

## Financial literacy eludes teenagers

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### Conference, programs work to instill basics of money

By Dana Knight

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George Lynch fell in love with economics like a lot of teenage guys fall in love with basketball, video games or girls.

But to make sure it was the real thing, he courted it, enrolling in more advanced financial courses and throwing his heart into number crunching.

"The love, it stuck with me," said the 17-year-old Warren Central High School senior.

Lynch, who will major in accounting next fall at Indiana Business College, is what most high school seniors aren't -- financially literate.



Ahead of the game: George Lynch, 17, plays the finance board game Cashflow at Walker Career Center. -- Kelly Wilkinson / The Star

#### *Indiana Financial Literacy Conference*

**Sponsor:** *Networks Financial Institute, an outreach and research initiative of Indiana State University.*

**When:** *Tuesday. Registration, 8 a.m.; closing remarks, 4:30 p.m. Michelle Singletary of The Washington Post, whose personal finance column appears Sundays in The Star, will speak at 1:15 p.m.*

**Where:** *Marriott Hotel Downtown*

**Purpose:** *To promote financial literacy as a vital component of the educational foundation of Indiana students.*

**Cost:** *Free for Indiana teachers; \$50 for anyone else. For information or to register: (800) 603-7113*

Sixty-six percent of 4,074 high school seniors surveyed across the nation last year failed a financial literacy test given by the Jump\$tart Coalition for Personal Financial Literacy, a Washington group promoting financial education in elementary and secondary schools.

Sixty-two percent of 207 Hoosier high school seniors failed a similar test this year, according to a report card that will be released Tuesday at the Indiana Financial Literacy Conference Downtown.

The test covered four finance categories -- income, money management, saving and spending.

Most students did not know that a missed loan payment could affect a credit rating for years to come or that making the minimum monthly payment on a credit card would result in paying more interest in the long run.

"The confirmation that Indiana's high school seniors have no understanding of this, it wasn't unexpected," said Liz Coit, executive director of Networks Financial Institute, an outreach and

research initiative of Indiana State University, which commissioned the test. "But it was disheartening."

Even more disheartening, say educators and finance gurus, is that of those students who passed, 33 percent received a D or C, 4 percent received a B -- and not one student received an A, meaning they answered at least 90 percent of the questions correctly.

"If we don't do something, we're going to have a work force (that) doesn't understand the most basic finance-management skills," Coit said.

Breaking down the tests results, females are worse off (69 percent failed) than males (52 percent). Public and private schools performed evenly.

"This has absolutely nothing to do with whether you're at Brebeuf or IPS school number whatever," said Coit. "This is a problem everywhere."

Dave Stephens works hard to alleviate the problem at Warren Central High School as teacher and director of the Academy of Finance, a program that aims to introduce youth to career paths in the financial services industry.

"Our students are being sent credit cards as early as ninth grade," said Stephens. "The need becomes pretty obvious at that point to educate these students."

The program worked for Shaunte Randall, 17, who has mastered the prudent use of credit cards and is intent on becoming a stockbroker and eventually opening her own brokerage firm.

She has her own debit card, balances a checkbook each month, and pays her cell phone bill and car insurance.

She has been accepted at Miles College in Fairfield, Ala., to major in business.

Teens can become literate, she said. It just takes a little effort.

"Get out there and learn everything you can about finances because eventually you are going to need it," she said.

Randall said she learned almost everything she knows in Stephens' class, where he likes to approach students with the knowledge of what they can do now.

His favorite point: "Pay yourself first." Stephens often emerges from his office with a jar of candy, and any student who says that motto can grab a treat.

He also teaches the power of compounding interest.

His favorite example: He tells students if each of their grandpas put \$1,000 into a good mutual fund when they were born, by the time they were in their 60s, they each would have \$1 million.

"I believe in the wow factor," he said.

Proving a point

Nicklaus Mattingly got it when Stephens ripped up a \$20 bill during class one day to prove how much money gets thrown away.

"I was like, 'Wow, did he just do that?' " said the 18-year-old senior, headed to Indiana University to double major in marketing and finance with a minor in psychology.

His dream job is to be a sales rep for Titleist golf. That came after he realized his ambition of becoming a professional golfer probably wasn't going to happen -- even though he is on the varsity golf team

"But if you know how to manage your money, you can make your money grow even more than you'd make as an athlete," he said.

It's students like Mattingly who make Stephanie Stilson wonder if the results of the test are representative of Indiana students' financial literacy.

"I have to feel we're doing better than nobody getting an A," said the education specialist for Junior Achievement, which brings economic education to students from elementary through high school. "It begs the question anyone would argue as a true scholar, 'How good's the test?' "

Stilson isn't sure a student's literacy can be measured in 31 questions. She is working on her own definition of financial literacy, something she said the industry doesn't have.

She believes it should include the meshing of all four categories offered on the test.

"Even if you know everything about using your credit card, you're far from literate if you don't understand money management," she said. "Our industry is really ripe for an educational model. Until we get that, program development is going to flounder all over the place."

A step toward fixing that will take place at the conference Tuesday when an estimated 200 educators gather to address the financial literacy issue.

Not every student is like Trent Hagerty, 18, a senior at Warren Central High School who is headed to Wabash College to major in economics and plans to get master's degree in finance.

He works in the Warren Township administration building in the accounts receivable department and leaves school two days a week to take a finance course at the University of Indianapolis.

"Finance, that's a piece of cake," he said. "I love it."

Personal finance resources

**On the Web:**

[www.investorwords.com](http://www.investorwords.com) -- a database of financial terms and their meanings.

[www.jumpstart.org](http://www.jumpstart.org) -- Web site for The Jump\$tart Coalition for Personal Finance Literacy, dedicated to improving the personal finance knowledge of young adults.

[www.rce.Rutgers.edu/money](http://www.rce.Rutgers.edu/money) - Rutgers Cooperative Research and Extension programs for consumers includes quizzes, financial tools and a free online home-study course.

**Books:**

"Personal Finance for Dummies," Fourth Edition, by Eric Tyson (For Dummies).

"Talking Money," by Jean Chatzky (Warner Business Books).

"The Motley Fool Personal Finance Workbook: A Foolproof Guide to Organizing your Cash and Building Wealth," by David and Tom Gardner Inc. Motley Fool (Fireside).