that resulted in more than 75% signing the Military Saves pledge form. Those enrolled in the program will also receive a Utah Military Saves newsletter that will connect them to classes and services throughout the community.

Participants will receive program details and resources to implement a similar program with their University or on their installation.

[1]Joanne Roueche, Utah State University Extension, P.O. Box 618/ 28 East State Street #200, Farmington, Utah 84025; Phone: (801) 451-3404; Fax: (801) 451- 3572; Email: joanne.roueche@usu.edu

Tools and Strategies for Community Financial Literacy Programs

Brent A. Neiser, CFP®, Director Strategic Programs & Alliances, Susan Sharkey, Director High School Financial Planning Program, National Endowment for Financial Education® (NEFE®), Mary Jeannette Schultz, NEFE

Key Words: *personal financial education, financial literacy, financial workshop kits, financial education resources, program planning, program evaluation, community, volunteer, strategic plan, outreach*

Objective/Purpose

NEFE is committed to inspiring empowered financial decision making for individuals and families through every stage of life. The purpose of this workshop is to provide AFCPE members with practical resources and strategies for nonprofits and other groups that can immediately be utilized to start or revamp, maintain, and evaluate a financial education program for success and sustainability.

Target Audience

Any individual or group interested in helping community members become better financial decision makers can use the NEFE resources to create or strengthen a unique and effective financial education program tailored to meet the specific needs of the participants. Those who will especially benefit from this workshop are financial educators, community volunteers, and social services case workers.

Description

The National Endowment for Financial Education's resources are designed to be used by financial educators, community volunteers, and social services case workers who are interested in facilitating financial education workshops and counseling sessions in their communities. NEFE continually revises and creates numerous free, noncommercial resources for financial educators to use during counseling sessions, one-to-one meetings, or financial workshops. All of NEFE's resources focus on important foundational personal finance principles including budgeting, saving, banking, managing credit, building wealth, protecting assets, and avoiding money traps.

During this workshop, participants will:

- Access valuable facilitator materials to guide the development and evaluation of new and existing community financial literacy programs.
- Make the case for how AFCPE members play a vital role in partnering with community educators and leaders to establish and sustain quality financial literacy programs.
- Work from a checklist and examine case studies to design (or revamp) a financial literacy community program based on the needs of the target audience and organization objectives.
- Explore quality, noncommercial resources available to develop, facilitate, and evaluate sustainable financial literacy programs:
  NEFE Financial Workshop Kits for Professionals (www.financialworkshopkits.org) features prepared presentations, scripts, and resources focused on a broad array of specific community groups and topics.
  NEFE Train the Trainer Financial Education Program Planning Resources (www.catholiccharitiesusa.org) includes a facilitator's guide and planning resources to create or rebuild a financial education initiative.
  NEFE Evaluation Toolkit for Financial Programs (http://toolkit.nefe.org) allows financial educators to devise customized evaluations to measure program effectiveness and document program results.
  NEFE Personal Finance Consumer Information (www.smartaboutmoney.org) provides individuals and families with noncommercial, reliable information to confront small and large financial challenges; and provides financial planners, counselors, and advisors with prepared resources to support clients dealing with a variety of money management issues.

[1] Mary Jeannette Schultz, 1331 17th Street, Suite 1200, Denver, CO 80202, jeh@nefe.org, 303-224-3502

Credit Card Behavior as a Function of Risk Attitude, Impulsivity, and a Mother's Socialization Factors

John E. Grable[1], Ph.D., CFP®, Sonya Britt, Ph.D., AFC, NaRita Anderson, M.S., and Anita Dale, M.S.
Kansas State University

Key Words: *Credit Cards, Impulsivity, Socialization Theory, Socioeconomic Status*

Abstract
This paper, using data from the National Longitudinal Survey of Youth 1979 (NLSY) and the NLSY Child Survey, reports results from a test designed to determine if impulsiveness is associated with credit card behavior, and whether a mother's time preference, socioeconomic status, and risk attitude transmit to her children in shaping credit card behavior. In addition to certain demographic factors, individuals who exhibited self control and low impulsivity were more likely to possess a credit card, as were those whose mothers had a high socioeconomic status. Men, those with higher income, and those who were raised by mothers with high financial impatience were more likely to hold a credit card balance.

Introduction
It is common for personal finance experts to recommend that individuals and families limit their use of credit in favor of cash in difficult economic times. Recent reports in the personal finance media suggest that some Americans have taken this advice and replaced the use of credit cards with cash (Kates-Smith, 2011). However, a closer look at the data suggests that such media reports may be overstated. According to the Bankrate Online Network (2011), there are approximately 177 million credit cardholders in the United States. These cardholders possess nearly 610 million cards, and revolve month-to-month consumer debt of close to $800 billion. Clearly, the use of credit cards and the pervasiveness of credit usage in the economy indicates that returning to a cash-only society is not a realistic policy outcome. Instead, it behooves those who are interested in advancing the financial well-being of households to not only document credit card usage but to also explain how credit cards are adopted and used.

Researchers and financial planning and counseling practitioners alike have had an ongoing interest in understanding the credit card behavior of individuals. Recent legislative reforms at the federal level indicate that regulators and policy makers are becoming increasingly aware of the role consumers play in shaping economic events through open-ended, revolving credit usage. Existing literature suggests that impulsiveness and risk attitude may be associated with the choice to obtain a credit card and carry a balance on that credit card. Although there is some general evidence to suggest such a possibility, there is a paucity of data directly linking impulsivity, risk attitude, and credit card behavior. There is even less known about the factors explaining why a person chooses to possess a credit card or, among those who do have a credit card, to maintain a revolving balance.

The purpose of this research project was to test whether a mother's time preference, socioeconomic status, and risk attitude transmit to her children in shaping credit card behavior. A secondary purpose was to determine if a person's impulsiveness is associated with credit card behavior. Results from this study add to the existing literature by not only documenting behavior as it relates to credit card usage, but findings provide an explanation for credit card behavior. In this sense, the results from this research help move the financial counseling and planning profession closer to developing theory that can be used to help researchers, practitioners, consumers, and policy makers better navigate the ever increasing complex household finance marketplace.

Review of Literature
Life Course and Socialization Theory. The methodological approach used in this study was informed by life course theory and theories of parent-child socialization. Life course theory (Elder, 1998) helps explain how a person's attitudes and behaviors are shaped over the course of the lifespan. The theory has been used to describe a wide variety of feelings and positions that range from consumers tendency to exhibit brand loyalty to consumers' thoughts about divorce. The theory suggests that a person's life perspective is comprised of historical, sociological,

[1]John E. Grable, 318 Justin Hall, School of Family Studies and Human Services, Kansas State University, Manhattan, KS 66506; Phone: (785)-532-1486; Email: jgrable@ksu.edu; web: www.ipfp.ksu.edu

developmental, biological, and economic forces. In this study, we are primarily interested in the developmental, aspect of the theory. A key concept within the theory is that programming on the part of parents, particularly others can influence a child's current and future attitudes and behaviors. In this study, it was hypothesized that a mother's time preference and risk attitude can influence the financial behavior of her children. Similar associations have been shown in studies designed to explain health and lifestyle behaviors (Fine & Kotelchuck, 2010). The theory also suggests that a person's perspective can be influenced by non-parental factors, including marital status, income, education, and trait factors, such as impulsivity. For example, the act of marriage brings new perspectives into the life of the marrying partners. These combine to help influence future attitudes and behaviors.

Although the theory has not previously been widely used to explain household financial attitudes and behavior, there is evidence to suggest the possibility that a mother plays a key role in shaping her children's credit card behavior. For example, Wight (2008) used aspects of life course theory to determine that a parent's gender-role attitude and behavior can shape a child's subsequent gender-role attitude. Further, Wight found the transmittal of attitudes from parent to child to be stable across generations. Others have also noted a significant relationship between a mother's ideology and her children's social ideology (Moen, Erickson, & Dempster-McClain, 1997; Thornton, Alwin, & Camburn, 1983).

Gender role attitude consists of elements of social norms—what is appropriate in a social and economic sense. The role of a mother's socioeconomic status (SES) in determining family behavior has a long historical precedence (Green, 1970). To illustrate, McCarthy, Hagan, and Woodward (1999) reported that girls raised in homes with a high SES mother were more willing to take risks. They also noted an association between mothers' SES and boys' preference for risk. The role of the mother in socializing her children is large and generally more statistically significant than the role played by fathers (Knowles & Postlewaite, 2004).

How an individual perceives and uses credit also has social and economic implications. Collett and Lizardo (2009) illustrated the link between socially structured power relations in the household and variations in the attitudes of sons and daughters. Power, as used in this context, can be proxied using a mother's SES. Mothers with high educational attainment and prestigious occupational employment are considered to exhibit high SES. Collett and Lizardo showed that a mother's SES worked as a factor of influence on her children's attitudes and behavior. It is reasonable to assume that a mother's SES may be transmitted to children as a mechanism shaping credit behavior, in the same manner as gender-role attitudes are shaped by a mother's perceptions.

Traditional socialization theory indicates that women and men receive different cues from society, friends, and family as a basis for forming personal norms in accordance with family and societal frameworks. Socialization begins at an early age within the family unit and continues throughout the lifespan. The role of parent-child socialization has been widely explored in the literature, but less so from a household finance perspective. Two recent studies provide an insight into the important role a parent plays in shaping financial attitudes and behavior. Gouskova, Chiteji, and Stafford (2010) used data from the Panel Study of Income Dynamics (PSID) to document that parents socialize their children to be patient (or impatient), and that this socialization impacts a child's current and future household finance decisions. Knowles and Postlewaite (2004) also used the PSID to test the possibility that socialization factors are present in household finance decisions. They argued that differences in financial planning processes may be a function of trait adoption. Specifically, parents and children should share the same savings behavior, with a parent's behavior predicting both savings and investment decisions of their children. They found that impulsivity and self control among parents were associated with the savings choices of children.

Impulsivity and Control. A central focus of this study was how impulsivity shapes credit card behaviors. The first element of this focus is whether or not a mother's level of impulsivity transfers to her children. There is evidence, as described by life course theory, to support this idea. The second focus is whether a child's own level of impulsiveness is associated with credit card choices. Impulsivity or lack of control, is defined as a person's "predisposition to make choices favoring immediate, hedonic benefits over rewards that are more desirable but somewhat remote" (Pirog & Roberts, 2007, p. 67). Lack of control and impatience is known to be associated with a wide variety of behaviors and behavioral outcomes. Health behavior is one area of research that has received attention, with those exhibiting impatience tending to be smokers (Becker & Murphy, 1988; Fersterer & Winter-Ebmer, 2000; Fu & Goldman, 2000; Munasinghe & Sicherman, 2005), alcohol abusers (Abma, 1991; Becker & Murphy; Bishai, 2001), and generally less healthy individuals (Becker & Mulligan, 1997; Fuchs, 1980). Impatience has also been shown to be associated with household financial behavioral outcomes. For example, Donkers and van

Soest (1999) showed that impatience is related to not owning a home, whereas Brining and Buckley (1997), DellaVigna and Passerman (2005), and Drago (2006) noted that those exhibiting lack of control and impatience were less likely to own life insurance. Impatience has also been linked with divorce (Booth & Amato, 2001; Corak, 2001; Gruber, 2004), low education (Fersterer & Winter-Ebmer, 2000; Lawrence, 1991), low income (Gruber; Lawrence, 1991), and job displacement (Charles & Stevens, 2001).

The role of impulsivity has been explored in the context of credit card behavior, as well (Rutherford & DeVaney, 2009). Credit cards are, by their very nature, a tool of impulsivity (Rook & Fisher, 1995). Because transactions are abstract, the future value of credit card payments can be easily discounted (Pirog & Roberts, 2007). This means that people with a predisposition toward impulsivity may be more likely to obtain (possess) a credit card and carry a balance. Baumeister (2002) noted this possibility. He found that those who exhibit self-control manage their money more prudently, save more, and on average, spend less than others. Brashear, Kashyap, Musante, and Donthu (2009) noted a similar relationship between impulsivity and being an Internet shopper, which, by default, involves an element of credit card usage. Wang and Xiao (2009) found that college students who showed signs of impulsivity and low self control were more likely to hold credit cards. Based on the body of extant literature, it is reasonable to suppose that impulsivity and control, transmitted by a mother and exhibited by a child, have an association with credit card behavior.

Risk Attitudes. A cursory exploration of the risk-attitude literature, as it relates to credit card choice and behavior, shows very few studies on the topic. A 1993 paper by Tokunaga offers a glimpse into the predicted association between risk attitudes and credit card use. He found that those who had trouble managing their credit cards exhibited lower-risk taking propensities. His research, based on a relatively small sample (N = 131), suggested that a person's aversion to risk may influence how credit cards are managed, but there was no evidence, from the study, to indicate whether or not risk attitudes shape the decision to obtain a credit card. The tendency to look only at how consumers behave when they possess a credit card is not unique to Tokunaga. In fact, much of the literature linking risk attitudes and credit card behavior deals with differentiating between those who revolve a balance month-to-month from those who do not carry a balance (Crook, 2001). This later group is sometimes referred to as convenience users. Rutherford and DeVaney (2009) reported that revolvers differ from convenience users by exhibiting low or no tolerance for financial risk. Their results mirrored findings reported by Hazembuller, Lombardi, and Hogarth (2007) who argued that those with low risk tolerance view credit cards as the default option when needing quick, hassle free access to cash. That is, "consumers who do not take any financial risks are likely to perceive credit card debt as low-risk not necessarily because of their competitive interest rates with other forms of credit but because they face lower risk of being turned down for credit and do not have to commit themselves to a large installment loan" (Rutherford & DeVaney, p. 59).

What tends to be lacking in the literature are indicators linking credit card possession and risk attitudes. Even so, there is some evidence, although indirect, that provides an insight into who might be more prone to obtain a credit card. Anecdotally, Forsythe and Shi (2003) found that perceived financial risk was the most consistent predictor of Internet consumer behavior. They noted a negative relationship between the perceived risk of using the Internet and online shopping behavior. Forsythe and Shi concluded that increased uncertainty about the outcome of a purchase (i.e., greater risk aversion) leads to a reluctance to purchase products and services online that require the use of credit. That is, those with a risk-seeking attitude may be more likely to choose credit as a mechanism for consumer purchases.

One area within the literature that is absent, but nonetheless important, is the role of parental risk attitudes in shaping the credit card choices of children. If life course theory and theories of parent-child socialization are accurate, there could be an association between a parent's risk attitude and a child's credit card behavior. It is important to note, however, that there is a paucity of research to support this assertion. One aim of this study is to fill this void in the literature.

Hypotheses. The review of literature suggests that a child's impulsiveness and risk attitude may be associated with the choice to obtain a credit card, and once possessed, to carry a debt balance. Life course theory leads to several other probable variable associations. It is possible that a mother's SES, time preference, and risk attitude can be transmitted to her children, and as such, these factors may likely be associated with a child's credit card behavior. We propose the following hypotheses:

H_1: a child's self control (impulsivity) is associated with possession of a credit card.
H_2: a child's attitude toward risk is associated with credit card possession.
H_3: a child's possession of a credit card is associated with a mother's SES.
H_4: a child's possession of a credit card is associated with a mother's time preference.
H_5: a child's possession of a credit card is associated with a mother's risk attitude.
H_6: a child's self control (impulsivity) is associated with holding a credit card balance.
H_7: a child's attitude toward risk is associated with a credit card balance.
H_8: a child's credit card balance is associated with a mother's SES.
H_9: a child's credit card balance is associated with a mother's time preference.
H_{10}: a child's credit card balance is associated with a mother's risk attitude.

Methods

Data. Data from the National Longitudinal Survey of Youth 1979 cohort (NLSY) and the NLSY Child Survey were used to test the research hypotheses. The NLSY is sponsored by the U.S. Department of Labor. Data is collected using a multi-purpose panel survey that originally included a nationally representative sample of 12,686 men and women who were all 14 to 21 years of age on December 31, 1978. From 1978 through 1993 participants were interviewed annually. Beginning in 1994 a biennial interview mode was introduced, and starting in 1986, the children of NLSY female respondents were interviewed and assessed every two years. Since 1988, children age 10 and over have completed personal interviews about a wide range of personal, social, and economic attitudes and behaviors. Children who reach the age of 15 by the end of the survey year are not assessed as children; rather, these respondents complete personal interviews similar to those given to their mothers during late adolescence and into adulthood. In 2008, the period of analysis used in this paper, the NLSY women for the 1979 cohort (labeled mothers in this study) had attained the ages of 43 to 51. As of 2008, the average age of those in the children's sample was 23.15 years (*SD* = 4.86 years). These data are reported for descriptive purposes only. Age was not included as a control variable in the analysis due to the variable's high correlation with the education level of respondents. According to the Department of Labor, the children of these female respondents are estimated to represent over 90 percent of all the children ever to be born to this cohort of women. A total of 11,466 children have been identified as having been born to the original 6,283 NLSY female respondents.

Two analyses were conducted for this study. Both tests included data from mothers and their children. The first analysis used data to predict credit card possession by the children. The second test used the same data and variables to determine which children owed money on their credit cards (from those answering yes to possessing a credit card in the first analysis). Complete data were available for 2,463 respondents in the first test. This dropped to 942 in the second test. As previously suggested above, mothers' data were considered to be nationally representative. Presumably, results obtained from the child data were also generalizable nationally. For interpretation purposes, it is important to note the nomenclature used in this study. Even though the children of mothers in the study were 15 years of age or older, and in many cases adults, the term child or children was retained to facilitate clarity related to results.

