

# PLAN TO PROSPER

How the public and private sectors can drive success through financial education

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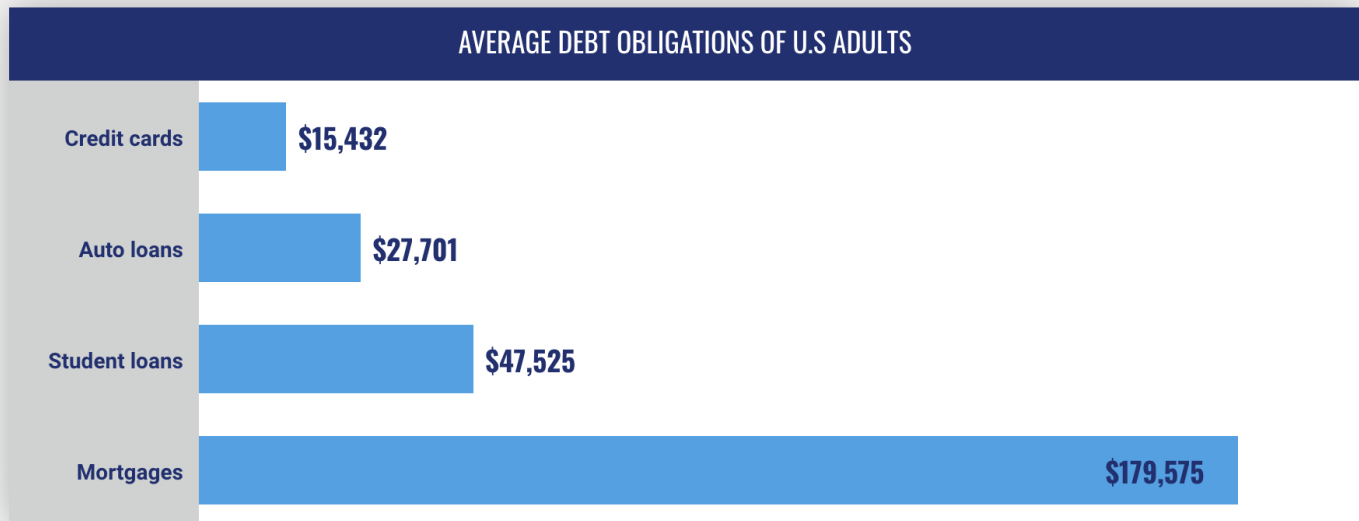
Rebecca Crowell is, by all accounts, an average 28-year-old American. But not in the way you might think.

The St. John, Mich., resident is college educated, married and raising two young daughters. She and her husband, Cody, 27, own their car and house, but money is a constant source of stress. They're still paying off hospital bills from Rebecca's two stints in the maternity ward, and her ensuing health complications, which they hadn't expected to deal with. They have credit card debt — less than the average couple, but still enough to weigh on them.

Lately, their financial situation has been precarious. "One appliance not working, one car wreck, or one broken bone, and we could be in deep trouble," Crowell said.

Ask the average American if they can relate to this situation, and they'll probably tell you they can. Nearly half of U.S. adults don't have enough savings to cover a \$400 emergency, and many are not financially literate — meaning they lack the information and skills to build good personal money management habits. As a result, across income levels and state lines, people are having trouble managing their money to achieve long-term stability.

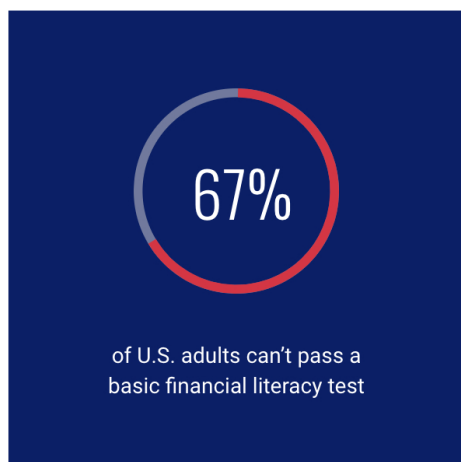
This lack of financial knowledge hurts businesses, the economy, and most of all, people. How can we fix it? Experts agree that education is the answer, and that work is starting to get done in a few places.



