Making the Case for Financial Literacy
A collection of current personal finance statistics

Financial Literacy Education
- Of the 4,000 students who took the Jump$tart personal finance survey in 2002, 68.1% received failing scores. (21)
- Only 15% of students surveyed said that they had taken a portion of a course (at least a week) in money management or personal finance (21)
- Only 21% of students between the ages of 16 and 22 say they have taken a personal finance course through school. (2)
- Only 26% of 13 to 21 year olds reported their parents actively taught them how to manage money. (2)
- Only 7% of parents say their child understands financial matters well (2)
- 94% of students ages 16-22 say they are likely to turn to their parents as a financial information source (2)
- 30% of youth report that their parents rarely or never discuss saving and investing with them. 47% say their parents rarely or never discuss household budgeting with them (2).
- 61% of parents say that parents and schools should share the responsibility for teaching children about financial education (2).
- Research has shown that as little as 10 hours of personal financial education positively affects students spending and savings habits. (10)
- Research shows that an individual who attended high school in a state that possessed a personal finance education mandate (and was thus exposed to personal finance in school) achieved roughly one-year’s worth additional net worth when compared to individuals who did not attend school in states with mandates. (40)
- A Consumer Reports survey of 12-year-olds found that 28% didn’t know that credit cards are a form of borrowing, 40% didn’t know that banks charge interest on loans, 34% didn’t know that you can’t tell how good a product is by how much it’s advertised. (24)
- One third (33%) of employees increased their contributions to their retirement savings plan after having received financial education (35)

American Teenagers:
- As a cohort spent over $172 billion in 2001, equal to Mexico’s yearly exports. (1)
- Average expenditures: $104/week; $5,408/year (1)
- Teens surveyed by Teenage Research Unlimited reported spending 98% of their money, rather than saving it. (1)
- Children’s spending has roughly doubled every ten years for the past three decades, and tripled in the 1990s. (23)
- More than 1 in 5 youths ages 12 to 19 have their own credit cards or have access to parents’ credit cards, and 14% have debit cards. (1)
- 40% of students are likely to buy a pair of jeans (or something similar) they really want even if they do not have the money to pay for it. 22% percent would pay for it with a credit card. (2)
- One in three carry credit cards, even more have an ATM card (4)
- High School graduates stand to earn over $1 million in adulthood-without adjusting for inflation (5)
- Nearly half of all high school students nationwide have a part time job (16)
- 50% of high school graduates do not go to college and enter the workplace directly. (20)
- Of the 4000 students who took the Jump$tart personal finance survey in 2002, 68.1% received failing scores. (21)

College Students:
- 55% of college students acquire their first credit card during their first year of college, and 83% of college students have at least one credit card. (11)
- 45% of college students are in credit card debt, the average credit card debt being $3,066. (11)
- Undergraduate students carry an average of three credit cards (6).
- Graduating students have an average of $20,402 in combined education loan and credit card balances. (6)
- 20% of graduating college students have $10,000 or more in non-school related credit card debt. (26)
- An increased number of college student borrowers feel more burdened by their education debt, with about 25% of the borrowers perceiving themselves as having significant problems (6)
- Students who came from low-income families (defined as Pell Grant recipients) report feeling more burdened by their debt than non-Pell recipients, when controlling for all other factors. This is a change from previous studies when there was no significant difference in attitudes between low-income and non-Pell recipients. (6)
- 28% of students with a credit card roll over debt each month (7)
- University administrators state that they lose more students to credit card debt than to academic failure (8)
- Only 59% of college graduates agree that the benefits of incurring student loans are worth it overall. (6)
• Students double their average credit card debt-and triple the number of credit cards in their wallets-from the time they arrive on campus until graduation. (6)
• In 2001, the credit industry issued more than 5 billion solicitations to consumers, including college students. (18)
• College students borrowed in the 90s what they borrowed in the 60s, 70s and 80s combined.
• Credit card companies usually offer credit limits to college students between $500 and $3000, with higher interest rates than non-students, between 18% and 20%. (25)
• The median debt level among card-carrying undergraduates rose to $1,770 in 2001 from $1,236 in 2000. (37)
• U.S. College students borrowed almost $47 billion in student loans during the 2001-2002 school year. (38)
• Students borrowed an average of $16,100 for education at a public four-year institution and $18,000 for a private four-year school during the 1999-2000 school year. (39)
• 50.8% of college-age adults agree with this statement: “I have experienced repeated, unsuccessful attempts to control, cut back or stop excessive money use.” (34)
• 64.8% of college-age adults agree with this statement: I experience a mood change (high or low) just before or after a shopping event. (34)