Outcome Variables. Child respondents were asked two questions to measure their possession and use of credit cards. The first question asked, "Do you, your spouse, or partner have any credit cards of your own that you pay the bills for?" Those who answered yes were coded 1, otherwise 0. Slightly more than 38% of respondents indicated having a credit card, whereas 62% reported not having a credit card. The useable sample size for this analysis was 2,463.

The child respondents who answered yes to having a credit card were then asked if they owed any money on these credit cards. Those who owed money were coded 1, whereas those who had a zero credit balance were coded 0. Almost three-quarters of those with a credit card (73%) reported owing money. Only 27% reported not owing money. Given the delimited number of cases, the sample size for this analysis was 942.

Child Variables: Demographic control variables. Four child control variables were included in the study. The sex of respondents was coded dichotomously. Sons (men) were coded 1, whereas daughters (women) were coded 2. The sample was split 49% male and 51% female. It was anticipated that gender differences in credit card behavior would be present in the data (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000; Lyons, 2004; Xiao, Noring, & Anderson, 1995). Each respondent was asked to report their total individual income from wages, salary, tips, and commissions in 2008. Reported incomes ranged from zero to $119,116, with a mean and standard deviation of $14,215 and

$17,889, respectively. The log10 of income was calculated primarily to make interpretation of the regression coefficient easier. The mean and standard deviation of the log income variable was $3.90 and $0.71, respectively. The income variable was controlled in this study because previous research has shown a connection between income and credit card behavior, with high income associated with holding a credit card balance (Davies & Lea, 1995). The educational status of the children respondents was measured in actual years of completion up to 20 years. On average, those in the study reported 11.93 years of education (*SD* = 2.22 years). As a measure of socioeconomic status, it was anticipated that a relationship between education and credit card behavior might exist (Rutherford & DeVaney, 2009; Wang & Xiao, 2009). Finally, marital status, as a measure of social support (Wang & Xiao), was coded dichotomously with 1 = married and 0 = single. Approximately 16% of those in the children's sample were currently married. Note that age was not used in the final analysis because of multicollinearity concerns. Age was correlated with education at $r = 0.48$.

Risk attitude. A child's risk attitude was hypothesized to be comprised of the following three items: (a) enjoys taking risks, (b) enjoys new and exciting experiences even if they are frightening, and (c) feels life without danger is dull. Each item was scored as follows: 1 = strongly disagree; 2 = disagree; 3 = agree; 4 = strongly agree. A preliminary factor analysis was conducted to test the underlying validity of the measure. The mean and standard deviation score for each item was as follows: 2.53 (SD = 0.71), 2.97 (SD = 0.63), and 2.42 (SD = 0.74), respectively. A principal components factor analysis, using varimax rotation, was used to confirm that the three items could be combined into a summated variable. One factor was obtained, with the following factor scores: 0.81, 0.79, and 0.74, respectively. When summed, scores on the measure ranged from 3 to 12, with higher scores representing elevated risk tolerance (low risk aversion). Cronbach's alpha for the summated measure was $\alpha = .68$. The mean and standard deviation for the variable was 7.11 and 1.59, respectively.

Impulsivity. Impulsivity was measured by asking child respondents to indicate their level of agreement with the following statement: "I have to use a lot of self-control to keep out of trouble." Response categories (and coding) included (1) strongly disagree, (2) disagree, (3) agree, and (4) strongly agree. The mean response was 2.08 (*SD* = 0.82). Higher scores indicated higher impulsivity tendencies.

Mother Variables: Risk attitude. Attitude toward risk was measured in the 2006 NLSY with a risk preference measure originally used in the Health and Retirement Survey (see Barsky, Juster, Kimball, & Shapiro, 1997). Answers to the following three risk preference questions were used to categorize respondents into one of four risk groups:

> *A. Suppose that you are the only income earner in the family, and you have a good job guaranteed to give you your current (family) income every year for life. You are given the opportunity to take a new and equally good job, with a 50-50 chance it will double your (family) income and a 50-50 chance that it will cut your (family) income by a third. Would you take the new job?*
>
> If the respondent answered yes they were then asked question B; if the answer was no, they were then asked question C.
>
> *B. Suppose the chances were 50-50 that it would double your (family) income, and 50-50 that it would cut it in half. Would you still take the new job?*
>
> If the respondent answered no they were asked question C. If the answer was yes, the questioning ended.
>
> C. *Suppose the chances were 50-50 that it would double your (family) income and 50-50 that it would cut it by 20 percent. Would you then take the new job?*
>
> Scores were calculated as follows:
>
> 1. Those who answered no to A and C were coded as having a very low risk preference.
> 2. Those who answered no to A and yes to C were coded as having a low risk preference.
> 3. Those who answered yes to A and no to B were coded as having a moderate risk preference.
> 4. Those who answered yes to A and yes to B were coded as having a high-risk preference.

The mean risk preference score was 1.89 (*SD* = 1.16). Approximately 56.70% of respondents exhibited a very low risk preference, while 10.90%, 14.6%, and 17.90% were categorized as having low, moderate, and high-risk preference, respectively.

SES. A two-factor measure of social status, based on Barratt's (2011) Simplified Measure of Social Status (BSMSS), was calculated for each mother. This measure of SES was conceptualized from Hollingshead's (1975) original social status measure. In order to create a SES score for each mother, the reported education level was recoded from 20 to 7 categories, with each new category receiving an index score. Higher scores corresponded with higher levels of school completed. The categories and scores for education are shown in Table 1.

Beginning in 2004, all occupations and industries in the NLSY were coded using Census 4-digit NAICS-based codes. These industry and occupational codes are extensive, with each primary occupational activity in the U.S. coded. Codes range from 10 to 9990; however, the numbers and are not necessarily ranked in terms of prestigious, income, or social status. Since the 1940s, sociologists have taken steps to convert the Census Bureau occupational codes into ordinal prestige scores. The approach employed in this paper follows standard coding procedures. Table 2 shows each occupational code recoded to match the occupational prestige rankings used by Barratt (2011).

Table 1.
Recoded Education with Status Scores

Level of School Completed	*Score*
Less than 7th grade	3
Junior high / Middle school (9th grade)	6
Partial high school (10th or 11th grade)	9
High school graduate	12
Partial college (at least one year)	15
College education	18
Graduate degree	21

The SES measure was created by adding the mother's educational and occupational prestige score. Scores ranged from 8 to 66, with a mean and standard deviation of 40.68 and 15.84, respectively. Mothers with the highest SES were denoted with high scores on the summated variable.

Time preference. A mother's time preference was measured with the following impatience variable:
"Suppose you have won a prize of $1,000, which you can claim immediately. However, you can choose to wait one month to claim the prize. If you do wait, you will receive more than $1,000. What is the smallest amount of money in addition to the $1,000 you would have to receive one month from now to convince you to wait rather than claim the prize now?"

This item has been used widely in the literature to estimate self-control tendencies. Those who reported needing more than $1,000 were thought to have a high discount rate and short-run impatience. The actual dollar amount reported ranged from $0 to $10,000. Responses in excess of $10,000 were removed from the analysis. Given the distribution of the variable, and for ease of coefficient interpretation, the log10 of the variable was calculated. Scores ranged from 0.0 to 4.0, with a mean and standard deviation of 2.49 and 0.66, respectively.

Table 2
Barratt Occupational Prestige Scores

Occupation	*Score*
Day laborer, janitor, house cleaner, farm worker, food counter sales, food preparation worker, busboy.	5
Garbage collector, short-order cook, cab driver, shoe sales, assembly line worker, mason, baggage porter.	10
Painter, skilled construction trade, sales clerk, truck driver, cook, sales counter or general office clerk.	15
Automobile mechanic, typist, locksmith, farmer, carpenter, receptionist, construction laborer, hairdresser.	20
Machinist, musician, bookkeeper, secretary, insurance sales, cabinet maker, personnel specialist, welder.	25
Supervisor, librarian, aircraft mechanic, artist and artisan, electrician, administrator, military enlisted personnel, buyer.	30
Nurse, skilled technician, medical technician, counselor, manager, police and fire personnel, financial manager, physical, occupational, speech therapist.	35
Mechanical, nuclear, and electrical engineer, educational administrator, veterinarian, military officer, elementary, high school and special education teacher.	40
Physician, attorney, professor, chemical and aerospace engineer, judge, CEO, senior manager, public official, psychologist, pharmacist, accountant.	45

Method of Analysis. Given that the outcome variables of interest in this study were dichotomously coded, a binary logistic regression approach was used to test the eight research hypotheses. SPSS 18.0 was used to calculate all coefficient estimates. The logistic regression approach was chosen over alternatives (e.g., discriminate analysis) because a key element of the study involved the assessment of probabilities associated with the independent variables as predictors of credit card possession and carrying a credit card balance. Given the sample sizes used in the two tests, issues related to the possible over-estimation of odds ratios was reduced, resulting in generalizable findings.

Results

Results from the two tests are shown in Table 3. Information from Model 1 can be used to address the first five research hypotheses. Findings from Model 2 can be used to respond to the remaining hypotheses.
Without any predictor variables, the first model's classification accuracy was 61.80%, with the model specifying that 100% of respondents would not possess a credit card. When all of the variables were entered, the model was statistically significant ($\chi^2 = 133.54$, $p < .001$), with approximately 31% (Nagelkerke R^2) of the variance in credit reporting explained by the model. The level of classification prediction increased from 61.80% to 71.00%. Of the child control variables, sex, income, education, and marital status were statistically significantly associated with possession of a credit card. Men were more likely to have a credit card than women. Income and education were positively associated with credit card possession, whereas those who were single were less likely to report having a credit card.

Data in Table 3 supports for the first hypothesis. A child's impulsivity was found to be associated with possession of a credit card. The negative coefficient suggests that those children with lower self-reported impulsivity tendencies were more likely to possess a credit card. A one-point increase in agreement with the measurement was associated with an approximate 18% decrease in possessing a credit card. No support was noted found for the second hypothesis, which stated a child's attitude toward risk is associated with credit card possession. A mother's SES was found to be associated with her child's possession of a credit card. Specifically, a one-point increase in a mother's SES resulted in nearly a 1% increase in the likelihood of having a credit card. As such, support was noted observed for the third hypothesis. Finally, no evidence was found to support the question of whether or not a child's possession of a credit card was associated with a mother's time preference or risk attitude.

Table 3
Logistic Regression Analysis of Credit Card Behavior as a Function of Mother's Time Preference and SES

	Model 1 *Possess a Credit Card*				*Model 2* *Carry a Credit Card Balance*			
Predictor	β	*SE* β	Wald's X^2	e^β	β	*SE* β	Wald's X^2	e^β
Child's Gender (1 = son, 2 = daughter)	-0.25	0.10	6.08	0.78*	-0.34	0.16	4.42	0.72*
Child's Income (log10)	1.04	0.10	108.46	2.84***	0.74	0.17	20.33	2.11***
Child's Education (years)	0.31	0.03	121.18	1.37***	-0.01	0.04	0.02	0.99
Child's Marital Status (1 = married, 0 = single)	0.61	0.13	22.44	1.84***	-0.05	0.17	0.08	0.95
Child's Risk Attitude	0.04	0.03	1.98	1.05	0.04	0.05	0.69	1.04
Child's Impulsivity	-0.20	0.06	10.63	0.82***	0.21	0.11	3.77	1.23*
Mother's Time Preference	-0.13	0.07	3.45	0.88	0.34	0.11	9.93	1.41**
Mother's SES	0.01	0.01	7.10	1.01**	-0.01	0.01	0.88	0.99
Mother's Risk attitude	-0.01	0.04	0.11	0.99	-0.05	0.07	0.56	0.95
Constant	-8.49	0.59	207.01	0.00***	-3.12	0.99	9.91	0.04**

Note: $^*p < .05$ $^{**}p < .01$ $^{***}p < .001$

Notes Model 1: .23 (Cox & Snell), .31 (Nagelkerke). Model $\chi^2 = 133.54$, $p < .001$.

Notes Model 2: .04 (Cox & Snell), .06 (Nagelkerke). Model $\chi^2 = 178.09$, $p < .001$.

The second model was used to evaluate who, among the children, carried a credit card balance. Information presented in the last four columns Module 2 of Table 3 can be used to address the remaining research hypotheses. The base model, excluding predictor variables, had a 72.60% classification accuracy, with the model specifying that 100% of respondents would carry a balance on their credit card. When all of the variables were entered, the model was statistically significant ($\chi^2 = 178.08$, $p < .001$), with approximately 6% (Nagelkerke R^2) of the variance in credit card balances explained by the model. The level of classification prediction increased slightly to 73.60%. Among the control variables, women were found to be less likely to carry a credit card balance; however, those with high income were more likely to report a credit card balance. The other child control variables were not statistically significant.

In the first model those who exhibited impulsivity (i.e., low self control) were less likely to possess a credit card, in the second model, those who were impulsive (low self control) were predicted to carry a credit card balance. Every one-point increase in impulsivity was associated with an approximate 23% increase in the likelihood of carrying a balance. The sixth hypothesis was supported. The seventh hypothesis, which stated, "A child's attitude toward risk is associated with a credit card balance," was not supported. Similarly, no support was noted for the hypothesis which stated, "A child's credit card balance is associated with a mother's SES." The ninth hypothesis was supported. A child's credit card balance was found to be associated with a mother's time preference. Children whose mothers exhibited a high discount rate (i.e., impatience) were more likely to report having a credit card balance. Finally, no support was found for the tenth hypothesis, which stated, "A child's credit card balance is associated with a mother's risk attitude."

Discussion

This paper adds to the existing literature in two important ways. First, a comparison of the determinants of credit card possession and usage is presented using a nationally representative sample. This study is among the first to engage in this type of analysis using a generalizable sample. Second, this paper moves beyond simply describing differences between credit users and non-users and convenience versus balance revolvers. There is ample existing evidence to provide descriptive evidence that differences exist. This paper helps explain these differences.

Data can be used to describe who is likely to possess a credit card. Specifically, those who are married, male, and those with high income and more education were predicted to possess credit cards. Additionally, individuals who exhibit self control and low impulsivity were more likely to possess a credit card, as were those whose mothers had a high SES score. These findings provide a unique explanation into why individuals choose to possess a credit card. Holding the control factors constant, this research shows that individuals who are in control of their daily situation are likely to possess credit cards. It is possible that those who are more impulsive understand that credit card possession is a potential recipe for financial disaster, and as such, elect to forgo credit card ownership. It may also be true that tendencies towards impulsiveness influence other financial behavior that negatively impact a person's credit score. If true, this would limit the extension of credit to highly impulsive individuals. Of particular importance, however, is the finding that a mother's SES influences the credit card usage of her children. Individuals raised in a household where the mother's SES is high, as represented by the combination of educational achievement and occupational prestige, were predicted to be more likely to possess a credit card. It is possible that a mother's SES plays a role in shaping a child's future behavior through transmission of values and norms. That is, highly educated mothers may better understand both the advantages and risks associated with the use of credit, determine that the benefits outweigh the costs, transmitting this financial norm to her children.

The research reported in this paper can be used to answer another important question. Among those individuals who possess a credit card, who is more likely to carry a credit card balance month-to-month? Among the control variables, only gender and income were found to be associated with holding a revolving credit card balance. Men and those with higher income were found to be revolvers. Holding the control variables constant, two variables were identified that help explain why some hold a credit card balance and others do not. As in the first analysis, a person's level of self-control was found to be associated with credit card behavior, but in this analysis the effect was reversed. Individuals who showed signs of impulsiveness were more likely to report holding a credit card balance. In other words, low impulsiveness is associated with credit card possession, but once a credit card is chosen, those who are impulsive were predicted to carry a revolving balance. The role of a mother's socialization influence was also noted. Individuals who were raised by mothers with high financial impatience were found to be more likely to hold a credit card balance.

The later results noted in the two analyses provide support for the theoretical frameworks used in this study—life course and socialization theory. It does appear that the role of a mother, as a socialization force, is important when developing the credit card attitudes and behaviors of her children. Mother's who exhibit a high SES will establish norms of credit card acceptance among her children. Further, mothers who are impatient when making household finance decisions appear to socialize their children to believe that carrying a monthly credit card balance is an acceptable norm.

Results from this study also show the importance impulsivity and control have in influencing both the decision to possess a credit card, and among those with a credit card, the decision to revolve debt month-to-month. Those who exhibit self control tend to be more likely to possess a credit card. However, among credit card users, individuals who are impulsive are predicted to hold a credit card balance. The one variable that was not found to be significantly associated with credit card decisions was risk attitude. Neither a child's own risk attitude nor that of the child's mother were statistically significantly related to the decision to possess a credit card or the decision to revolve a credit card balance month-to-month.

Practitioner implications. While risk tolerance was not significantly associated with either credit card possession or repayment strategy, nor was a mother's tolerance for risk transferred to her children through socialization processes, financial counseling and planning practitioners should not discount the potential influence family of origin dynamics have on the financial behaviors of clients. Family attitudes and the emotional environment around money, in the most severe cases, may contribute to destructive and dysfunctional money behaviors through the development of money disorders according to Klontz and Klontz (2009). In many cases, according to Klontz (2011), simply asking clients who may seem to have difficulty taking positive steps toward achieving their financial goals some basic family-of-origin questions may provide enough insight to help the client move from being stalled to implementation. For more severe cases, partnering with therapists who can assist clients in overcoming behaviors which may be rooted in family attitudes or dysfunction about money may enable the practitioner to help the client not only achieve their financial goals but also develop their financial health overall. For most practitioners, diagnosing and treating money disorders is beyond the scope of their professional training just as developing financial plans is beyond the scope of most therapists training. In such complex cases, a partnership between a therapist and a financial planner could facilitate both the financial and emotional health and well-being of the client.