# READING, WRITING AND FINANCIAL LITERACY



When Rebecca Crowell was in high school, only one of her classes taught her about finance. She vaguely remembers learning how to balance a checkbook and calculate compound interest, but that was about it. Most of what she knows about money, she's learned along the way, picking up details here and there about how to save and protect herself financially. Few Americans have even that level of understanding; two-thirds of U.S. adults can't pass a basic financial literacy test and 11 percent have never checked their credit score.



One of the key ways to avoid gaps in financial literacy is to lay down a blueprint for success at a young age. Growing up, Crowell's parents, for instance, told her to always set aside money for a savings account and plan for retirement.

But different parents teach different lessons, and changing economic conditions and spending habits can make it hard for young people to learn what they need to know for the future.

"[Previous generations] got married, bought a house, had a kid. Millennials don't do things in that order. And I don't expect Gen Z to, either," said Sherry M. Garmon, head of financial education strategy at U.S. Bank. One solution, she said, is to try to teach children about finance at school, where lessons can be standardized and updated.

Still, most children aren't taught these lessons in the classroom. As of 2016, just one in six public school students received formal financial training. Nobody knows this better than 21-year-old Camille Stuczynski, a college student who was awarded a scholarship from U.S. Bank for being a strong example of a young person with financial literacy skills.



"What I've always heard is like, 'Oh yeah, they teach us what the mitochondria is, but they don't teach us how to do our taxes,'" Stuczynski said. And this is all despite a convincing body of evidence showing the effectiveness of teaching these lessons to children as early on as possible.

"Our belief systems and attitudes around money are created during early childhood," said Nancy Phillips, founder of The Wela Way, a program for educating youth about personal finance. "Our money 'wiring' is basically set by the age of seven."

Fortunately, some school systems are taking the initiative and improving their financial literacy programs. Utah, for instance, requires every high school senior to take a semester-long personal finance class and a state-administered exam

instance, requires every high school senior to take a semester-long personal finance class and a state-administered exam that covers topics such as income, credit, investing and risk management. Local teachers, personal finance experts and community advocates also established the Utah JumpStart Coalition for Personal Financial Literacy, a statewide organization that helps young people learn about money.

