

High School Financial Planning Program



STATEWIDE
NEWSBITS

Fall 1994

As the *High School Financial Planning Program (HSFPP) State-wide Newbits* begins its third year of publication, it's appropriate to take a look at how far the HSFPP has come since its introduction in North Dakota. Last school year (1993-1994), six schools and 313 students participated in the program. Nationally, over 70,000 students in over 1,400 schools used the materials last year.

The HSFPP materials were revised in 1992 and have been significantly improved. The instructor's manual has been simplified and is a comprehensive teaching guide with all items ready for reproduction. If you would like an updated copy and are considering using the materials this school year, call the College for Financial Planning at 303-220-1200, Extension 429. If you need sponsorship or renewal forms, contact me (Debb Pankow, 701-237-8593) and I will mail or FAX a copy to you.

This summer the materials were reprinted in new colors (kelly green, black and gray) but without content change.

ES-USDA and NEFE Renew Memorandum of Understanding

The Memorandum of Understanding (MOU) between the Extension Service of the U.S. Department of Agriculture (ES-USDA) and the Denver-based National Endowment for Financial Education (NEFE) has been renewed for a second three year period until May of 1997. The MOU outlines the partnership between our two organizations to revise, deliver and evaluate the nationwide High School Financial Planning Program (HSFPP).

The HSFPP is a six-unit course that helps teach students about basic financial management concepts. Nearly every state's extension service works with financial professionals and educators to provide this program.

"Thank you for the opportunity to teach financial planning in my consumer education class. The program is .. well set up (the curriculum) and was enjoyed by the students. I felt they learned a lot..."

Lynette Perdue, Wildrose/Alamo School

Other Teachers, Other Classes

Please share information in this newsletter and about the HSFPP program with educators across the disciplines of business, math, economics, home economics, independent living, etc. The materials have been successfully used with students ranging from junior high to alternative high schools to adult education.

Everyone who sends in the request form for information on the HSFPP program will be on my mailing list and receive this newsletter on a somewhat regular basis.

Teens Spent Less in 1993

While the U.S. teen population grew in 1993, total spending by teens was down 5 percent from 1992. These are among the findings from a new survey of 2,051 teens (age 12-19) by Teenage Research Unlimited (TRU) of Northbrook, Illinois.

Total spending by teens (\$89 billion) included \$58 billion of their own money (i.e., money from jobs,



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This publication will be made available in alternative formats for people with disabilities upon request, 701/231-7881.

allowances, gifts, etc.) and \$31 billion of family money (family dollars spent by the teen for errands, groceries, etc.). Boys and girls spent virtually the same amount of money, on average \$61 a week. Males, however, spent \$8 more per week of their own money, while females spent \$5 more per week of family money.

The Influence of Paid Employment on the Financial Behavior of Adolescents

Participating in the labor force is normal behavior for today's adolescents. Approximately 80 percent of American adolescents will have been employed by the time they reach high school graduation.

According to research on the working teen phenomenon, parents of these teenagers not only support their child's decision to combine employment with school work, they actually encourage them to move into the paid labor force. Parents cite a number of positive results from having their children work at a job while in school. Parents note that work not only provides extra money to support the expensive tastes of many adolescents, but teaches them a sense of responsibility and provides them with experience with the real world of work. They also contend that employment provides the adolescent with a greater sense of the value of money and teaches them to be better money managers.

Dr. Carole Prather, a professor at Kansas State University, surveyed high school seniors to find out the impact that employment has on the money management behavior and attitudes of young adults. The most

obvious difference between working and non-working adolescents was the amount of money available for them to spend or save on a weekly basis (Note: for the purposes of this study, working refers to regular, paid employment, as opposed to occasional jobs such as babysitting or lawn care.)

Working adolescents had a median weekly income of \$75, five times the \$15 available to non-employed teens. Interestingly, both groups were equally as satisfied with the amount of money they had to spend. This implies that the difference in income may not represent an equivalent difference in consumption. Indeed, it may only be indicative of who is actually paying for the goods the teen is consuming. In the case of non-working teens, much of the consumption is likely funded by the parents; working teens are financing more of their consumption directly from their income.

Employed teens also exhibited very different saving behavior than did unemployed teens. Working adolescents were more likely to save on a regular basis than non-working teens, saving not only a higher dollar amount but also saving a greater percentage of their total income. Workers saved an average of \$27.10 per week, non-workers \$12.64. Employed adolescents had a saving rate of 46.6 percent, non-working a rate of 36.6 percent.

Two-thirds of working adolescents had savings accounts; less than half of non-workers did. However, working teens were no more likely than non-working teens to have other types of savings or investment instruments. Because they saved more earnestly, working adolescents were also less likely than non-working adolescents to cite saving as one of their money management problems.

Though parents often believe that creating savings for future education is one of the main advantages of having their adolescent work, less than half of working adolescents indicated they were actually saving for future education — even though 86 percent of those with regular jobs indicated they had plans for post-high school education. Working adolescents were more likely to be saving for an automobile or automobile-related expense (59.3%) than for future education (47.9%).