Future direction

As noted previously, this study helps move the study of credit card usage from a descriptive methodology to one of explaining credit card decisions. The importance of socialization factors provides a hint that social norms, values, and ideals may play a much more important role in determining a person's behavior than has been previously assumed. Future studies ought to consider incorporating measures of historical, sociological, developmental, biological, and economic forces into explanations of consumer credit behavior. Both life course and general socialization theories can help shape the conceptual frameworks for the inclusion of such factors in future studies. Additionally, researchers in the field should consider testing interactions among certain variables. For example, it is possible that a mother's SES, impulsiveness, and risk attitude are interrelated, and as such, these factors may interact in shaping a child's self control and risk attitude. If true, this might help to explain in greater detail the role of socialization factors in determining a person's credit card behavior.

References

Abma, J. C. (1991). *Alcohol use among young adults in 1988: Results from the National Longitudinal Survey of Youth*. The Ohio State University, Center for Human Resource Research, Report 2.

Bankrate Online Network. (2011). *Credit card statistics road map*. Retrieved April 4, 2011: http://www.creditcards.com/credit-card-news/credit-card-industry-facts-personal-debt-statistics-1276.php

Barratt, W. (2011). The Barratt Simplified Measure of Social Status (BSMSS) Measuring SES. Retrieved March 28, 2011, from http://wbarratt.indstate.edu/socialclass/Barratt_Simplifed_Measure_of_Social_Status.pdf

Baumeister, R. F. (2002). Yielding to temptation: Self-control failure, impulsive purchasing, and consumer behavior. *Journal of Consumer Research, 28*, 670-676.

Becker, G., & Mulligan, C. B. (1997). The endogenous determination of time preference. *The Quarterly Journal of Economics, 112*, 729-758.

Becker, Gary, S., & Murphy, K. M. (1988). A Theory of Rational Addiction. *The Journal of Political Economy*, *96*, 675-700.

Bishai, D. M. (2001). Lifecycle changes in the Rate of Time Preference: Testing the Theory of Endogenous Preferences and its relevance to adolescent substance use. In Grossman M. Hsieh C-R (Ed.). *Economic Analysis of Substance Use and Abuse: The experience of developed countries and lessons for developing countries*. Edward Elgar Press, London , 155-177.

Booth, A., & Amato, P.R. (2001). Parental pre-divorce relations and offspring post-divorce well-being. *Journal of Marriage and Family, 3*, 197-212.

Brashear, T. G., Kashyap, V., Musante, M. D., & Donthu, N. (2009). A profile of the Internet shopper: Evidence from six countries. *Journal of Marketing Theory and Practice, 17*, 267-280.

Brining, M., & Buckley, F. H. (1998). No-fault laws and at-fault people. *International Review of Law and Economics, 18*, 325-340.

Collett, J. L., & Lizardo, O. (2009). A Power-Control Theory of Gender and Religiosity. *Journal for the Scientific Study of Religion, 48*, 213-231.

Corak, M. (1998). Death and divorce: The long-term consequences of parental loss on adolescents. *Journal of Labor Economics19*, 682-715.

Crook, J. (2001). The demand for household debt in the USA: Evidence from the 1995 Survey of Consumer Finance. *Applied Financial Economics, 11*, 83-91.

Davies, Emma, Lea, & Stephen, E. G. (1995). Student attitudes to student debt. *Journal of Economic Psychology*, 16, 663-679.

Donkers, B. & van Soest, A. (1999). Subjective measures of household preferences and financial decisions. *Journal of Economic Psychology, 20*, 613-642.

Drago, F. (2006). Career consequences of hyperbolic time preferences. IZA Discussion Paper No. 2113. Retrieved March 28, 2011, from http://ftp.iza.org/dp2113.pdf

Elder, G. H. (1998). The life course as developmental theory. *Child Development, 69*, 1-12.

Fersterer, J., & Winter-Ebmer, R. (2000). Smoking, discount rates and returns to education. IZA Working Paper No. 126. Retrieved March 28, 2011, from http://ftp.iza.org/dp126.pdf

Fine, A., & Kotelchuck, M. (2010). Rethinking MCH: The life course model as an organizing framework. U.S. Department of Health and Human Services Health Resources and Services Administration, Maternal and

Child Health Bureau. Retrieved March 28, 2011, from http://www.hrsa.gov/ourstories/mchb75th/images/rethinkingmch.pdf

Forsythe, S. M., & Shi, B. (2003). Consumer patronage and risk perceptions in internet shopping. *Journal of Business Research, 56*, 867-875.

Fu, H., & Goldman, N. (2000). The association between health-related behaviors and the risk of divorce in the USA. *Journal of Biosocial Science, 32*, 63-88.

Fuchs, V. R. (1982). Time preference and health: An exploratory study. In V. R. Fuchs (Ed.). *Economics Aspects of Health* (pp. 93-120). Chicago: University of Chicago Press.

Gouskova, E., Chiteji, N., & Stafford, F. (2010). Pension participation: Do parents transmit time preference? *Journal of Family and Economic Issues, 31*, 138-150.

Gruber, J. (2004). Is making divorce easier bad for children? The long run implications of unilateral divorce. *Journal of Economic Literature, 22*, 799-833.

Hayhoe, C. R., Leach, L. J., Turner, P. R., Bruin, M. J., & Lawrence, F. C. (2000). Difference in spending habits and credit use of college students. *The Journal of Consumer Affairs, 34*, 113-133.

Hazembuller, A. T., Lombardi, B. A., & Hogarth, J. M. (2007). Unlocking the risk-based pricing puzzle: Five keys to cutting credit card costs. *Consumer Interests Annual, 53*, 73-84.

Kates-Smith, A. (2011, April). Consumers cozy up to currency. *Kiplinger's Personal Finance*, 11-12.

Kerwin, C., Stephens, K., & Stephens, M. (2001). Job displacement, disability, and divorce. NBER Working Paper 8578.

Klontz, B., & Klontz, T. (2009). *Mind over money*. New York: Broadway Books.

Klontz, B. (2011). Behavior modification; clients may need your help discovering the childhood beliefs affecting their financial decisions today. *Financial Planning, 41*(4), 81.

Knowles, J., & Postlewaite, A. (2004). Do children learn to save from their parents? Working Paper, Yale University. Retrieved February 24, 2011, from http://www.econ.yale.edu/seminars/macro/mac04/postlewaite-040302.pdf

Lawrence, E. C. (1991). Poverty and the rate of time preference: Evidence from panel data. *The Journal of Political Economy, 99*, 54-77.

Lyons, A. C. (2004). A profile of financially at-risk college students. *The Journal of Consumer Affairs, 38,* 56-80.

Moen, P., Erickson, M. A., & Dempster-McClain, D. (1997). Their mother's daughters? The intergenerational transmission of gender attitudes in a world of changing roles. *Journal of Marriage and the Family, 59*, 281-293.

Munasinghe, L., & Nachum, S. (2005). Wage dynamics and unobserved heterogeneity: Time preference or learning ability? NBER Working Paper 11031. Retrieved March 28, 2011, from http://ideas.repec.org/p/nbr/nberwo/11031.html

Pirog, S. F., & Roberts, J. A. (2007). Personality and credit card misuse among college students: The mediating role of impulsiveness. *Journal of Marketing and Practice, 15*, 65-77.

Rook, D. W., & Fisher, R. J. (1995). Normative influences on impulsive buying behavior. *Journal of Consumer Research, 22*, 305-313.

Rutherford, L. G., & DeVaney, S. A. (2009). Utilizing the Theory of Planned Behavior to understand convenience use of credit cards. *Journal of Financial Counseling and Planning, 20*(2), 48-63.

Thornton, A., Alwin, D. F., & Camburn, D. (1983). Causes and consequences of sex-role attitudes and attitude change. *American Sociological Review, 48*, 211-227.

Tokunaga, H. (1993). The use and abused of consumer credit: Application of psychological theory and research. *Journal of Economic Psychology, 14*, 285-316.

Vigna, D., Paserman, S., & Paserman, M. D. (2005). Job search and impatience. *Journal of Labor Economics, 23,* 527-588.

Wang, J., & Xiao, J. J. (2009). Buying behavior, social support and credit card indebtedness of college students. *International Journal of Consumer Studies, 33*, 2-10.

Wight, V. R. (2008). *The intergenerational transmission of gender-role attitudes and behavior: How do parents matter?* Unpublished doctoral dissertation, University of Maryland, College Park.

Xiao, J. J., Noring, F. E., & Anderson, J. G. (1995). College students' attitudes towards credit cards. *Journal of Consumer Studies and Home Economics, 19*, 155-174.

The Drive to 850: Advance Strategies for Increasing Your Credit Scores

Al Bingham, Republic Home Loans, LLC, Ann House[1], Coordinator for the ASUU Personal Money Management Center, University of Utah

Key Words: *FICO score, credit score, credit, credit report*

This course is designed to instruct the educators, planners and counselors attending the conference to help recognize correct decisions to improve a consumer's overall credit rating. ***The Drive to 850*** will be of benefit to consumers, financial professionals, and policy makers, especially with respect to strategies designed to improve consumers' credit scores and their overall financial well-being.

Credit literacy depends, in part, on understanding credit reports and credit scores. Yet, the problem is with the entire credit system. Most are unaware how their credit scores are generated and how they can impact a variety of loans, insurance premiums, education possibilities and many other financial services. Many consumers don't understand their credit reports and credit scores due to the facts that they are extremely complicated and ever-changing. Because of this lack of knowledge, many are led to internet sites that charge hidden fees for reports and scores, only to discover they are tracking the wrong credit information. The objective of this presentation is to help identify viable solutions for those in attendance who can then educate their respective clientele on how to read and recognize the four important sections of a credit report, and identify specific strategies to improve credit scores.

This course consists of an interactive power point presentation along with a couple of news clips to help viewers visualize key points of the credit system, credit reports and FICO® credit scores. The course outlines the nearly three dozen sub-factors and identifies how each issue impacts the FICO® credit score. Substantial steps have been made with high school and college instruction, using newly created curriculum on credit reports and credit scores as part of the personal financial literacy course. Having aired numerous spots on major TV stations and presented to a variety of audiences, Al Bingham has been dubbed the "CREDIT SCORE GURU." This exhilarating program has been presented to a myriad of educational and professional venues from coast to coast. Whether you have a 515 or an 815 credit score, educators, planners and counselors will discover many new valuable strategies.

References

Lyons, A. C., Rachlis, M. and Scherpf, E. (2007). What's in a score? Differences in consumers' credit knowledge using OLS and quantile regressions. *Journal of Consumer Affairs*, 41, 2, 223 to 249.

Ann House[1], University of Utah, Olpin Student Union Building, 200 S. Central Campus Dr., Salt Lake City, Utah 84112, Phone: (801) 585-7888, Email: AHouse@sa.utah.edu

Looking for Change in All the Right Places: Partnerships that really work!

Syble Solomon, M.Ed.[1], President, LifeWise/Money Habitudes, Dena Wise, Ph.D., and Ann A. Berry, Ph.D., The University of Tennessee Extension

Key Words: *financial literacy, financial competency, asset building, networking, counseling*

Target Audience

Financial educators who are interested in collaborating with non-traditional partners to reach more people.

Objectives

(1) Provide a brief look at how the field is wide open for new opportunities to bring financial education to more people who need it in the moment and proactively help others build assets for their future.
(2) Brief overview of examples of seven partnerships with non-financial programs.
(3) Open discussion to exchange participants' ideas and experiences.

Description

In his book, *Predictably Irrational*, Dan Ariely, a behavioral economist at Duke University says, "We cling to the idea that we are fully rational beings...and we can figure out anything…We have a desire to see ourselves as perfectly capable." Although people may see themselves as capable and rational, they often make irrational financial decisions and defend them even when they have conflicting factual information. How can we help people get past that self-image and the intangibles that negatively influence their financial decisions? In their book *Mind over Money*, Ted and Brad Klontz, psychologists who have focused their research on the impact of an individual's relationship with money, report that one can change irrational and self-defeating financial behaviors by becoming aware of the emotional component and training oneself with new skills to respond differently in the future.

Easier said than done. Money is such an emotionally charged topic that people want to avoid it. The challenge is getting people to voluntarily attend programs to discover their own emotional triggers and learn money management and communication skills so they can react differently. For example, an organization promoting healthy marriages acknowledged that money is named the number one source of conflict in relationships and many local families were suffering financially. Consequently they offered a standalone money-related event for couples which was well publicized but the response was very disappointing. When they randomly contacted people from their mailing list to learn why they didn't register, there were two primary reasons given: (1) *We're doing okay. We don't fight about money so we don't need to come.* (2) *Money is a huge problem for us but it would be too embarrassing to come.*

What have we learned? To start the conversation about money we must be able to engage with them. How can we do that? First, make it easy, comfortable and convenient for them to come. If possible combine it with an existing on-going program in a familiar location. Second, make the situation as emotionally safe and non-threatening as possible by partnering with a familiar person or program where trust and credibility are already established. Third, to tap into the emotional component, provide activities and tools that are non-judgmental, fun and engaging rather than lifeless PowerPoint presentations and test-like inventories or assessments.

Partnering with organizations that already have a trusted relationship with individuals needing financial help can provide the bridge between those individuals and available resources. Community and faith-based organizations are just two possible partners. We will provide a brief overview of seven non-financial programs that are now including a financial component or resources: (1) The Dibble Institute, a non-profit focused on teaching relationship skills to youth; (2) Cornell University's BOLD program for business undergraduates; (3) ACF, Region X, Leadership Summit; (4) Leaders in the faith community of Knoxville, TN; (5) Pre-marriage classes and marriage enrichment programs; (6) Leading Beyond Boundaries, an international youth leadership program and (7) Therapists and coaches addressing personal, relationship and career issues.

Participants will have the opportunity to share examples of non-traditional partnerships they have established.

Syble Solomon[1], LifeWise / Money Habitudes, 421 West Blackbeard Road, Wilmington, NC 28409
Phone: (910) 399-2200; web: www.moneyhabitudes.com; Email: syble@lifewise.us

Inmate Perceptions of Financial Education Needs: Suggestions for Financial Educators

Lindsay Larson Call[1], Brigham Young University

Key Words: *delivery barriers, incarceration, inmates, financial capability, financial education*

Abstract

Recently, national attention has turned to the need for increased financial education, particularly for low-income populations. Incarcerated individuals represent a distinct low-income group that could likely benefit from financial education. However, few studies have examined the specific financial education needs of inmates, particularly by asking inmates directly. Through qualitative interviews with twelve men incarcerated in a Midwestern county jail and using grounded theory methodology for data analysis, I identify their self-perceived financial education needs as well as the barriers they perceive to receiving financial education while incarcerated. I also discuss some implications for financial educators based on their responses.

Introduction

In the wake of the economic crisis of the late 2000s, renewed national attention has turned to the topic of financial education. Former President Bush created the first President's Advisory Council on Financial Literacy in January 2008 (The White House, 2008), following the collapse of the subprime lending market. President Obama similarly followed suit by creating the President's Advisory Council on Financial Capability in January 2010. This new emphasis on financial capability, which is defined as "the capacity, based on knowledge, skills, and access, to manage financial resources effectively" (The White House, 2010, Section 1), is particularly salient for low-income individuals who may lack both knowledge of and access to mainstream financial institutions (Anderson, Zhan, & Scott, 2004; Johnson & Sherraden, 2007). Incarcerated individuals represent a distinct low-income group, for whom financial capability appears to be important (Henderson, 2005; Petersilia, 2003); however, relatively little research has addressed the perceived financial education needs of the incarcerated. Although some life skills programs already teach financial knowledge and skills, only one published study in the last twenty years has examined financial education for an incarcerated population. Koenig (2007) administered a financial knowledge assessment to 17 incarcerated men in an attempt to tailor a financial literacy curriculum to their specific backgrounds and needs. In light of the growing number of financial curricula targeted to incarcerated populations (e.g., Federal Bureau of Prisons personal finance curriculum), further research into offenders' perceptions of their financial education deficits is necessary to ensure that financial education is tailored to their specific needs and interests.

Literature Review

In the mid-1970s, the topic of financial education emerged in the correctional education literature, generally under the label of *consumer education*. From programs for juvenile offenders (Spencer & Siler, 1974) to independent living programs for incarcerated women (Thomas, 1981), correctional educators began to initiate consumer education for offenders in order to prepare them for release back into the community. In spite of these promising efforts, occupational and vocational training dominated correctional programming, leading one scholar to decry the "possibly fatal" assumption that if prisoners are given a wage earning skill they will be able to return to society as rehabilitated productive members ready to assume a role of responsible citizen. This attitude ignores, possibly overlooks the importance of the ability and skill of handling and managing the money that is earned. (Brooks, 1980, p. 4)

Brooks (1980) argued that "consumer education [was] the other side of the coin" (p. 4). Despite this call, the topic of financial education was largely abandoned during the 1980s and 1990s.