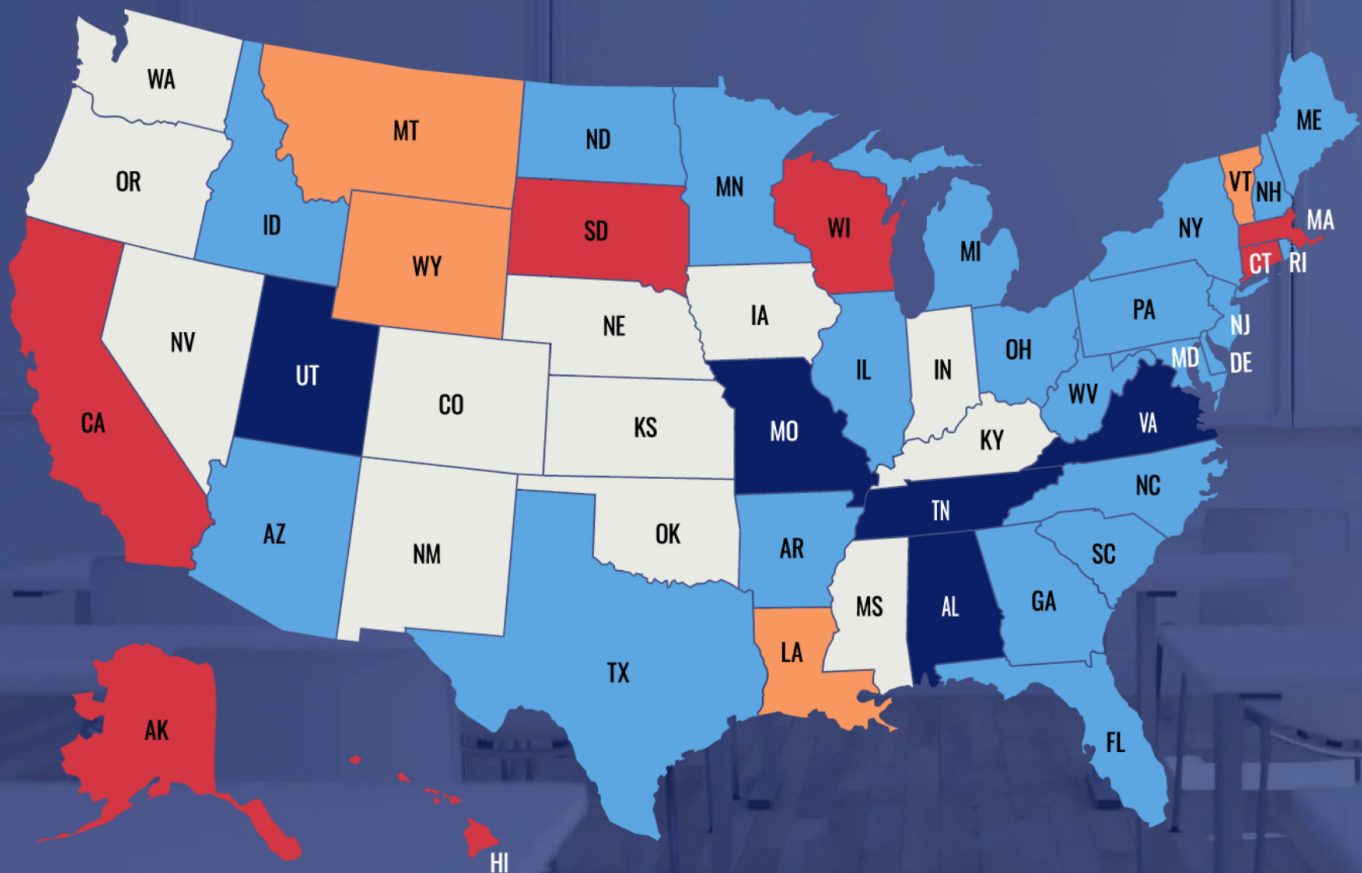
***“Our belief systems and attitudes around money are created during early childhood.”***

NANCY PHILLIPS  
THE WELA WAY

And Utah’s efforts appear to have paid off. The state is 17 percent below the national average in the number of college pupils that take out student loans, and 21 percent below the national average in the amount they borrow.


“Students should learn, from a very early age, what it means to earn money, what it means to spend money, and how to use money in such a way that it contributes to their success, instead of detracting from it,” said Anna Tibbitts, director of the Utah JumpStart Coalition.

### HOW RIGOROUS IS FINANCIAL EDUCATION THROUGHOUT THE U.S.?



Financial literacy course offerings in public schools

# TEACHING MONEY MANAGEMENT, ON THE JOB



Schools aren't the only place where people seek help with money management; many Americans also look for it at work. They see a job not only as a place to earn money, but a place where they can learn how to make the most of it, as well.

from their employers on financial matters, including paying bills and reducing debt.

There are performance-related incentives for employers to meet this need. One survey from the International Foundation of Employee Benefit Plans found that more than 80 percent of companies responding felt their employees' personal financial issues negatively affected job performance through decreased work focus and increased absenteeism and tardiness. Alternatively, employees who receive financial education at work tend to be more loyal and productive and make fewer requests for pay advances. They are also more likely to participate in and contribute to 401(k) plans.