Working teens were also more likely to have experience with a checking account: 38.5 percent of workers had their own account, but only 27.1 percent of non-workers had one. Given that the vast majority of the 1,483 students in the survey were less than two months away from high school graduation, it is perhaps a concern that more of the respondents did not have experience with such a basic financial tool as a checking account.

Budgeting and planning ahead for spending were perceived in a much more positive light by working teens than by those without regular jobs. Working teens probably had more opportunities to acquire money management experience. They also had a better perception of themselves as money managers than did teens who were not working.

It is impossible to say with assurance that working results in better financial management skills and attitudes by adolescents. There does seem to be a relationship between employment and the acquisition of desirable financial skills, however. Future study may shed more light on the nature of this relationship.

Financial Literacy of Older Youth Videoconference

Helping teens manage their money is the focus of a November 3, 1994, satellite conference being produced by the University of Idaho and Washington State University. "Enhancing the Financial Literacy of Our Youth" will use some of the HSFPP materials as an "outline" but go much further. The conference's goal is to provide training that will improve both the quality and quantity of personal financial information that older youth receive. Extension educators, teachers, financial planners, bankers, insurance agents and community college personnel are all potential site coordinators for the satellite conference.

The two-hour videoconference (5:30 to 7:30 Central Time) is available without charge to anyone who can receive C band or KU band satellite signals. Funding is provided through an Extension Service-USDA telecommunications grant, University of Idaho and Washington State University Cooperative Extension Systems, the Denver-based NEFE College for Financial Planning (a division of the National Endowment for Financial Education) and American Express.

If you are interested in hosting a site, call Linda Kirk Fox at the University of Idaho, (208) 885-6545. Participant materials cannot be guaranteed at this date, but I can make the copies you need if you let me know you are planning to facilitate a site.

As of now, two sites are planned in North Dakota. The Fargo site will be on campus (IACC 422) and will have wrap-around programming to run from 4:00 - 8:00 p.m. If interested, contact me (Debb Pankow at 237-8593) for a registration form.

Another site will be in Dickinson and run from 4:30 - 7:00 p.m. Mountain Time. You can call Sharon Kickertz-Gerbig for registration information (701-264-7665).

Understanding Taxes

The Internal Revenue Service's "Understanding Taxes" program is designed to help high school students understand the purpose of taxes, and their own roles as taxpayers. It is very comprehensive and can be broken down into fourteen lessons, ranging from understanding the forms and filing the forms, to the evolution of the federal tax system.

Along with the materials are a variety of support materials, including transparencies, masters, a videotape with nine 14- to 21-minute segments, and IBM and Apple II computer software. The materials are available free of charge to schools but are meant to be shared, and generally are limited to two per school.

If your school is not participating or has only one copy, you can request a kit by calling 1-800-829-1040 or 701-239-5105 or writing to:

Mitzi Adrian
IRS Taxpayer Education Coordinator
P.O. Box 2461
Fargo ND 58108-2461

Insurance Resources

If you are not on the mailing list, **The Insurance Educator** is a great resource. To be placed on the mailing list, write to:

Insurance Education Foundation
3601 Vincennes Road
P.O. Box 68700
Indianapolis, Indiana 46268

The semiannual newsletter provides secondary educators with a "greater knowledge of insurance, access to teaching materials, new ideas and insurance career information for students."

"Choice-Chance-Control: That's Life and That's Insurance, Too!" This video is in the HSFPP Library and is one of my personal favorites. You can have it free for your own school by requesting it on school letterhead from the Insurance Education Foundation as well (address above). The 20-minute video is accompanied by lesson plans, teacher's guide and activity sheets.

Insurance & History (wall and notebook charts). The chart represents a brief chronology of the insurance industry connecting critical events to economic, political and social development from 3000 BC to 1990 AD. A free copy is available from:

Robert Pomeroy, Director
National Center for the Study of History
RR #1, Box 679, Cornish, ME 04020

Student Consumer Knowledge: A Cause for Concern, A Call to Action

In the spring of 1991, the consumer Federation of American and American Express Travel Related Services Company, Inc., jointly sponsored a national test of the consumer knowledge of high school students. The survey was conducted by The Psychological Corporation.

The survey shows that high school students are not well prepared for the world of consumption. In general, they have poor understanding of what's involved in credit, checking and savings, automobile insurance, automobile purchasing, housing rental, and food purchasing.

Particularly low scores were found on questions dealing with credit (38 percent answered correctly), checking/savings accounts (36 percent knew the correct answers) and auto insurance (40 percent understood the terms).

Consumer illiteracy among high school students reflects many factors, including weak reading and math skills, inadequate consumer education, ineffective role models and lack of marketplace experience.

New Resources Available

I have added several new items to the HSFPP library. Enclosed in this newsletter is a revised resource listing with the new resources highlighted. Please let me know of any great teaching aids you know about and I can add them to the library.