More recently, there has been renewed interest in financial literacy and management skills—both from scholars (Rossman, 2003; Sorbello, Eccleston, Ward, & Jones, 2002) and offenders (McMurran, Theodosi, Sweeney, & Sellen, 2008; Monster & Micucci, 2005). While this scholarly interest in the topic of financial education is still fairly new, a quick Google search demonstrates the diverse groups already conducting financial education in correctional settings: Cooperative Extension programs (e.g., Virginia Cooperative Extension, n.d.), nonprofit organizations (e.g., Amen Prison Ministries, n.d.), banks and financial institutions (e.g., Lucas, 2011), and governmental agencies (e.g., Federal Bureau of Prisons, 2009).

[1]Lindsay Larson Call, 1441 Cherry Circle, Provo, UT 84604, 801-375-3698; Email: lindsay.larson@gmail.com

Despite these important strides, only one recent study has assessed financial knowledge in an incarcerated group. To prepare to teach a financial literacy class in a medium-security prison in Wisconsin, Koenig (2007) conducted a financial knowledge assessment with 17 men who voluntarily agreed to participate. The assessment, adapted from a Jump$tart Coalition survey (see Jump$tart Coalition, n.d.), was administered as a pretest with student scores ranging from 37% to 90%. Most students scored well in the credit and payroll sections; had average scores in the areas of insurance, privacy, cars, budgeting, credit cards, and housing; and low scores on savings, retirement, and interest. In addition to the assessment, Koenig explored the students' experiences in such areas as financial problems, savings or debt, banking, retirement, and housing. Of note in her findings about their financial experiences, while the majority of students reported that they had experienced some financial difficulties, some reported that they had never had any financial problems. Though most students had either a checking or savings account, they tended to hold zero or negative balances. Only four of the men had ever had a bank loan or credit card. Although Koenig's (2007) study is a good step, there is a pressing need to build a broader needs-assessment literature on the topic of financial education with incarcerated populations to ensure that programs meet their specific needs.

Purpose of the Study

Because of the dearth of studies in this area, the current study is exploratory and seeks to assess the financial education needs that incarcerated men perceive, both in themselves and their fellow inmates. I used qualitative methods in order to allow the participants to speak in their own words about their needs, desires, and experiences. I was guided by financial capability theory in order to understand not just what participants felt they *knew* about finances but also what they felt they were capable of *doing* (Johnson & Sherraden, 2007). This study seeks to answer the following research questions:

(1) What financial education needs do incarcerated men feel they have?
(2) What financial education needs do incarcerated men feel other inmates have?
(3) What are the perceived barriers to receiving financial education while incarcerated?

Method

Sampling and Participants

The data for this study come from a larger mixed methods study (Call, 2011) that explored the personal, family, and financial backgrounds of men incarcerated in a county jail. A sample of 155 adult males incarcerated in two jail sites in the Midwest was recruited to complete a lengthy quantitative survey. Participants were eligible if they had sufficient mental capacity; spoke English sufficiently well to understand the questions; and were not placed in segregation (i.e. not considered a threat). Following the initial survey, men were selected for follow-up qualitative interviews based on their survey responses. A qualitative methodology was most appropriate for this study for two reasons: first, a qualitative methodology is ideal for new areas of study because it generates thick description from participants' lived experiences (Creswell, 2007). Due to the relative paucity of research examining inmates' perceived financial education needs, this study was exploratory in nature. Second, while quantitative studies seek to produce generalizable findings, qualitative studies are designed to examine unique groups that are not easily compared to a larger population (Lofland, Snow, Anderson, & Lofland, 2006). Most previous criminal justice research has studied prisons because they house a more stable, uniform population (Western, Pattillo, & Weiman, 2004)—offenders who have been sentenced to terms of incarceration of at least one year. Jail populations, on the other hand, are diverse and variable, holding some individuals for 48 hours while others serve one-year to two-year sentences. In addition to this diversity, jails are essentially atypical in function, size, location, and administration (Frase, 1998), making it impossible to generalize results to all jails or jailed populations.

Using purposeful sampling techniques (Creswell, 2007), I selected the qualitative participants through a multi-step process. First, I divided the participants into three groups by tertiles, so that I had low, middle, and high financial knowledge groups. Second, I conducted some preliminary statistical analyses, primarily correlations, to determine which characteristics appeared to be related to financial knowledge. This preliminary analysis revealed that (1) age; (2) race; (3) whether they served time in juvenile detention; and (4) whether they had ever filed a tax return were all significantly correlated with financial knowledge. Third, I selected participants from each financial knowledge group that represented diverse backgrounds on the previously-identified correlated variables. Because my primary interest was in those who might have the greatest need for financial education, I oversampled from the low and middle groups. In total, 22 men were selected to participate in the in-depth interviews: 12 participated, two declined, and eight had been moved or released before they could be re-interviewed, a testament to the constant fluctuations occurring in jail. The final sample included five men from the low financial knowledge group, four from the middle group, and three from the high group. Table 1 presents the demographic and criminal history characteristics of the qualitative participants, while Table 2 presents their financial history characteristics.

Table 1

Demographic and Criminal History Characteristics of Participants

	Demographic characteristics					Criminal history characteristics			
Pseudonym	Age	Race	Marital status	Educational level	Pre-jail monthly income	Number of days in jail	Age at first arrest	Juvenile detention	Total convictions
Michael	19	B		GED	800	21	10	Y	1
Andy	23	B			ND	21	12	Y	2
Charmelle	24	B			1100	11	14	Y	4
David	26	W			4000	4	13	Y	8
Buford	26	B		GED	3500	90	13	Y	1
Christopher	29	W	D	GED	1200	56	16	Y	8
Rob	32	W		GED	1600	7	12	Y	4
Jeff	32	W	M		6000	30	20	N	4
Bryant	33	B	M		ND	300	12	Y	4
Jordan	34	B			3500	90	15	Y	7
Darryl	38	B	S	GED	ND	89	14	Y	5
Jacob	49	W	D	BA	0	21	34	N	0

Note. *Race*: B-Black or African American; W-White or Caucasian; *Marital status*: M-married; S-separated; D-divorced; Blank-never married; *Educational level* indicates highest degree achieved; blanks indicate no degree completion; *Pre-jail monthly income*: ND-not disclosed.

Table 2

Financial History of Participants

Pseudonym	Financial knowledge level	Checking account	Savings account	Credit card	Viewed credit score	Filed tax return	Have debt	Type of debt	Amount of debt
Michael	49%	1	1	1	0	1	0	N/A	N/A
Andy	37%	0	0	0	0	0	0	N/A	N/A
Charmelle	42%	1	1	0	1	0	1	phone	2100
David	49%	1	1	1	0	1	1	personal	3000
Buford	60%	0	0	1	0	1	1	phone, credit card	1000
Christopher	60%	0	1	0	0	1	ND	ND	ND
Rob	79%	1	1	0	1	1	1	hospital, phone	7000
Jeff	93%	1	1	0	0	1	0	N/A	N/A
Bryant	70%	0	0	0	0	0	0	N/A	N/A
Jordan	60%	0	1	1	0	1	1	medical	3500
Darryl	21%	0	0	0	0	0	1	rent	2000
Jacob	67%	1	1	1	1	1	1	car, motorcycle	17500

Note. *Yes* is indicated by 1; *no* by 0. *ND* indicates that the information was not disclosed.

Interview Procedures and Data Analysis

In preparation for the in-depth interviews, I created an interview guide that emphasized "obtaining narratives or accounts in the person's own terms" through open-ended questions (Lofland et al., 2006, p. 101). I interviewed each participant individually so that the interview could be unique and tailored to their specific responses. Although the Institutional Review Board (the university committee monitoring research involving humans) did not allow me to ask questions about past or current criminality, most participants offered some information spontaneously. At the conclusion of the interview, I asked each participant if he wanted any sensitive portions deleted from the recording (no participant answered affirmatively). The in-depth interviews were digitally recorded and lasted between forty minutes and two hours. Participants received a five dollar credit on their jail account as compensation for their time.

Following the interviews, the recordings were transcribed verbatim. Afterward, the transcriptions were transported into *QSR NVivo 9* for coding and analysis. I used a grounded theory methodology to guide coding and analysis (LaRossa, 2005), beginning with open coding to discover emergent themes. Following open coding, I used the constant comparative method to identify recurrent themes for the sample as a whole. Although I adhered more closely to Corbin and Strauss' (2008) systematic approach to grounded theory, I was also guided by aspects of Charmaz's (2006) constructivist approach, particularly the emphasis on the tentative nature of the conclusions.

Results

Research Question 1: Perceptions of Personal Financial Education Needs

The majority of participants clearly indicated that financial education would be beneficial for them. Only three (Michael, Jordan, and Andy) had received financial education of any type, and many felt that, as Buford succinctly expressed it, "Most of us in here because of money." I explored their perceived financial education needs through a few open-ended questions: *Do you feel confident about managing your money? Is there any area you don't feel confident in? Have you ever wanted to learn more about managing your money?* Table 3 presents the responses to questions about their financial education needs.

Table 3

Perceptions of Personal Financial Education Needs

Topic	Number of participants reporting	Participant(s) reporting
Investing/Stock market	7	Andy, Bryant, Buford, Charmelle, Christopher, Darryl, Jordan
Self-employment/Managing a business	7	Andy, Bryant, Buford, Charmelle, Jeff, Jordan, Rob
Budgeting/Managing	5	Buford, Charmelle, Darryl, Jordan, Rob
Real estate (business)	4	Andy, Buford, Charmelle, Jordan
Saving	3	Darryl, Jordan, Rob
Credit score	2	Darryl, Michael
Grocery shopping	1	Christopher
Retirement	1	Christopher
Interest	1	Andy
Banks	1	Andy
Insurance	1	Jordan
Grants	1	Michael
Filing taxes	1	Michael
Buying a home	1	Jeff
Nothing/Gave up on learning	1	Jacob
Nothing/Money not an issue	1	David

Investing. Investing was one of two topics that garnered the most requests for education. As Christopher explained:

> I would like to know more about . . . you know, how I would go about investing money into a retirement. Because I don't have a clue. [laughing] My investing is stuffed in the coffee can buried in the backyard type shit. That is my investing.

Although Christopher was the only participant to specifically reference retirement, many of the men expressed a similar mode of "investing" by simply hiding their money – in closets, cars, or yard holes – or "putting it up" with a grandmother, mother, or girlfriend. Yet they acknowledged that these methods were insufficient to grow their money and were interested in learning about more formal methods of investing, particularly within the stock market. While Darryl knew how to "tell when something grew and something fell" within the stock market, he wanted to "learn how to actually deal with the stock market" and how to "know if it's a good investment." Buford also wanted to get involved with the stock market, explaining:

> I wanna get one of those like little computer programs where you can like, play with fake money first, know what I'm sayin, to see what I'm doing. Yeah, but I was thinking about going to one of them places like AG Edwards and talking with one of them people to like, really sit me down and show me basically, like, groom me, because I know I could do it.

Buford and Jordan, both of whom had been used to handling large sums of cash as self-described drug dealers, were unique in expressing large-scale plans for making money through investing. Buford stated, "It's just I need, if I start with like, I ain't, $10,000 ain't a lot of money, but if I can just start with that, I, I believe, I'll be able to be a millionaire." Jordan similarly expressed:

> I want to learn how you make a billion out of a dollar. Serious. For a short period of time in a year, it could be done. . . . I'm saying you have to invest it, but it's all, it's about calculation. Getting to the exact point, at the right time. Then you go buy you some bonds, 500 dollar bonds, 1000 dollar bonds, and you go put them in some share or whatever and invest it. But you want to make sure it's the right investment.

While the other men discussed investing in more moderate terms, virtually all talked about it as a means to cease illegal methods for earning money and thus stop cycling in and out of jail/prison.

Self-employment. Previous research has indicated that many incarcerated individuals are interested in entrepreneurship and self-employment (for review, see Fletcher, 2005), and this was another predominant theme in this sample. Seven men expressed specific desires to learn more about managing a self-employed business; an additional three were already engaged in self-employed work. While Bryant was interested in starting a business using his cooking skills and Rob wanted to freelance as a tattoo artist, the vast majority of the participants were focused on construction and real estate. Although Jeff had been self-employed for many years, doing construction and maintenance, he was interested in financial education because he knew he needed to be "keeping better records." He was considering an accounting or bookkeeping class at the local community college. Andy was similarly considering attending the local college so that he could get into the real estate business: "Buying, fix them up, and then sell 'em again." Although Jordan was not as interested in additional education to get into the real estate business, having learned through "real life experience" of being with his aunt and "losing two houses, back to back," he had similar ideas about buying and fixing up homes. He explained his plans further:

> You go auction, bid on that house right there, it ain't no more I'm talking like 500, 300 dollars for a four-bedroom house. Really ain't nothing wrong with it. I got to change the pipes or the electricity in it, you know, some minor stuff. That probably come out about 15 to 2500 dollars to do it. So once I get that, I can put the house up for rent and get the money right back. If it's an apartment complex, I could sell, I could rent it to the state and they'll section it off, for section 8, so that's money once a month, so. It's easy, man.

It is worth noting that these interviews were conducted during the summer of 2008, in the midst of the US housing and financial crisis. Although some of the participants acknowledged economic trouble on the outside ("It's kinda bad out there right now" – Darryl), none indicated that they knew about the rapid changes in the real estate market.

It is also worth mentioning that the top two areas of interest were investing, particularly in the stock market, and self-employment. These are generally considered higher-risk aspects of personal finance than most of the other topics mentioned (e.g., budgeting, saving). Financial educators should be aware that incarcerated individuals may have a higher interest in risk-taking than other groups, although further comparative research is needed to determine if incarceration is indeed associated with higher risk-taking in financial behaviors among similar sub-populations.

Budgeting/Managing. Another common request for financial education was on the topic of budgeting and managing money. For some of the men this was related to learning how to manage a self-employed business, but Rob felt he needed to start at a basic level, saying, "Nothing like business management, nothing that far." He expressed that

> I really feel like a moron in that area because you know what another person would be like, well, look man, the way that you act with your money that doesn't make any sense because . . . you don't have nothing

> reliable coming in so why are you doing stuff like this. I don't know. My kids' ma is the same way though too. You don't have enough money for the next thing.

He went on to explain:

> I don't know where to start asking questions because I would have to pay closer attention to my spending behavior, you know, in order for me to pose questions. I know it's screwed up, I do know that much.

This comment highlights one challenge with teaching financial education while men are incarcerated – because they are largely isolated from money, they may not recognize what particular patterns they want or need to change. Rob also brought up an additional consideration in delivering financial education to incarcerated individuals. When I asked if he felt confident managing his money, he said, "Yeah, I can, but . . . not when I meet alcohol though, that goes out the window." Jordan told a similar story, explaining how he blew $1300 in one day: "I'm a weed head, so I was like doing drinking, weed, all this stuff, so I understand where [the money] went." Because alcohol and drug addictions affect a large percentage of incarcerated individuals (Petersilia, 2003), it is important for financial educators to acknowledge and address the way these addictions intersect with financial behaviors. This further speaks to the importance of an integrated, holistic approach to educating inmates because for some, financial education will be ineffectual without drug or alcohol treatment.

Interestingly, a few men suggested ways to practice budgeting while in jail. As Darryl explained:

> I'm practicing that now with the commissary and uh . . . I don't spend as much money as I used to because I know there's other things out in the world that's more important to me than eating a lot of junk food.

Similarly, Michael explained his efforts to save the money in his jail account as a "mind game": "I try to see how much I can try to trick myself, tell, *I'm gonna leave next week, so I don't need to spend this or this, there'll be no use*." This suggests one way in which financial educators may encourage students to begin exercising self-discipline and sound financial practices by helping them weigh the costs and consequences of using their jail account to purchase commissary items.

Saving. Another financial education need cited by multiple participants was saving. Darryl expressed that he needed to learn about saving so that "when I do have some extra money I could put it in someday to grow." Prior to coming to jail, he was making efforts in that direction by setting up an account for his son. He explained:

> I had his mother do it, like some CDs or something for when he gets 18. And uh, I was looking at that like *Wow, I mean you really expect them to have the money for them when he get 18*. And the lawyer lady tell me, "Yeah, they're gonna have it." Alright, I'm gonna take your word for it, and I hope they have it, cause it don't look good for me right now.

Darryl's skepticism about the bank keeping his son's money was a very common concern. In fact, all but three of the participants (Andy, Charmelle, and Rob) expressed some degree of distrust toward banks. Sometimes this distrust was related to specific problems like overdraft fees ("They tricked me" – Michael), but more often the men cited family or neighborhood socialization: "I think everybody [in the projects] was more money in pocket type" (Darryl); "Whoa, who takes their money to the bank, yeah right!" (Bryant). Buford also discussed another significant barrier to using banks: if you are making illegal money, the "first thing [you would be] worrying about would be the feds coming." In teaching about saving, financial educators need to be sensitive to these suspicious attitudes toward financial institutions and consider ways to encourage saving behaviors regardless of whether participants are willing or able to use banks.

Research Question 2: Perceptions of Other Inmates' Financial Education Needs

In order to further understand their perceptions and experiences, I also explored their perceptions of other inmates' financial education needs through a few open-ended questions: *Of all the things to know about money, is there anything that you think would help keep people out of jail? When you've observed other people around you here, what do you think people should better understand about money or how to manage money?*

Although a number of participants were unwilling to offer their opinions about other inmates' needs, citing reasons from "Don't really see too much money in jail" (David) to "I ain't no judge; I really can't say" (Bryant), some participants did give their impressions. Table 4 presents the aggregated responses to questions about other inmates' financial education needs.

