

High School Financial Planning Program



STATEWIDE
NEWSBITS

Fall 1999

Time to Renew for 1999-2000 School Year

Another school year is under way. I hope each of you will take time to look at your fall schedule and order your High School Financial Planning Program (HSFPP) materials.

For your convenience, an order form is included with this newsletter. Completing the form will ensure that your HSFPP workbooks will be ready as you start the fall semester.

Teens Spend \$141 Billion in 1998

U.S. teens spent a projected \$141 billion in 1998. Teen spending of both their own money and of family dollars has increased by 16 percent (not inflation-adjusted) over last year.

These are among the findings in a new survey by Teenage Research Unlimited (TRU), Northbrook, IL. It polled 2,044 demographically selected respondents, ages 12 through 19.

Teen spending of their own money (i.e., money teens earned or received from allowance, gifts, employment, etc.)

has increased over last year: Teens spent \$94 billion of their own funds in 1998, compared to \$84 billion in 1997. Likewise, teen spending of family dollars has increased: Teens in 1996 spent \$47 billion of family money, compared to \$38 billion spent last year.

Peter Zollo, TRU president, said "Teens are becoming increasingly powerful consumers and are trusted more and more by their parents to make family purchase decisions. Teens know what they want and are savvy when it comes to efforts to market to them." Zollo adds, "And more than ever, parents are consulting with their teens before making big-ticket purchases, such as computer software and hardware, vacations, and automobiles."

In total, boys and girls spend virtually the same amount: males spend \$84 a week, girls spend \$83. Males spend more of their own money each week than do girls (\$59 vs. \$53, respectively) — while girls spend more of their parents' money than do guys (\$30 vs. \$25).

Teens in 1998 will have a combined income of \$121 billion, which amounts to a 9 percent increase from last year (\$111 billion). Teen earnings continue to be greater than their personal expenditures.

The major sources of teens' income are: parent on an as-needed basis (55%); odd jobs (47%); gifts (44%); part-time jobs (30%); regular allowance (28%); and full-time jobs (12%).

Zollo reported that the similarity in earnings between males and females is quite different than in years past. For example, in 1994 males earned roughly \$18 more per week than females. This year, the difference in income between males and females is \$1. Older teens continue to earn dramatically more money than younger teens.

Zollo also said that besides earning and spending "significant sums," teens know how to handle money. Sixty-nine percent have savings accounts, nearly one in five teens have checking accounts, 17 percent own stocks or bonds and 7 percent have mutual funds.



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Additionally, 35 percent of teens are interested in getting a credit card in their own name, 32 percent of teens aged 18-19 already have a credit card in their own name, and 9 percent of total teens say they have access to a parent's credit card.

For the sixth consecutive year, the 12- to 19-year old U.S. population has increased. There are currently 30.9 million U.S. teens – compared to 30.2 million last year – representing a 2.3 percent rise. The increase represents a trend: As more children of the baby boomers reach their teen years, this teenage demographic group is projected to continue to grow until at least the year 2010. Today's teens represent approximately 11 percent of the total U.S. population.

*Source: Michael Wood,
Teenage Research Unlimited,
Montana State University.*

Teen Gambling

In the United States, people legally wager \$600 billion a year. Studies reveal that one-third of all teens have played a state lottery within the past year, and two-thirds have illegally engaged in some form of gambling. Over the past 20 years, legalized gambling has spread to all but two states (Hawaii and Utah). Often, youth gambling starts with something in a family that appears harmless, like letting a child scratch a lottery ticket. Researchers at Iowa State University report that most young gamblers interviewed said they were introduced to gambling by a relative. Currently, teens are twice as likely to be problem gamblers as adults are, with the trend increasing. (“**For Many Teens, Gambling Starts at Home,**” by Brad Knickerbocker, *The Christian Science Monitor*, January 7, 1999, p. 3.)