48%

of companies felt their employees' personal financial issues negatively affected job performance

One financial services company worked to boost its staff's financial literacy by creating programs, such as workshops and one-on-one phone counseling, to train employees on financial wellness. Within three years of the programs' launch, there was an increase in the percentage of workers contributing to the company's 401(k) plan, and employees who were already contributing bumped up the amount of money they put in. Participants also responded positively to the program; over 90 again.

Digitally-available resources can also be useful in helping employees boost their financial literacy. U.S. Bank's Financial IQ website, for instance, is dedicated to sharing financial wellness information. Through this site, the company's employees can educate themselves on everything from debit cards to blockchain technology through free, publicly available articles, infographics, quizzes, videos and white papers.

For Garmon, the success of such programs is encouraging, but not necessarily surprising. "People want to be financially savvy and prepared, but they do not know how to get started or where to go for help," she said, adding that financial education — including the kind offered by a company — can be that starting-off point that allows people to learn how to manage their day-to-day finances.

## HOW DID STAFF AT A WORKPLACE FINANCIAL SERVICES COMPANY REACT TO A WORKPLACE EDUCATION INITIATIVE?

54%

of participants said a work-sponsored financial literacy program empowered them to make





Those unable to tap into school- or workplace-based resources can benefit from similar initiatives right in their communities. Many local programs provide free, accessible financial education to people who may otherwise not have those resource available to them.

Financial Futures, a community-based financial literacy program in Burlington, Vt., is designed to improve individuals' financial capability through classes, coaching and business counseling. Kate Larose, the program's director, said it teaches clients about financial literacy by reaching out to them where they are.

of one day owning a home. Once the women understood the link between credit and homeownership, their attitudes shifted. By the end of the program, 20 participants had set aside money to open a credit card.

"We invite them to actually apply [what they're taught] to creating their own budget and doing their own tracking," Larose said. "It's really a participatory model for learning."

For those without one-on-one access, there are online resources available from financial institutions like U.S. Bank. The resources offered by its Financial IQ site, for instance, are not just available to its employees; since the information is public, anyone can access it at any time. This allows U.S. Bank to help their customers and people throughout the communities they serve, Garmon said.

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And the impact of this programming is far-reaching, as greater financial stability motivates people to purchase more goods and services in their own communities and boost local businesses.

“It can actually make an impact in their community, and the success of their community,” said Neal Richardson, the financial education strategy manager for U.S. Bank.



If the Crowell family had known then what they do now about credit card debt, saving and budgeting after having children, they could have avoided the \$100,000 in credit card debt that they now have to pay off.



they might have done things differently. But they're more interested in looking ahead and taking small steps to improve their finances.

By putting extra cash toward their smallest credit card payments, using coupons and gardening to help with the grocery budget, they are setting an example for their children. They also hope their kids will learn good lessons about money at school. "It would make [us] very happy if our daughters had classes in school on taxes, interest rates and student loan debt," Crowell said. She believes that early financial education for her children would make it easier for her and her husband "to help prepare them for when they become adults."



Research in the United States shows that financially literate workers contribute more to their 401(k)



The good news, for the Crowell children and kids across the nation, is that families, communities, schools and private companies are working to make financial literacy more attainable. And the financial wellness that comes from these efforts is not short-term — it's laying the groundwork for a future in which people are better prepared to achieve meaningful, long-term financial success.

"People deserve the opportunity to dream, believe and achieve, and to be able to do that, [they've] got to understand finance," Garmon said. Which means it's on all of us to "help people understand finances and be financially literate, so they can build their future on a solid foundation."



**Financial IQ from U.S. Bank has strategies, inspiration and thought-leadership to support your financial goals.**

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Sources: Sources: 2017 American Household Credit Card Debt Study, Erin El Issa; 2017 National Report Card on State Efforts to Improve Financial Literacy in High Schools, Champlain College; The Organization for Economic Co-operation and Development