Table 4

Perceptions of Other Inmates' Financial Education Needs

Topic	Number of participants reporting	Participant(s) reporting
Saving	3	Andy, Charmelle, Jordan
Investing	2	Buford, Jacob
Understand money/finances	2	Bryant, Buford
Earning money legally	1	Buford
Spending smart	1	Jordan
Banking (checking and savings)	1	Charmelle
Interest	1	Charmelle

Saving. Saving was the most predominant theme, although each respondent highlighted a slightly different aspect of saving. As Jordan stated, "Just because they got it, they spend it. So . . . that was my problem too. That's why it's easy to see other people doing it." Andy further explained that most inmates need to "care about saving money, what's the point, know what I'm saying, what it can do for you, the benefits." Similarly, Charmelle believed that most inmates need to "learn a little something about interest and . . . growing while it's in the bank. A lot of cats . . . a lot of people, they don't know about it." While Jordan's view focused on the need to exercise self-discipline, Andy and Charmelle both pointed to a lack of recognition of the benefits of saving, with Charmelle specifically referring to banks as the mechanism for saving. These distinctions are important for financial educators to consider because, as previously mentioned, there may be ways to encourage self-discipline in spending even while incarcerated, which will begin teaching the lesson that saving encompasses more than simply opening a bank account. Additionally, Andy and Charmelle's comments underscore the importance of not presuming that an incarcerated audience already understands the benefits of saving, particularly through banks.

Investing. Investing was a second theme that emerged. Interestingly, both men that discussed investing did so, at least in part, in the context of finding legal ways to invest illegally-gained money. Jacob, who was in jail for the first time, expressed it this way:

> I feel like a lot of your wealthy people today were done, you know, great grandfathers done something somewhat illegal somehow someway to get their first, you know, whatever amount of money. But if they knew something what to do with it, they didn't have to continue to be illegal, invest and stuff like that. So maybe if they knew. You know, these guys are in here for a kilo of cocaine, talking you know, 20,000 dollars and maybe if he knew more about money and more about investments, he could invest in this housing or . . . get him a portfolio, or I don't know something, where maybe here in 10 years or something, he didn't have to do the dishonest living or something like that.

Buford, a self-described drug dealer and repeat offender, also felt that finding ways to invest even illegally-gained money would improve most people's situation:

> It's a few people in here that's hood rich. Hood rich is, it's like, like 50-100,000 dollars, if you got like 50-100,000 dollars to your name out the drug game, if they could find a way to give that to somebody and let them flip it, you know what I'm saying, and get money off of it, then we could. But they can't do that, because what is it, racketeering or something, they get a fancy name, embezzlement or something, you know what I'm saying, if we could just find a way to, you know, put up and invest our money.

Although Buford simultaneously expressed the need for inmates (including himself) to find legitimate ways to make money "other than robbing or selling drugs," he was not completely optimistic about that approach in light of the poverty-stricken, drug-infested communities that he had lived in most of his life. While the issue of investing illegally-obtained money raises ethical questions for financial educators, it is nonetheless critical to be sensitive to these perceptions and life experiences in financial education courses delivered in jails and prisons.

Research Question 3: Perceived Barriers to Financial Education Delivery

Clearly, the majority of incarcerated men I interviewed expressed an interest in financial education, with many offering specific topics they would like addressed. However, I also wanted to explore the barriers that they perceived to receiving financial education, either while they are incarcerated or post-release. I explored these perceived barriers through a few open-ended questions: *Would you be interested in financial education while you are in jail? How do you feel about learning while incarcerated? Do you feel like jail is an environment where you can learn?*

System distrust. The most predominant theme that emerged from the interviews was the issue of distrust of the system and the instruction offered within it. Strikingly, the only two men who did not express distrust as a barrier to education while incarcerated were the only two who had not served time in juvenile detention, whose only arrests had been as adults. Although many expressed interest in financial education, they often simultaneously indicated that there was not much opportunity ("They don't offer you nothing" – David) because the criminal justice system was not about rehabilitation. As Bryant explained about his juvenile detention experience:

> You know, so they, they wasn't really worried about you learning. They was worried about getting their time up out you and "You a bad boy, so we ain't really, we throwin you to the curb." That's what they to you, they threw you to the curb.

Jordan had something similar to say about the county jail in which he was currently incarcerated:

> This ain't no facility [laughter]. This is a joke. . . . They don't care, it seem like they don't care about you. They just gonna lock you up until your time is up, then you go on. Not educating for real, not trying to help you get up on out of here, not putting new thoughts in your head of trying to do something different.

A related issue that arose was the credibility of the instructor teaching within the system. Similar to the sentiments about the system not rehabilitating, a few indicated that the teachers they had were not truly interested in rehabilitating them, explaining that "they wasn't trying to help you" (Andy) or they were "just doing their job" (David). Interestingly, Rob indicated that there was a difference between teachers within prisons and jails in this regard. When asked whether he would prefer financial education while incarcerated or post-release, he explained:

> That depends on who's doing the class because when you're dealing with Department of Corrections [prison] people, them teachers, they don't care, man, they don't. It's not like in the world at a college, you know. I know it's different cause I've been to both . . . if it was on a jail scale instead of a prison thing then it probably would be better to do it inside because I think that the people would be honest that are coming to do the teaching.

Christopher, when asked whether he wanted financial education while in jail, responded:

> Ummm, I don't know. To be honest with you, I don't know. Probably not, just because I have seen how some of the people work this place and how some . . . I have seen some things that, I wouldn't trust their opinions on teachers or their opinions.

Despite these somewhat pessimistic expressions, some men also discussed ways that instructors had positively affected them, giving some insight as to how instructors can gain the credibility necessary to effective teaching. For example, Rob indicated that he had a positive experience in one facility because "nobody was just like there with paper experience from college." He perceived their teaching to be particularly relevant because they had similar backgrounds and life experiences. Jordan also discussed a positive experience he had while taking courses in prison because a teacher helped him "individually" so that he could obtain his GED.

Homogenized versus individualized instruction. Unsurprisingly, the topic of individualized versus homogenized education was another theme that emerged as a perceived barrier to financial education. Although this is a challenge across the field of education (Petrilli, 2011), it is intensified with this population since many incarcerated individuals have struggled with traditional education. In fact, all but one participant had dropped out of high school (though five had later obtained their GEDs). No doubt a contributing factor to their decisions to drop out of high school was the fact that most had served time in juvenile detention, which entailed both educational disruption and extremely homogenized instruction. Many of the men expressed that there was very little teaching in juvenile detention, but rather you just "sit in one room" with "everybody in the same book." However, this method of teaching was not exclusive to juvenile facilities. When Rob explained that he trusted jail instructors more than those working for the Department of Corrections (see previous section on *System distrust*), he further stated that in the Department of Corrections, the teachers "just be like, here's some work and . . . not have any discussions or instruction." Similarly, Michael, one of the few who had previous financial education, explained that he was simply given banking packets "to read over." Although he struggled to do that, he was fortunate that the facility had counselors he was able to approach for help, explaining that "like if I ain't understand it, I ask 'em what it means. Then they describe it to me in a way I can understand it." Buford also expressed a need for a more individualized, hands-on approach:

> I ain't slow by far . . . but I'm more of like used to five students and damn near two teachers. So I need just a person to just sit there with me and like, show me, you know what I mean, don't tell me, just show me, you do it by hand, just show me, you know what I mean, then I can pick it up, there'd be no problem.

Although time and resource constraints affect the ability to offer truly individualized education, it is important for financial educators to explore innovative ways to address this need.

Implementation. Buford's explanation of his need for hands-on education underscores another barrier to financial education while incarcerated: the difficulty in a "don't tell me, just show me" approach when the participants are locked up and largely isolated from the financial world. For the most part, individuals will not be able to implement traditional financial advice while incarcerated and that is something that concerned some of the men. As Rob expressed, "Something people fail to take into consideration is the curriculum going to be brought up the same way inside as it would outside." This could be a key challenge for educators who do not know where financial education participants are going to be paroled, and thus what local resources or financial institutions they will be able to access. In fact, Jordan felt that he would prefer financial education once released because he could:

> Go out there and actually try it while it's fresh on the mind cause while you're locked up in between studying it then and the time you get out, best believe, when you get out you're not gonna exercise none of that for real unless it comes up.

He had previously received basic financial instruction in prison (as part of a career course) and knew from experience that it was hard to implement knowledge gained while incarcerated once he was released. When I asked Jordan what he had learned from that course, he stated:

> It's hard to explain, man, cause honestly, I could say I didn't. Honestly, you might say I didn't learn anything, since I don't know how to save money. But to me, I learned a lot, but I just don't exercise it. . . . It's just a difference there. You have knowledge of something, but you choose not to use that knowledge, you choose to use your own terminology out there.

Interestingly, Jordan was the only participant who previously had financial education while incarcerated and the only one to prefer post-release financial education. Despite the other men's concerns, most still preferred financial education while incarcerated because, as Buford stated, then I "can't go nowhere." Most could foresee immediate obligations that would make it difficult to complete a financial education course after release, including finding jobs and reestablishing contact with family. Participants brought up two potential methods for addressing these implementation issues: (1) having a financial course just prior to one's release or (2) having it as part of a release-type program. Buford explained that the only successful educational experience he had while incarcerated was in a work-release program because there was a strong incentive:

> You do good, show us that you're trying and you can go home on the weekend. So, but you still locked up though, you can't forget about that, but you can go home on the weekend if you behave. That was enough for me. So I really just started trying to learn.

In addition, the work-release program had an aftercare component that he said "kept me on my toes." He completed the aftercare program despite the distractions of being on the outside again and felt that was the most promising educational model he had encountered during his many years cycling in and out of the criminal justice system.

Distractions. Although most participants indicated that the distractions outside would make financial education while incarcerated more appealing, they still felt that jails/prisons included many distractions that were barriers to effective learning. As Rob expressed, "You would think that you would be able to concentrate and put some hardcore studying in, in that atmosphere because you have so much time, but there's just a lot of distractions." While the distractions varied by facility, one commonality was noise: "your celly coming in and out of their cell" (Rob); inmates laughing, "all day, every day just sitting there cracking up" (Charmelle); others calling out "Where ya goin?" whenever there was inmate movement (Darryl). The guards also contributed to the noisy environment because, as Rob explained, they "just walk in and start going through your stuff. You got the door closed and using the bathroom, they come banging on the door." Other distractions mentioned included drugs and threat of violence. Violence particularly varied by facility, but both Buford and Rob were relieved to be in a jail that was not dangerous in contrast to previous facilities. Buford described a previous facility where "they had school there, but it ain't no type of learning going on" because "it's just gang-bang city down there, that's all it is. Fights every day." Rob further explained that at more dangerous facilities "that's a whole different [factor] into your concentration."

In addition to violence, some participants cited the social atmosphere as an additional, related distraction. Bryant first entered the system as a juvenile and said that he came back "more corrupted because now I was around gang members and . . . it just corrupted me even more because of the things that I seen goin' on in there." Similarly, Andy said that "all you talk about is what you get locked up for. Really you just find out new ways to do new things." Additionally, Darryl and Bryant indicated that it was sometimes difficult to participate in educational opportunities because of social pressure and the perception that education "don't let them be cool." Darryl further explained that

> the average person that's in jail is like he's worried about what the next person's gonna think of him. . . . You know, they more scared of what the next person gonna think of 'em, about this subject or that subject, you know. That's, that's the average fear.

For these social reasons, Buford felt he could be more successful educationally in jail rather than prison because "in prison you probably have a 100 people to a wing, but here, there's no more than 18. . . . The more people around me the less attentive I am." Although a financial educator may not be able to impact many of these distractions, recognizing their effects is still important.

Rapid transitions. A final barrier discussed was the rapid movement that often takes place in the criminal justice system. Bryant explained that even when he was able to participate in educational opportunities, he was often "changing to some other program" before he could complete anything. This was particularly true of his juvenile detention experiences where you "catch up on your classes and boom, you go off to somewhere else." Sometimes these rapid transitions were a result of limited jail time, as in the case of Charmelle whose "time was always short" because he was "just doing county days." Other times they were a result of system regulations, such as being put on lockdown or administrative segregation. As previously mentioned, the jail in which I conducted these interviews actually consisted of two different sites, each with different programming. Often the men did not know exactly why they were at a particular site and there was often movement from one site to the other. As Darryl explained:

> I put in for my GED but uh, somehow, they say they don't do the GED down here, but they do in the [other site]. But I got moved down here and, I really had a agreement with one of my baby mothers, you know, if I got my GED, she would, you know, make sure I was alright. But uh, I'm not able to do that. I guess you're classified, you're classified.

Although Darryl did not know exactly why he was "classified" in the manner he was, others actually sought segregation at times even though this restricted their access to educational programs. Rob, who expressed particular frustration with the distractions outlined in the previous section, stated that he chose "to go downtown to be in a cell by myself. They said it was segregation but I chose to do that because I didn't want to have interactions with nobody." However, he was soon moved back to his original location—and all this movement occurred within 7 days, the entire length of time he had been in the jail. Clearly, rapid movement represents a substantial barrier to financial education programs, particularly in the jail setting.

Conclusion

Although financial education is already occurring in jails and prisons across the country, there is relatively little scholarly work examining the perceived needs of incarcerated individuals and how they believe those needs can best be served. Because motivation plays a critical role in educational success (Mart, 2011), it is important that financial education tap into the expressed interests and needs of those participating. This study expands the needs-assessment literature and suggests some specific considerations for financial educators working with incarcerated populations.

Perhaps the over-arching consideration suggested by the study participants is the need for financial educators to think holistically about the incarcerated individuals they teach. Their lives and experiences are inherently complex, often including backgrounds of poverty, substance abuse, negative socialization to financial institutions, and repeated cycling in and out of the justice system, which disrupts participation in the formal economy. Although financial educators may have limited ability to help students enroll in drug treatment programs, they could both encourage participants to seek treatment in cases where substance abuse has contributed to financial difficulties as well as acknowledge and address the way addictions and compulsive behaviors intersect financial management.

The backgrounds of incarcerated individuals also require sensitivity to the issue of banks and other financial institutions. The majority of men in this sample expressed strong distrust of banks, learned through both family and neighborhood socialization. Additionally, other research shows that incarceration can further hamper offenders' abilities to use mainstream financial institutions (Henderson, 2005). Thus educators should not take for granted that incarcerated individuals will be willing and able to use banks. While in some contexts saving is considered synonymous with depositing the saved money in the bank, financial educators working with this population should consider methods to encourage saving outside of a bank context. At the same time, some of the men indicated the need for other incarcerated men to understand better the benefits of using banks, so financial educators should not avoid the topic but perhaps probe carefully to determine how individual students feel about banking. Interestingly, a few of the participants in this study suggested one particular way that financial educators could encourage saving and sound financial management while students are incarcerated -- by discussing decision-making with regard to jail accounts and commissary purchases and how self-discipline in that context can translate to the outside world.

Finding ways to implement sound financial practices while incarcerated is particularly important because many incarcerated individuals repeatedly cycle in and out of jail/prison. Indeed, one of the key barriers to receiving financial education that the men perceived was the implementation of teachings post-release. In addition to using jail accounts to teach financial principles, educators might consider other methods to simulate real-world financial transactions while incarcerated. For example, token economies that simulate behaviors on the outside like paying rent or buying groceries could be implemented to create hands-on learning. Token economies may be particularly critical for youth offenders who are separated from the financial world during some of the formative teenage years.

Another program that may address some concerns about implementation is an aftercare-type program. While most of the men felt that they would prefer financial education while incarcerated because they "can't go nowhere," they remained concerned about remembering what they were taught following their release. Some of the men suggested that financial education either just prior to release or as part of a release- or aftercare-type program was the most effective solution so that the information would still be fresh enough to put into practice post-release.

Implementing many of these program suggestions would require a high degree of coordination and involvement with detention centers. However, the men in this sample indicated a downside to educators either being employed by or appearing closely-aligned with the criminal justice system. Most of the men had a deep distrust of the justice system, expressing concerns that criminal justice employees "don't care" or might not be teaching accurate information. Many of their comments suggest that incarcerated individuals may be most open to education from those they perceive to be "outside" of the justice system. Additionally, some suggested that educators who can relate to their backgrounds might more effectively reach them than those with just "paper experience from college."

Although the current study offers a useful starting point for further exploration as well as some concrete recommendations for financial educators, it is not without limitations. The small sample size and qualitative methodology do not ensure generalizability to all incarcerated individuals. In particular, the sample included only males and further research should explore how the financial education needs and interests of incarcerated women compare. Despite these limitations, my hope is that it will serve as a useful tool to help financial educator's further tailor content and practices to incarcerated populations.

References

Amen Prison Ministries (n.d.). Basic life management curriculum. Retrieved from http://www.amenprisonministries.net/

Anderson, S. G., Zhan, M., & Scott, J. (2004). Targeting financial management training at low-income audiences. *Journal of Consumer Affairs*, *38*(1), 167-177.

Brooks, T. (1980). Consumer education for the incarcerated: The state of the art. *Journal of Correctional Education, 31*(1), 4-7.

Call, L. L. (2011). Exploring financial knowledge, behaviors, and economic socialization in an incarcerated population: A mixed methods analysis. (Master's thesis). Brigham Young University, Provo, UT.

Charmaz, K. (2006). *Constructing grounded theory: A practical guide through qualitative analysis*. London: SAGE.

Corbin, J., & Strauss, A. (2008). *Basics of qualitative research* (3rd ed.). Thousand Oaks, CA: Sage Publications.