American Families:

General:
• 40% of Americans say they live beyond their means. (20)
• Approximately 10,000,000 Americans, the ‘unbanked,’ are not using mainstream, insured financial institutions. (35)
• Half of all Americans are living paycheck to paycheck. (19)
• Nearly 5% of consumers are late with their credit card payments. (14)
• Median pre-tax household income fell by more than $900 from $43,162 in 2000 to $42,228 in 2001. Income dropped everywhere but the top. (19)
• Life expectancy in the US recently reached a record high, with an average lifespan of 74.1 years for men and 79.5 years for women. (32)
• One in four women currently retires on an income below the poverty level. (33)
• Over the next 40 years, the number of women over 85 is expected to at least triple, with 3/4ths of this population single, divorced, or widowed. (33)
• The net worth of the average middle-class American household after accounting for debt is less than $10,000. (31)
• The US has the lowest personal savings rate of any major industrialized nation. (36)

Debt:
• Outstanding non-secured consumer debt rose from $805 billion in 1990 to $1.65 trillion in 2001. (13)
• From 1990 to 2000, outstanding credit card debt among households more than tripled. (41)
• The percentage of income used for household debt (payments, including mortgages, credit cards, and student loans) rose to the highest level in more than a decade in 2001 and remained at 14% in 2002. (13)
• In 2001, the total household debt exceeded total household disposable income by nearly 10 percent. (41)
• 48% of credit card owners only pay their minimum monthly payment each month. (30)
• Credit card spending jumped 8.1% in the 1st half of 2002.
• 66% of Americans don’t pay off their entire credit card bill each month. (25)
• In 2001, the credit industry issued more than 5 billion solicitations to consumers. (18)
• Average U.S. credit card debt per household is on the rise: from $2,985 in 1990 to $8,562 in 2002, with an average interest rate of 14.71%. (15), (27)
• Christmas 2001 was the highest level of consumer debt in US history. (19)

Savings & Investing:
• The personal savings rate as a percentage of GDP decreased from 7.5% in the early 80’s to 2.4% in 2002 During World War II, Americans were saving more than 24%. (12)
• More than half of American families are not saving enough to preserve their standard of living in retirement.
• The average 50-year-old has less than $40,000 in personal wealth. (2)
• The average American retires with only enough savings to provide about 60% of former annual income. (2)
• Between 1983 and 1998, 2/3rds of the defined benefit or traditional pension plans in the US were terminated. (17)
• Less than half of all households hold stock in any form, including mutual funds and 401(k)-style pension plans. (41)
• More than half of American workers between the ages of 45 and 54 did not have any kind of retirement account in 1998. Data compiled in 2000 showed half of those in the 55 to 64 age range had balances of less than $33,000. (22)
• Almost half of all workers have accumulated less than $50,000 for their retirement, and one third have saved less than $10,000. (41)
• 69% of Americans plan to work in their retirement years. (28)
• Nearly 40% of older baby boomers are not confident about a secure retirement. (42)
• In 1030, Americans spent a maximum of 20 years in retirement; in 2000, retirement was expected to last up to 35 years. (5)
• There are nearly 7,000 mutual funds to choose from. (29)

Bankruptcies, Defaults and Foreclosures:
• Bankruptcy filings for those in the 18-25-year age group were at an all time high in 2000- numbering almost 150,000, which is a tenfold increase in just five years. This is the fastest growing age range for bankruptcies. (4)
• More young adults filed for bankruptcy than graduated from college in 2001. (36)
• Non-business bankruptcy filings increased again in 2002 totaling 1,539,111. (9)
• Non-business bankruptcy filings accounted for the overwhelming majority (97.6%) of all bankruptcy cases filed in calendar year 2002. (9)
• Home foreclosures in 2002 reached the highest rate in 30 years. (11)
• Mortgage delinquencies have surged to their highest level since 1992.

SOURCES:
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