Creswell, J. W. (2007). *Qualitative inquiry & research design: Choosing among five approaches* (2nd ed.). Thousand Oaks, CA: Sage Publications.

Federal Bureau of Prisons. (2009). Admission and orientation: Inmate handbook. Retrieved from http://www.bop.gov/locations/institutions/ftd/FTD_aohandbook.pdf

Fletcher, D. R. (2005). Providing enterprise support for offenders: realizing new opportunities or reinforcing old inequalities? *Environment and Planning C-Government and Policy, 23*, 715-731.

Frase, R. S. (1998). Jails. In M. Tonry (Ed.), *The handbook of crime and punishment.* (pp. 474-506). New York: Oxford University Press.

Henderson, T. N. Y. (2005). New frontiers in fair lending: Confronting lending discrimination against ex-offenders. *New York University Law Review, 80*, 1237-1271.

Johnson, E., & Sherraden, M. S. (2007). From financial literacy to financial capability among youth. *Journal of Sociology & Social Welfare, 34*(3), 119-146.

Jump$tart Coalition for Personal Financial Literacy. (n.d.). Jump$tart Coalition survey of personal financial literacy among students. Retrieved from http://www.jumpstart.org/survey.html

Koenig, L. A. (2007). Financial literacy curriculum: The effect on offender money management skills. *Journal of Correctional Education, 58*(1), 43-56.

LaRossa, R. (2005). Grounded theory methods and qualitative family research. *Journal of Marriage and Family, 67*, 837-857.

Lofland, J., Snow, D. A., Anderson, L., & Lofland, L. H. (2006). *Analyzing social settings: A guide to qualitative observation and analysis* (4th ed.). Belmont, CA: Wadsworth/Thomson Learning.

Lucas, J. (2011, March 9). Scheme to teach inmates money management. Retrieved from http://www.voice-online.co.uk/content.php?show=19085

Mart, Çağrı Tuğru (2011, 3 May). How to sustain students' motivation in a learning environment. Retrieved from http://www.eric.ed.gov/PDFS/ED519165.pdf

McMurran, M., Theodosi, E., Sweeney, A., & Sellen, J. (2008). What do prisoners want? Current concerns of adult male prisoners. *Psychology Crime & Law, 14*(3), 267-274.

Monster, M., & Micucci, A. (2005). Meeting rehabilitative needs at a Canadian women's correctional centre. *Prison Journal, 85*(2), 168-185.

Petersilia, J. (2003). *When prisoners come home: Parole and prisoner reentry*. New York: Oxford University Press.

Petrilli, M. (2011). All together now? Educating high and low achievers in the same classroom. *Education Next*, *11*(1), 48-55.

Rossman, S. (2003). Building partnerships to strengthen offenders, families, and communities. In J. Travis & M. Waul (Eds.), *Prisoners Once Removed: The Impact of Incarceration and Reentry on Children, Families, and Communities* (pp. 343-379). Washington, DC: The Urban Institute Press.

Sorbello, L., Eccleston, L., Ward, T., & Jones, R. (2002). Treatment needs of female offenders: A review. *Australian Psychologist, 37*(3), 198-205.

Spencer, G. L., & Siler, T. (1974). Survival education. *California Youth Authority Quarterly*, *27*(2), 35-39.

Thomas, R. (1981). De-institutionalization - Managing independent living: An adult education program for incarcerated women. *Journal of Correctional Education, 32*(4), 11-14.

The White House (2008). President Bush announces President's Advisory Council on Financial Literacy [Electronic Version]. Retrieved May 24, 2011, from http://georgewbush-whitehouse.archives.gov/news/releases/2008/01/20080122-1.html

The White House (2010). Executive order: President's Advisory Council on Financial Capability [Electronic Version]. Retrieved May 24, 2011, from http://www.whitehouse.gov/sites/default/files/2010financial.eo_.rel_.pdf

Virginia Cooperative Extension (n.d.). Teaching financial skills for future success. Retrieved from http://www.ext.vt.edu/news/solutions/solutions2009/Articles/financial_skills.html

Western, B., Pattillo, M., & Weiman, D. (2004). Introduction. In M. Pattillo, D. Weiman & B. Western (Eds.), *Imprisoning America: The social effects of mass incarceration*. New York: Russell Sage Foundation.

Zhan, M., Anderson, S. G., & Scott, J. (2006). Financial knowledge of the low-income population: Effects of a financial education program. *Journal of Sociology & Social Welfare, 33*(1), 53-74.

Financial Education Boot Camp: Building Educators' Capacity to Teach Personal Finance

Barbara O'Neill[1], Rutgers University

Introduction

This practitioner's forum will describe the content and methodology of *Financial Education Boot Camp*, a program designed to train teachers and other youth educators to teach personal finance. With an increasing number of states now mandating personal finance courses as a graduation requirement and the financial crisis spotlighting the need for a more financially astute populace, youth financial education is a "hot" topic. Not surprisingly, states have steadily added requirements for personal finance education in recent years. According to the Council for Economic Education's Survey of the States (2009), 34 states require that personal finance standards be implemented, up from 28 in 2007, and 13 states have a personal finance course graduation requirement.

Curriculum mandates are not enough, however, to increase the financial capability of youth. Teachers' capacity to teach personal finance is also a key success component. Way and Holden (2009) found that K-12 teachers have generally acquired very little formal education in personal finance from credit-based courses (only 37% had taken a course) and/or workshops on personal finance and teaching personal finance (only 18.9% and 11.6%, respectively). Almost two-thirds (64%) of their sample of 504 teacher respondents reported feeling unqualified to utilize their state's financial literacy standards. In addition, whether or not educators took a college course in a personal finance-related subject area was found to be a major predictor of their perceived competence to teach personal finance. Enter *Financial Education Boot Camp*, a teacher capacity-building program that provides intensive training in both personal finance subject matter and creative teaching methods. Originally developed and pilot tested by the New Jersey Coalition for Financial Education (NJCFE) in 2010 with $35,000 of funding from Citi and the Council for Economic Education, it is now available for delivery nationwide to address the issue of teacher preparedness on a larger scale. A funding proposal for an online version of Boot Camp in 2012 has also been submitted.

Objective/ Purpose

1. Participants will learn about state requirements for personal finance education in grades K-12.
2. Participants will learn about research findings about teacher capacity to teach personal finance.
3. Participants will learn about the content and methodology of *Financial Education Boot Camp*.

Description of Content and Method

Financial Education Boot Camp was developed by the New Jersey Coalition for Financial Education following the passage of a personal finance high school graduation requirement in 2009 in New Jersey. The program, currently available in four different versions based on length and content, has reached almost 350 teachers since its introduction during the summer of 2010. Boot Camp combines brief subject matter presentations, called "content chunks," with interactive activities that teachers can replicate with their students. For a 3-hour version, Boot Camp Level I Light (1-day), and Boot Camp Level I (2-day, basic content), the content chunks are financial concepts, income management, understanding credit, taxes and insurance, and saving and investing. For Boot Camp Level II (2-day, advanced content), the content chunks are cash flow management, income taxes, credit, the time value of money, insurance, saving and investing, and building wealth. In the future, an online Boot Camp, using the eCollege platform available at Rutgers University, is planned with 10 modules that can be accessed by teachers worldwide.

The two-day Level I and II Boot Camps begin with a 75-minute content overview. Teachers then continue to learn content in a small group activity (PowerPoint *Millionaire* and *Jeopardy!* games, time value of money problems, and financial case studies). After lunch, they participate in interactive activities and group discussion. The program also includes pre- and post-tests, a written evaluation, and distribution of the games created by participants. In two Level I pilot sessions in 2010, more than 80% of participants provided specific details about how they would use the information received at the program and/or share it with other educators including: review for personal use, use PowerPoint games to review content, lesson planning, post a thought/idea of the week on class Web site, use group activities, use Web sites, modify resources to fit needs, and pass materials onto other staff members. Several Boot Camp class materials (e.g., case studies and PowerPoint games) will be available for purchase at the workshop.

[1]Barbara O'Neill, Rutgers Cooperative Estension, Cook Office Building, 55 Dudley road, Room 107, New Brunswick, NJ 08901; Phone: (732) 932-9171 x250; Fax: (732) 932-8887; Email: oneill@aesop.rutgers.edu

References

Survey of the states 2009: The state of economic, financial, and entrepreneurship education in our nation's schools. New York: Council for Economic Education. Retrieved April 11, 2011, from http://www.councilforeconed.org/about/survey2009/CEE_2009_Survey.pdf.

Way, W.L. & Holden, K.C. (2009). Teachers' background and capacity to teach personal finance: Results of a national study. *Journal of Financial Counseling and Planning*, 20(2), 64-78.

One for All? An Examination of Whether Students Interact with One Financial Planning Curriculum Differently Based on their Personal Characteristics

Katherine E. Brewton[1], MA and Sharon M. Danes, Ph.D., University of Minnesota

Key Words: *evaluation, financial knowledge, financial behavior, teens*

Abstract
The National Endowment for Financial Education's High School Financial Planning Program is one example of a financial planning curriculum. This study focuses on whether high school students' interaction with this curriculum differed based on their ethnicity, whether they lived in states mandating financial education, whether they lived on farms, their working status, and their gender. Key findings were that while male, farming, and working students had higher existing financial knowledge, female, non-farming, and non-working students gained more from the program. Moreover, students living in mandate states and not on farms gained more than their counterparts on nearly every financial behavior.

Introduction
Financial literacy impacts the way individuals manage their finances (Braunstein & Welch, 2002). For example, more financial literacy is associated with less credit card debt, higher rates of saving, and fewer personal bankruptcies (Bernheim, Garrett, & Maki, 2001). A critical time in which literacy takes place is high school, as it is when many students begin to earn their own money, manage that money independently from parents, and make immediate and long-term goals, particularly in the areas of education and employment. Out of the need to educate teens about money management have come curricula, such as the National Endowment for Financial Education's (NEFE) High School Financial Planning Program (HSFPP). The latest version of the NEFE HSFPP curriculum was developed around an educational approach called *competency-based learning*, where achievement of identified competencies (i.e., behaviors) is emphasized. The goal of every curriculum is to develop more financially literate teens; that is to say, teens with greater financial knowledge and behavior than they had to begin with. The reality is, however, that this will not occur in the same way for all students. Students' interaction with curricula may be impacted by such things as the social context of the classroom. Classrooms have been found to significantly influence the development of students' financial socialization (Bartholomae & Fox, 2002; Danes & Haberman, 2007). They are places where values, beliefs, attitudes, expectations, and motivations about money are fostered and interact with students' already existing internalized norms. In one study conducted by Brenner (1998), children were found to share more of their teachers' viewpoints about finances than those of their parents.

Based on the fact that students' ways of knowing vary depending on their characteristics, this study focuses on original financial knowledge and behavior levels with which students came to classrooms and changes that occurred during their study of the curriculum. It investigates these patterns based on the following characteristics: students' ethnicity, whether students lived in states that mandated financial education, whether students lived on farms, students' working status, and students' gender. The research question of focus is: How do students' original financial knowledge and behavior and changes in financial knowledge and behavior as a result of curriculum study differ by these student characteristics?

Description of NEFE HSFPP and Competency-Based Education
The NEFE HSFPP is sponsored by NEFE, Cooperative State Research, Education and Extension Service, United States Department of Agriculture, and Credit Union National Association. It acquaints students with basic financial planning concepts and illustrates how these concepts apply to everyday life. The goal of the curriculum is to increase teens' financial planning literacy. The curriculum is divided into seven units, with each unit building upon the previous one: Your financial plan: Where it all begins, Budgeting: Making the most of your money, Investing: Making money work for you, Good debt, bad debt: Using credit cards wisely, Your money: Keeping it safe and secure, Insurance: Protecting what you have, and Your career: Doing what matters most. Each unit provides an

[1]Katherine E. Brewton, 290 McNeal Hall, 1985 Buford Ave.,St. Paul, MN 55108; Phone: (612) 625-1900, Fax: (612) 625-4227; E-mail: brewt007@umn.edu

overview, a goal statement that identifies the main focus of the unit, and leaning objectives that indicate the degree of mastery that students are expected to demonstrate. Further, each unit has a corresponding competency.

The hallmark of the NEFE HSFPP is that it is competency-based. With competency-based instruction, teaching is individualized and designed to meet the specific needs of students, feedback provided to students is directed toward changeable behavior, and curriculum is modularized (Boritz & Carnaghan, 2003). A module, according to Boritz and Carnaghan (2003), is a package of integrated materials with a sequence of learning activities that provides systematic guidance through a set of learning experiences. In the case of NEFE's HSFPP, a module is a unit, and each unit is designed to help students achieve the targeted competency. Outcomes of competency-based education are performance-based (Curran, Casimiro, Banfield, Hall, Lackie, Simmons, Tremblay, Wagner, & Oandasan, 2009). As such, both instruction and assessment are organized around student outcomes and emphasize behavior change in addition to knowledge gain (Chyung, Stepick, & Cox, 2006).

Literature Review

Danes, Huddleston-Casas, & Boyce, in 1999, assessed the impact of the NEFE HSFPP curriculum on the financial knowledge, behavior, and confidence of 4,107 teens and found changes in their financial knowledge, behavior, and confidence both immediately after and three months following completion of the curriculum. About half of the teens had gains in knowledge, one-third had gains in behavior, and 40% increased their confidence managing money. Other, more recent studies not specific to the NEFE HSFPP has documented similar findings about the effectiveness of financial education for teens. Bartholomae and Fox (2002) and Walstead, Rebeck, and MacDonald (2010) reported an increase in the financial knowledge of students who were exposed to financial education in their high schools, and Peng, Bartholomae, Fox, and Cravener (2007) found both higher saving rates and investment knowledge among high school and college students who were exposed to personal finance education delivered in their schools. As financial education has become more common in the U.S. due to policy shifts, there is a need now more than ever to understand how curricula impact the population, particularly high school students who are exposed to it in their classrooms.

A limitation of current financial education research is that measures of already existing financial knowledge and behavior were often not given to participants. It also focuses heavily on knowledge as the outcome rather than what is of interest to competency-based curricula developers and evaluators: behavior. Although Martin (2007) reported a causal connection between increases in financial knowledge and financial behavior, we suggest that these are conceptually unique outcomes, and that both should be the focus of research. Together, they contribute to individuals' and families' financial well-being, a concept typically defined as having dimensions of financial resources, satisfaction with financial resources, and a sense of subjective well-being (Prawitz, Garman, Sorhaindo, O'Neill, Kim, & Drentea, 2006).

Research is also limited in that it tends to focus on students as a whole, controlling for characteristics that might distinguish them (e.g., ethnicity, gender). This has not allowed researchers to study diverse students' experiences with curricula or how classrooms might serve as financial socialization contexts. That gap is this study's focus. The limited research that has made students' distinguishing characteristics a focus of their work is presented below.

Students' Ethnicity Status

Researchers have established a link between race/ethnicity and financial literacy (Chen & Volpe, 1998; Murphy, 2005). Lucey and Giannangelo (2006) showed that minority children generally had much lower levels of financial knowledge compared to their White peers. Among college students, minority students tended to score lower in financial knowledge and behavior compared to White students (Chen & Volpe, 1998; Murphy, 2005). Also among college students, African American and Hispanic females tended to be more financially at risk for credit card debt compared to White students (Johnson & Sherraden, 2007). Despite existing ethnic differences among students in their knowledge and behavior, Peng et al. (2007) found no differences in the knowledge or behavior of White and non-White college students following a personal finance course.

Students' State Financial Education Requirement Status

Very little is known about the impact of state financial education requirements on high school students' knowledge and behavior after studying a curriculum such as the NEFE HSFPP, but it could be hypothesized that the curriculum is implemented differently in mandate states because the teachers in those states must adhere to particular state requirements. Tennyson and Nguyen (2001) found that high school students in states requiring specific financial education coursework scored significantly higher on a knowledge measure compared to students residing in states with either a general mandate or no mandate. Perhaps the most significant findings to date come from a study that compared adults who attended schools in mandate states with those who did not live in a mandate state (Bernheim et al., 2001). The authors found that, years later, state financial education mandates had a positive effect on saving and net worth during peak earning years. However, neither of these studies accounted for individuals' preexisting financial knowledge or behavior.

Students' Farm Status

Worthington (2004) found farm owners to be one group with high financial literacy, perhaps because owning a farm, in many cases, means managing its finances. Being that many farms are family owned and the family, including children, are often involved in their daily operations, some of this financial literacy may transfer to children, whether parents intend or do not intend for this to happen. However, there are no data indicating whether this is the case, or how farming versus non-farming families interact with financial curricula, such as the NEFE HSFPP. Valentine and Khayum (2005) did test financial knowledge differences between rural and urban high school students and found no overall differences between them. Differences were found in regards to specific personal finance topic areas. Specifically, financial knowledge of urban high school students was higher than rural high school students in the topic areas of housing rental and food purchases, while rural students, on average, achieved higher scores than urban students in the topic area of automobile insurance. A portion of the rural students in this study may have come from farm- or business-owning families.

Students' Gender Status

Of the distinguishing student characteristics, gender has been studied most in relation to financial literacy. Danes and Haberman (2007) examined gender differences in the financial knowledge, confidence, and behavior of high school students after studying the NEFE HSFPP. Females gained more knowledge on credit, auto insurance, and investments, although males had more knowledge entering the course. Females believed that managing money affected their future more than males, but males felt more confident making money decisions. After studying the curriculum, males reported achieving financial goals more than females, whereas females reported using budgets, comparing prices, and discussing money with family more than males. In sum, male teens reinforced their existing knowledge, whereas female teens learned significantly more about finances in areas in which they were unfamiliar.

Additional studies have found evidence of a gender difference in financial literacy. In one teen financial learning experience outside of the formal classroom, males' knowledge increased more than females' knowledge after studying the program (Varcoe, Martin, Devitto, & Go, 2005). In a college student study, findings supported unique knowledge of the genders. Males knew more about insurance and personal loans, but females knew more about overall financial management (Danes & Hira, 1987). Further, Hayhoe, Leach, Turner, Bruin, and Lawrence (2000) found that females saved, used budgets, kept bills and receipts, and planned more regularly than males.

Students' Working Status

There is little known about how working status affects financial knowledge and behavior following study of a curriculum such as the NEFE HSFPP. It has been found, however, that non-working individuals generally have lower financial knowledge than working individuals (Worthington, 2004). Specific to high schoolers, Valentine and Kharyum (2005) found that working up to 20 hours per week (i.e., part-time) was positively related to overall scores on a financial literacy quiz. Further, following exposure to financial education, working high school students' behavior did not differ from non-working high school students' behavior (Borden, Lee, Serido, & Collins, 2008).

Conceptual Framework

The conceptual framework that guided this study was social constructionism. It affected the research question asked, variables examined, and the way in which findings were presented and discussed. Although not commonly applied in financial education studies, social constructionism is a good fit because it posits that through interactions with others, social meanings and realities are shaped, resulting in shared understandings (Danes & Haberman, 2007). Examples of socially prevalent shared understandings specific to gender include: women do not deserve to have financial well-being, girls are trained to be financially dependent and to seek safety and security rather than become risk-takers, and that if a woman is financially competent, she will end up alone (Anthes & Most, 2000). Shared understandings like these are important because they infiltrate contexts such as classrooms, unconsciously becoming part of the way that teachers teach; they also affect things like classroom practices and design of instructional activities (Cook-Gumperz, 1986). Students of varying backgrounds engage with their teachers and peers and a shared reality about finances is born, which has the potential to continue to impact shared understandings and eventually the larger society.

Method

NEFE HSFPP was free to teachers who requested it and came with an extensive Instructor's Manual and Student Guide. The program can be taught in as few as ten classroom hours but, most often, it is taught over a much longer period of time. Nearly 50% of the teachers in this study dedicated 10 or more weeks to teaching the curriculum. About 18% of the teachers devoted four to nine weeks. Twelve percent taught the course in two to three weeks.

Sampling Procedures and Characteristics

A sampling frame of teachers who requested the NEFE HSFPP curriculum at the beginning of the 2009-2010 academic year was developed. A stratified random sample of teachers (n = 2,300) from that sampling frame was sent a one-page participation survey to determine intended use of the curriculum during the project timeframe, commitment to the evaluation project, class size, and intended ending date of the curriculum. Of the 1,062 surveys returned, many of the teachers did not plan to use the materials during the identified data collection period; others declined to participate or were ineligible for the study. There were 299 teachers who anticipated teaching the NEFE HSFPP in the timeframe of interest and were eligible and willing to participate in the evaluation. These teachers were mailed packets containing one teacher survey and enough student surveys for those teachers' anticipated students. In total, completed surveys were received from 212 teachers and 4,794 students.

Post-Then-Pre Evaluation Design

Students were asked about their financial knowledge and behavior using a post-then-pre method (Rockwell & Kohn, 1989). In comparison to the more traditional pre-test – post-test method, where pre-tests are given before studying subject matter and post-tests are given after studying subject matter, the post-then-pre method first asked students about their levels of financial knowledge and behavior after studying the curriculum, and then, in the next set of questions, asked about their levels of financial knowledge and behavior prior to studying the curriculum. Questions about what students knew and how they behaved prior to studying the curriculum were asked in past tense. Overall, the post-then-pre method took less time and was less intrusive than the pre-test – post-test method and avoided the pre-test sensitivity and response shift bias that often results from pre-test overestimation or underestimation. (Lam & Bengo, 2003; Pratt, McGuigan, & Katzev, 2000). The post-then-pre method has been found to be more reliable in measuring change after studying specific content compared to the traditional pre-test – post-test method, primarily because students do not know what they do or do not know before studying a curriculum.

Beginning and Ending Financial Knowledge Variables

Students' ending financial knowledge was assessed with seven items that were rated on a 5-point scale ranging from strongly disagree (1) to strongly agree (5): "I know key questions to ask when shopping for auto insurance" (mean = 3.25); "I think about how much I need the things I buy" (mean = 3.93); "I am careful to protect my personal information from being stolen" (mean = 4.30); "I know that paying off debt quickly means I pay less interest" (mean = 4.21); "I understand why a credit rating is important" (mean = 4.08); "I know what I do for a career will affect how much money I will have to meet my goals" (mean = 4.29); "I understand how debit cards work" (mean = 4.19); and "I understand how checking accounts work" (mean = 4.15). Students' beginning financial knowledge was measured using the same items phrased in the past tense. Means for these items, in the same order as they were presented above, are: 2.39, 3.19, 3.58, 3.29, 3.07, 3.64, 3.39, and 3.31.

Beginning and Ending Financial Behavior Variables

Students' beginning financial behavior was assessed with nine items that were rated on a 5-point scale ranging from almost never (1) to almost always (5): "I track where I am spending my money" (mean = 3.31); "I look for the best prices for things I buy" (mean = 4.07); "I save money for future needs" (mean = 3.62); "I have a plan for spending my money" (mean = 3.38); "I repay the money I owe on time" (mean = 3.97); "I make savings goals for certain things I want" (mean = 3.75); "I am better able to manage my money" (mean = 3.72); "I discuss money matters with my family" (mean = .05); and "I feel confident about making money decisions" (mean = 3.85). Students' beginning financial behavior was measured using the same items phrased in the past tense. Means for these items, in the same order as they were presented above, are: 2.72, 3.53, 3.11, 2.81, 3.50, 3.14, 3.05, 2.59, and 3.22.

Gain in Financial Knowledge and Behavior Variables
Students' gains were calculated for each knowledge and behavior item by subtracting ending scores from beginning scores. Higher scores indicated greater gains in knowledge/behavior.

Student Characteristic Variables
Students were asked, “What is your ethnic origin or race?” A dummy variable was created from this question where 0 represented Hispanic, Black/African American, Asian or Pacific Islander, American Indian, or Other; 1 represented White. Approximately 44% of the students were non-White, while approximately 56% were White.

A dummy variable indicated whether students lived in states that mandated financial education (1) or not (0). Mandate states were states that required either (a) a one-semester course or more devoted to personal finance or (b) personal finance to be incorporated into other subject matter. Non-mandate states did not require personal finance to be taught. State financial education requirements were taken from http://www.jumpstart.org/state-financial-education-requirements.html in the fall of 2010. Approximately 46% of the students resided in non-mandate states, while 53.9% resided in mandate states.

Whether students lived on a farm or not was determined by asking students, “Where do you live?” Potential responses were (1) city over 100,000 people, (2) city of 25,000 to 100,000 people, (3) town with less than 25,000 people, (4) rural area, but not a farm, and (5) on a farm. A dummy variable was created; students with a 0 were those who did not live on a farm (i.e., they answered 1, 2, 3, or 4), and students with a 1 were those who did live on a farm (i.e., they answered 5). Approximately 95% of students did not live on a farm, while 5% did.

Students were asked whether they were male or female. A dummy variable was created where a 0 represented male and a 1 represented female. Approximately 48% of the students were male; 52.5% were female.

Students’ working status was determined by a question that asked students, “Do you have a part-time job(s) where you receive a regular paycheck?” A dummy variable where 0 represented no and 1 represented yes was created. Working students comprised about 67% of the sample, while non-working students comprised about 33%.

Findings

Differences in Beginning Financial Knowledge by Student Characteristics
Table 1 indicates significant differences between the beginning financial knowledge of White and non-White students. An examination of means shows that White students were significantly more likely than non-White students to have knowledge about why paying off debt quickly means paying less interest (mean = 3.39 vs. mean = 3.15), why credit ratings are important (mean = 3.10 vs. mean = 3.02), that a career affects money available to meet goals (mean = 3.73 vs. mean = 3.53), how debit cards work (mean = 3.48 vs. mean = 3.28), and how checking accounts work (mean = 3.43 vs. mean = 3.16). There were no significant differences in the beginning financial knowledge of students residing in mandate versus non-mandate states.

Students living on farms were significantly more likely than students not living on farms to have knowledge about why paying off debt quickly means paying less interest (mean = 3.52 vs. mean = 3.06), why a credit rating is important (mean = 3.26 vs. mean = 3.06), and how a checking account works (mean = 3.51 vs. mean = 3.31).

Males reported knowing more than females about key questions to ask when shopping for auto insurance (mean = 2.54 vs. mean = 2.25), why paying off debt quickly means paying less interest (mean = 3.34 vs. mean = 3.24), and why a credit rating is important (mean = 3.13 vs. mean = 2.99). Females were more likely than males to report knowing that a career affects money available to meet goals (mean = 3.69 vs. mean = 3.60), how debit cards work (mean = 3.45 vs. mean = 3.33), and how a checking account works (mean = 3.36 vs. mean = 3.25). For all knowledge questions, working students scored consistently higher than non-working students.

Table 1.

Differences In Financial Knowledge Before Curriculum by Ethnicity, Mandate, Farm, Gender, and Work Status

Financial Question	Ethnicity	Mandate	Farm	Gender	Working
Knowledge[a]					
I knew what I did for a career would affect how much money I will have to meet my goals	↑ W			↑ Fe	↑ Wo
I understood how debit cards work	↑ W			↑ Fe	↑ Wo
I understood how checking accounts work	↑ W		↑ Fa	↑ Fe	↑ Wo
I knew that paying off debt quickly means I pay less interest	↑ W		↑ Fa	↑ M	↑ Wo
I thought about how much I needed the things I bought					↑ Wo
I understood why a credit rating is important	↑ W		↑ Fa	↑ M	↑ Wo
I knew key questions to ask when shopping for auto insurance				↑ M	↑ Wo

[a] Up arrows indicate the group with the statistically higher mean (p < .05); W = White, Fa = Farmer, Fe = Female, M = Male, Wo =Working. Blank cells indicate no statistical difference between groups for that item.

Differences in Ending Financial Knowledge by Student Characteristics

Table 2 indicates significant differences between the ending financial knowledge of White and non-White students. An examination of means suggests that White students had significantly higher knowledge than non-White students about why paying off debt quickly means paying less interest (mean = 4.31 vs. mean = 4.10), key questions to ask when shopping for auto insurance (mean = 3.29 vs. mean = 3.21), why credit ratings are important (mean = 4.16 vs. mean = 4.00), that a career affects money available to meet goals (mean = 4.34 vs. mean = 4.24), how debit cards work (mean = 4.28 vs. mean = 4.09), and how checking accounts work (mean = 4.27 vs. mean = 4.04). Table 2 also indicates that there were no significant differences in the ending knowledge of students residing in mandate versus non-mandate states.

There was only one item where there was a difference between farm and non-farm students. Students not living on farms were more likely than students living on farms to report thinking about how much they needed the things they buy (mean = 3.92 vs. mean = 3.81).

Males reported knowing more than females about key questions to ask when auto insurance shopping (mean = 3.31 vs. mean = 3.21), while females were more likely than males to report knowing how much they needed the things they buy (mean = 3.98 vs. mean = 3.89), that a career affects money available to meet goals (mean = 4.36 vs. mean = 4.24), how debit cards work (mean = 4.27 vs. mean = 4.13), and how a checking account works (mean = 4.24 vs. mean = 4.10). Working students scored statistically higher than non-working students on all questions pertaining to knowledge after studying the HSFPP with the exception of one: "I understand why a credit rating is important."

Table 2.

Differences In Financial Knowledge After Curriculum by Gender, Mandate, Farm, Gender, and Work Status

Financial Question	Ethnicity	Mandate	Farm	Gender	Working
Knowledge[a]					
I know what I do for a career will affect how much money I will have to meet my goals	↑ W			↑ Fe	↑ Wo
I understand how debit cards work	↑ W			↑ Fe	↑ Wo
I understand how checking accounts work	↑ W			↑ Fe	↑ Wo
I know that paying off debt quickly means I pay less interest	↑ W				↑ Wo
I think about how much I need the things I buy			↑ Fa	↑ Fe	↑ Wo
I understand why a credit rating is important	↑ W				
I know key questions to ask when shopping for auto insurance	↑ W			↑ M	↑ Wo

[a] Up arrows indicate the group with the statistically higher mean ($p < .05$); W = White, Fa = Farmer, Fe = Female, M = Male, Wo = Working. Blank cells indicate no statistical difference between groups.

Financial Knowledge Gains by Student Characteristics

Gains in students' financial knowledge were calculated to understand how studying the NEFE HSFPP curriculum may have impacted their knowledge. Table 3 indicates significant differences in the financial knowledge gains of White and non-White students. White students reported significantly higher gains than non-White students for three items: "I knew what I did for a career would affect how much money I will have to meet my goals;" "I understood why a credit rating is important;" and "I knew key questions to ask when shopping for auto insurance." Non-White students had a significantly higher gain than White students for one item: "I thought about how much I needed the things I bought." There were no significant differences in the knowledge gains of students residing in mandate versus non-mandate states.

Students not living on farms generally had higher gains than students living on farms. Students not living on farms had higher mean gains than students living on farms for the following five items: "I understood how debit cards work;" "I understood how checking accounts work;" "I knew that paying off debt quickly means I pay less interest;" "I thought about how much I needed the things I bought;" and "I understood why a credit rating is important."

There were significant differences in the knowledge gains of male and female students. Female students reported higher gains than male students for four items: "I knew that paying off debt quickly means I pay less interest," "I thought about how much I needed the things I bought," "I understood why a credit rating is important," and "I knew key questions to ask when shopping for auto insurance."

Students who were not working were more likely than working students to report higher gains in financial knowledge. This was the case for three items: "I understood how debit cards work;" I understood how checking accounts work;" and "I knew that paying off debt quickly means I pay less interest."

Table 3.

Differences in Financial Knowledge Gains by Ethnicity, Mandate, Farm, Gender, and Work Status

Financial Question	Ethnicity	Mandate	Farm	Gender	Working
Knowledge[a]					
I knew what I did for a career would affect how much money I will have to meet my goals	↑ W				
I understood how debit cards work			↑ NF		↑ NWo
I understood how checking accounts work			↑ NF		↑ NWo
I knew that paying off debt quickly means I pay less interest			↑ NF	↑ Fe	↑ NWo
I thought about how much I needed the things I bought	↑ NW		↑ NF	↑ Fe	
I understood why a credit rating is important	↑ W		↑ NF	↑ Fe	
I knew key questions to ask when shopping for auto insurance	↑ W			↑ Fe	

[a] Up arrows indicate the group with the statistically higher mean ($p < .05$); W = White, NW = non-White, NF = non-Farmer, Fe = Female, NWo = non-Working. Blank cells indicate no statistical difference between groups for that item.

Differences in Beginning Financial Behavior by Student Characteristics

Table 4 shows that White students were significantly more likely than non-White students to report three behaviors before studying the HSFPP curriculum: timely repayment of money owed (mean = 3.60 vs. mean = 3.35), saving money for future needs (mean = 3.15 vs. mean = 3.04) and ability to effectively manage money (mean = 3.08 vs. mean = 3.00). On the other hand, non-White students were significantly more likely than White students to report having a plan for spending money (mean = 2.86 vs. mean = 2.76) and making savings goals for things wanted (mean = 3.19 vs. mean = 3.10). Students residing in non-mandate states reported more timely repayment of money owed (mean = 3.54 vs. mean = 3.46) compared to students living in mandate states.

Students who lived on farms were significantly more likely than students who did not live on farms to report one behavior: saving money for future needs (mean = 3.73 vs. mean = 3.07). Male and female students' behavior did not significantly differ from each other. Students who worked part-time were more likely than those who did not work part-time to score higher on seven of the nine financial behavior questions.

Table 4.

Differences In Financial Behavior Before Curriculum by Gender, Mandate, Farm, Gender, and Work Status

Financial Question	Ethnicity	Mandate	Farm	Gender	Working
Behaviors [a]					
I was careful to protect my personal information from being stolen					
I looked for best prices for things I bought					
I repaid any money I owed on time	↑ W	↑ NM			↑ Wo
I made savings goals for things I wanted	↑ NW				↑ Wo
I saved money for future needs	↑ W		↑ Fa		↑ Wo
I was able to effectively manage my money	↑ W				↑ Wo
I had a plan for how I spent money	↑ NW				↑ Wo
I tracked where I spent my money					↑ Wo
I discussed money matters with my family					↑ Wo

Differences in Ending Behavior by Student Characteristics

In breaking down the students by various student characteristics, Table 5 shows that White students were significantly more likely than non-White students to report: timely repayment of money owed (mean = 4.09 vs. mean = 3.83), saving money for future needs (mean = 3.69 vs. mean = 3.53), and discussing money matters with family (mean = 3.09 vs. mean = 3.00). Non-White students, in contrast, were significantly more likely than White students to report: having a plan for spending money (mean = 3.44 vs. mean = 3.33) and protecting personal information from being stolen (mean = 4.34 vs. mean = 4.28).

Students residing in mandate states reported making savings goals for things wanted (mean = 3.79 vs. mean = 3.70), discussing money matters with family (mean = 3.10 vs. mean = 2.98), and ability to effectively manage money (mean = 3.75 vs. mean = 3.68) more frequently than students living in non-mandate states.

Students who lived on farms did not differ from students who did not live on farms on any behavior. Male students were more likely than female students to report two behaviors: saving money for future needs (mean = 3.92 versus mean = 3.67) and ability to effectively manage money (mean = 4.01 vs. mean = 3.68). Working students generally engaged in more financial behaviors than non-working students; they scored higher on seven of the nine financial behavior questions.

Table 5.

Differences in Financial Behavior After Curriculum by Gender, Mandate, Farm, Gender, and Working Status

Financial Question	Ethnicity	Mandate	Farm	Gender	Working
Behaviors [a]					
I am careful to protect my personal information from being stolen	NW				
I look for the best prices for things I buy					
I repay any money I owe on time	W				Wo
I made savings goals for things I want		Ma			Wo
I save money for future needs	W			M	Wo
I am better able to effectively manage my money		Ma		M	Wo
I have a plan for spending my money	NW				Wo
I track where I am spending my money					Wo
I discuss money matters with my family	W	Ma			Wo

[a] Up arrows indicate the group with the statistically higher mean ($p < .05$); W = White, NW = non=White, Ma = Mandate, M = Male, Wo = Working. Blank cells indicate no statistical difference between groups.

Student Behavior Gains by Student Characteristics

Table 6 indicates one significant difference between the financial behavior gain of White and non-White students. White students reported a significantly higher gain than non-White students for the item: "I discussed money matters with my family."

There were a number of significant differences in the behavior gain of students residing in mandate versus non-mandate states. Students residing in mandate states had higher mean gains for four items: "I repaid any money I owed on time;" "I made savings goals for things I wanted;" "I was able to effectively manage my money;" and "I discussed money matters with my family."

Students not living on farms generally had higher gains than students living on farms. Students not living on farms had higher mean gains than students living on farms for the following six items: "I looked for best prices for things I bought;" "I made savings goals for things I wanted;" "I was able to effectively manage my money;" "I had a plan for how I spent money;" "I tracked where I spent my money;" and "I discussed money matters with my family."

There were significant differences in the knowledge gains of male and female students. Female students reported higher gains than male students for three items: "I was careful to protect my personal information from being stolen;" "I made savings goals for things I wanted;" and "I tracked where I spent my money. Students who were working were more likely than non-working students to report higher gains for the following items: "I had a plan for how I spent money" and "I discussed money matters with my family."

Table 6.

Differences in Financial Behavior Gains by Ethnicity, Mandate, Farm, Gender, and Work Status

Financial Question	Ethnicity	Mandate	Farm	Gender	Working
Behaviors [a]					
I was careful to protect my personal information from being stolen				↑Fe	
I looked for best prices for things I bought			↑NF		
I repaid any money I owed on time		↑Ma			
I made savings goals for things I wanted		↑Ma	↑NF	↑Fe	
I saved money for future needs					
I was able to effectively manage my money		↑Ma	↑NF		
I had a plan for how I spent money			↑NF		↑Wo
I tracked where I spent my money			↑NF	↑Fe	
I discussed money matters with my family	↑W	↑Ma	↑NF		↑Wo

[a] Up arrows indicate the group with the statistically higher mean; W = White, Ma = Male, NF = non-Farmer, Fe = Female, Wo = Working, NWo = non-Working. Blank cells indicate no statistical difference between groups for that item.

Discussion

This study is the first to suggest, at the bivariate level, how students with diverse personal characteristics might be interacting with one financial planning curriculum, the NEFE HSFPP. It overcomes limitations of existing studies by focusing on those characteristics that have been suggested to impact financial literacy (i.e., ethnicity, state financial education requirements, farming status, gender, and working status). Key strengths of this study are that it measured student knowledge and behavior, rather than just knowledge. This was important to do because the NEFE HSFPP aims to affect both high school students' knowledge and behavior, but particularly their behavior. Further, measures captured students' existing knowledge and behavior before introduction to the curriculum, students' knowledge and behavior at the end of their study of the curriculum, and accounted for differences in students' pre-existing levels of knowledge and behavior by calculating gains.

Student Financial Knowledge

Findings contribute to existing program evaluation and financial education literature and provide a launching point for researchers. In general, findings from this study suggest that White, farming, and working students came to the NEFE HSFPP program with greater financial knowledge than their counterparts. Female students were found to have higher knowledge about some financial topics (i.e., that a career affects money available to meet goals, how debit cards work, how checking accounts work), while males had higher knowledge about other topics (i.e., paying off debt, importance of credit rating, key questions to ask while auto insurance shopping).

An examination of gains suggested some noteworthy patterns. White students generally continued to have greater knowledge than non-White students about topics related to personal finance, but although farming and working students had higher existing knowledge, it was non-farming and non-working students who gained more from the program. Further, whereas males had higher existing knowledge on particular financial topics, females gained more knowledge over time about topics that males scored higher on initially (i.e., paying off debt, importance of credit rating, key questions to ask while shopping for auto insurance).

These findings suggest that what is occurring in the classrooms of non-farming, female, and non-working students may be particularly important to focus on, as these students may be interacting with the curriculum in different ways than their counterparts. For example, female students may have been unconsciously expected by their teachers to "catch up" to male students in knowledge about more traditional male topics, while males may have been encouraged to maintain their knowledge about more traditional male topics and not adopt knowledge generally held by females.

Student Financial Behavior
Findings specific to financial behavior suggest that working students generally came to the program already performing many financial behaviors. The same was true for White students, who were repaying money owed on time, saving money, and managing money more than non-White students, and non-White students, who were doing more "planning" than White students, by making savings goals and planning how to spend their money.

By the end of the curriculum, differences in the ethnic and working groups had decreased, but this was not the case for other groups. Females reported gaining in three behaviors compared to males: protecting personal information from being stolen, making savings goals, and tracking spending. And, for students in the mandate and farm groups, differences were particularly noteworthy. Students living in mandate states and not on farms gained significantly more than students not living in mandate states and on farms on nearly every financial behavior. This suggests that what is occurring in the classrooms of female, mandate, and non-farming students may be particularly important to focus on, as these students may be interacting with the curriculum in different ways than their counterparts. For example, teachers may have unconsciously expected that students not living on farms would have greater access to resources in their communities that would allow them to engage in financial planning. Farming students, because of their tendency to live in rural communities, may not have been expected to gain as much in terms of behavior due to access challenges.

Future, more predictive work should be done to determine whether student characteristics significantly predict their knowledge and behavior outcomes, and whether the way that teachers teach curricula systematically differs in classrooms where particular student characteristics are prevalent. Perhaps most importantly, discussions surrounding curriculum revision and development should acknowledge that knowledge and behavior are perhaps different constructs and that socially constructed roles are prevalent within U.S. society.

References

Anthes, W. L., & Most, B. W. (2000). Frozen in the headlights: The dynamics of women and money. *Journal of Financial Planning, 13*(9), 130-142.

Bartholomae, S., & Fox, J. J. (2002). Teacher versus parent influence on financial efficacy and behavior. In J. Lown (Ed.), *Proceedings of the 2002 Annual Conference of the Association of Financial Counseling and Planning* (pp. 148-154). Scottsdale, AZ: Association for Financial Counseling and Planning.

Bernheim, B. D., Garrett, D. M., & Maki, D. M. (2001). Education and saving: The long-term effects of high school financial curriculum mandates. *Journal of Public Economics, 80*, 435-465.

Borden, L. M., Lee, S., Serido, J., & Collins, D. (2008). Changing college students' financial knowledge, attitudes, and behavior through seminar participation. *Journal of Family and Economic Issues, 29*, 23-40.

Boritz, J. E., & Carnaghan, C. A. (2003). Competency-based education and assessment for the Accounting Profession: A critical review. *Canadian Accounting Perspectives, 2*(1), 7-42.

Braunstein, S., & Welch, C. (2002). Financial literacy: An overview of practice, research, and policy. *Federal Reserve Bulletin, 88*, 445-457.

Brenner, M. E. (1998). Meaning and money. *Educational Studies in Mathematics, 36*, 123-155.

Chen, H., & Volpe, R. P. (1998). An analysis f personal financial literacy among college students. *Financial Services Review, 7*(2), 107-128.

Chyung, S. Y., Stepich, D., & Cox, D. (2006). Building a competency-based curriculum architecture to educate 21st-century business practitioners. *Journal of Education for Business, 81*(6), 307-314.

Cook-Fumperz, J. (Ed.). (1986). *The social construction of literacy.* New York: Cambridge University Press.

Curran, V., Casimiro, L., Banfield, V., Hall, P., Lackie, K., Simmons, B., Tremblay, M., Wagner, S. J., & Oandasan, I. (2009). Research for interprofessional competency-based evaluation (RICE). *Journal of Interprofessional Care, 23*(3), 297-300.

Danes, S. M., & Haberman, H. R. (2007). Teen financial knowledge, self-efficacy, and behavior: A gendered view. *Financial Counseling and Planning, 18* (2), 48-60.

Danes, S. M., & Hira, T. K. (1987). Money management knowledge of college students. *Journal of Student Financial Aid, 17*(1), 4-16.

Danes, S. M., Huddleston-Casas, C., & Boyce, L. (1999). Financial planning curriculum for teens: Impact evaluation. *Financial Counseling and Planning*, *10* (1), 25-37.

Hayhoe, C. R., Leach, L. J., Turner, P. R., Bruin, M. J., and Lawrence, F. C. (2000). Differences in spending habits and credit use of college students. *Journal of Consumer Affairs, 34*(1), 113-133.

Johnson, E., & Sherraden, M. S. (2007). From financial literacy to financial capability among youth. *Journal of Sociology and Social Welfare, 34*(3), 119-145.

Lam, T. C., & Bengo, P. (2003). A comparison of three retrospective self-reporting methods of measuring change in instructional practice. *American Journal of Evaluation, 24* (1), 65-80.

Lucey, T. A., & Giannangelo, D. M. (2006). The importance of facilitating equitable financial education in urban society. *Education and Urban Society, 38*(3), 268-287.

Martin, M. (2007). *A literature review on the effectiveness of financial education.* Working paper series: Federal Reserve Bank of Richmond.

Murphy, A. J. (2005). Money, money, money: An exploratory study on the financial literacy of black college students. *College Student Journal, 39*(3), 478-489.

Peng, T. M., Bartholomae, S., Fox, J. J., & Cravener, G. (2007). The impact of personal finance education delivered in high school and college courses. *Journal of Economic Issues, 28*, 265-284.

Pratt, C. C., McGuigan, W. M., & Katzev, A. R. (2000). Measuring program outcome: Using retrospective pretest methodology. *American Journal of Evaluation, 21*(3), 341-349.

Prawitz, A. D., Garman, E. T., Sorhaindo, B., O'Neill, B., Kim, J., & Drentea, P. (2006). Incharge financial distress/financial well-being scale: Development, administration, and score interpretation. *Financial Counseling and Planning, 17*(1), 34-50.

Rockwell, S. K., & Kohn, H. (1989). Post-then-pre evaluation: Measuring behavior change more accurately. *Journal of Extension*, *27*, 19-21.

Tennyson, S., & Nguyen, C. (2001). State curriculum mandates and student knowledge of personal finance. *Journal of Consumer Affairs, 35*(21), 241-262.

Valentine, G. P., and Khayum, M. (2005). Financial literacy skills of students in urban and rural high schools. *Delta Pi Epsilon Journal, 47*(1), 1-10.

Varcoe, K. P., Martin, A., Devitto, Z., & Go, C. (2005). using a financial education curriculum for teens. *Financial Counseling and Planning, 16*(1), 63-71.

Walstad, W. B., Rebeck, K., & MacDonald, R. (2010). The effects of financial education on the financial knowledge of high school students. *The Journal of Consumer Affairs*, *44*(2), 336–57.

Worthington, A. C. (2004). Predicting financial literacy in Australia. *Financial Services Review, 15*(1), 59-79.

Florida Master Money Mentor Program

Michael S. Gutter[1], Selena Garrison, and Martie Gillen, University of Florida, Lisa Leslie, Hillsborough County Extension, Scott Taylor, Hernando County Extension

Key Words: *financial mentoring, financial education*

Target Audience

The program targets volunteers, social service providers, and agencies working with low to moderate income individuals and families in the state of Florida for mentor training. It then also targets low to moderate income individuals and families in the state of Florida for one-on-one mentoring.

Objective/Purpose:

The goal of the Florida Master Money Mentor (FMMM) program is to increase the financial capability of low- to moderate-income Floridians. Upon completion of the mentoring process, clients should have engaged in one or more of the following: created a budget that is being maintained; identified their financial goals and created a plan to reach them; opened a checking/savings account; started contributing to savings regularly; obtained their credit report, identified any issues, and created a plan to resolve those issues/rebuild credit; created a debt management plan that has them actively paying off their debt, without taking on additional debt.

Description of Content and Method:

The need for financial education in the state of Florida is apparent. It is estimated that roughly 12.1% of Floridians live below the poverty level, and 37% live below the moderate income threshold. This forum highlights a one-on-one mentoring program designed to provide support and education to low and moderate income Florida families to promote positive financial practices.

The Florida Master Money Mentor (FMMM) program is a coordinated referral network of volunteer mentors who provide basic personal finance coaching. University of Florida IFAS Extension serves to provide the infrastructure for this program throughout the state of Florida. Mentors receive approximately 20 hours of intensive training in financial mentoring, basic money management, strategies for dealing with financial problems, credit and debt management, savings, mentoring techniques, and community resources. Nine interactive training modules are presented over the three days, with opportunities provided in class to practice mentoring skills in small groups and one-on-one. In addition, mentors are supplied with resources such as budgeting and goal setting worksheets, an online debt management system, and a listing of local resources in their community where clients can be referred for additional help. Upon completion of the training, participants are awarded Florida Master Money Mentor certification. Following the training, each volunteer agrees to provide at least 50 hours of one-on-one mentoring and complete two hours of continuing education per year in order to maintain certification.

In the first year of programming, over 200 mentors have been trained in 17 of Florida's 67 counties. In turn, those mentors have met one-on-one with over 200 low to moderate income clients, with issues ranging in severity from adjusting financially to an unexpected job loss to planning for retirement down the road.

Minimum and Maximum Time Required When Presented to Target Audience:

The Florida Master Money Mentor training requires 20 hours over 3 days. One-on-one mentoring sessions with clients can vary anywhere from one meeting to multiple meetings over several weeks or months. Suggested time guidelines for one-on-one mentoring sessions are 30 minutes to an hour.

[1]Michael S. Gutter, 3002-c McCarty Hall D, PO Box 110310, Gainesville, FL 32611; Phone: (352) 273-3529; Fax: (352) 392-8196; Email: msgutter@ufl.edu; Twitter: @mikegutter

Peer Mentoring for Personal Finance Budgeting Assignment

Irene E. Leech, Ph.D.[1], Chungwen Hsu., Ronald W. Gibbs, MBA, RFC, Michelle Hudgins, Abigail Smith and Patrick Herndon, Virginia Tech

Key Words: *Peer mentoring, college students, budgeting*

Target Audience

College Students. The audience for the AFCPE conference is anyone teaching personal finance.

Objective/Purpose

This assignment is designed to teach college students in the Personal Financial Management class to develop and maintain a personal budget for four months and to teach Financial Counseling students to develop skill assisting others with developing and maintaining a personal budget.

Description of Content and Method

Peer mentoring as a learning strategy is being emphasized at universities. At Virginia Tech it is a goal of the Vice Provost for Undergraduate Studies that all students have the experience of being a Peer Mentor during their junior year. This project involves students in a sophomore level class and a senior level class since it is the most appropriate course for mentoring to take place.

The Personal Financial Management class at Virginia Tech is offered every semester during the academic year and students include majors as well as non-majors who take it as an elective. It is a 2000 or sophomore level course and typically there are 150 to 200 students in the class. One of the major assignments for the semester is developing and keeping a personal budget for four months.

The Financial Counseling class is a 4000 or senior level course that typically has 30-40 students who have previously taken the Personal Finance class. Among the skills Financial Counseling students need to learn is how to help others develop and manage a personal budget.

The two faculty members and one graduate student teaching these classes collaborated to allow the Financial Counseling students to serve as peer mentors for the Personal Financial Management students. Students in the Personal Finance class submitted their initial budget plan prior to the beginning of the first full month in the semester. Students in the Financial Counseling class prepared a presentation for the Personal Finance class to explain the assignment and give the students tips for successfully achieving it. They attended the Personal Finance class and with their instructor and helped present the assignment to the Personal Finance class. They answered questions in person during and after the class presentation and later, via an email. Financial Counseling students monitored the email account for about three days prior to the due dates of the original budget plan and the monthly budgets. Most of the questions came during the evening between 8pm and midnight and prior to the deadline for the original budget and the deadline for the end of the first month.

When asked after two months what advice they had for future students taking the Personal Finance class, the students developed a list that was remarkably similar to the one the Financial Counseling students presented to them when the assignment was originally given. They expressed positive experiences with the assignment and the work they turned in was generally well done. Scores for the assignments were higher than usual.

The Financial Counseling students also expressed positive experiences. They demonstrated confidence in their ability to help others budget and felt good about helping their peers achieve success. This was a much more interesting way to learn than previous methods because it was "real" and not just a class exercise.

[1]Irene E. Leech Lindsay Larson Call, 1441 Cherry Circle, Provo, UT 84604;Phone: (801) 375-3698; Email: lindsay.larson@gmail.com