*Source: Consumer News & Reviews, ACCI,
January-February 1999,
Montana State University.*

Research Briefs

High school financial education mandates affect adult savings behavior

Findings from a National Bureau of Economic Research study indicate that mandates for high school personal finance education have the long-term effect of increasing later savings and wealth. These results are evidence that education may be a powerful tool for stimulating personal savings.

The study found that about 15 to 20 years after high school, wealth is greater by one year of earnings for those who received instruction in personal finance compared to those who did not receive instruction. This means that those who did receive instruction have a net worth which is higher by the equivalent of one year's earnings than those of comparable income who did not receive instruction.

The findings also reveal that the savings rate increases 1.5 percentage points for those who received instruction in personal finance compared to those who did not receive instruction. This increase occurred within five years following the time when personal finance was mandated into the schools. For example, those who received high school instruction in personal finance saved the equivalent of 1.5 percentage points more of their personal income than those who did not receive instruction.

*Reference: Bernheim, B.D.,
Garrett, D.M., & Maki, D.M. (1997).
Education and Saving: The long-term effects
of high school financial curriculum mandates
(Working Paper No. 6085). Cambridge, MA,
National Bureau of Economic Research.*

No More License to Die

What do you think is the leading cause of death among youth between the ages of 15 and 20? You may think it is drug abuse. In fact, almost half of 1,000 respondents in a recent AAA survey listed illegal drugs as the biggest threat to young people.

Illegal drugs use, while obviously a very serious concern, ranks 28th in causes of death for 15-10 year olds. The number one cause of death (responsible for nearly 33 percent of recorded deaths in this group) is fatal vehicle crashes.

While 15-20 year-old drivers account for only 7 percent of the driving population, they are involved in 14 percent of all traffic fatalities and nearly 20 percent of all crashes.

Source: Clemson University Extension

Is Your Financial Security at Risk?

Just how much insurance is the “right” amount and is it possible to have too much insurance? These are the types of hard questions that arise when studying financial risk.

A new interactive web site from the University of Illinois Extension Service helps users judge what events jeopardize their family's finances. At this site, users produce a personal risk management plan based on information they provide.

Prepare a class project using the situation of a single person or a young family. Have your students develop a risk management plan for the situation using the following web site:

<http://www.urbanext.uiuc.edu/risk/>

*Source: Illinois High School
Financial Planning Program Newsletter,
vol. 6, issue 1, Spring 1999*

High School Financial Literacy Award Program

Managing Money – how to earn, save, spend and invest it – is one of the most important skills today’s young people can learn. To help promote life-long financial literacy, the National Endowment for Financial Education® (NEFE®) sponsors an annual financial literacy awards program that:

- **Recognize teens with cash awards.** In 2000, the program will award high school students over \$30,000, including
 - \$5,000
to four first place winners
 - \$3,000
to four second place winners
 - \$1,000
to four third place winners.

Categories are posters, essays, websites and mixed media.

For more information, including deadlines, 2000 financial literacy theme and information on entries, visit the NEFE HSFPF website at

www.nefe.org/pages/educational.html

Education Pays

Underscoring the significant correlation between more education and higher salaries, the Census Bureau reported that, in 1997, adults age 18 and over with a bachelor’s degree earned an average of \$40,478 a year, while those with only a high school diploma earned \$22,895.

Those holding a master’s degree made \$51,183 and those with a doctorate degree earned \$77,445, while those without a high school diploma averaged \$16,124.

Other highlights from the report, Educational Attainment in the United States: March 1998 (update), P20-513, released December 1998, included the following:

- About 83 percent of adults age 25 and over completed high school and 24 percent had a bachelor’s degree or more.
- The high school completion rate for young adults (age 25 to 29) was 88 percent while 27 percent earned a college degree.
- For those age 25 to 29, college completion rates for women exceeded those for men at 29 percent and 26 percent respectively.

- About 90 percent of the employed civilian labor force age 25 and over had a high school degree.
- High school completion levels for those age 25 and over were highest in the Midwest (86 percent) and lowest in the South (80 percent).

A faxed copy of the report may be obtained by calling the Public Information Office’s 24 hour Fas-on-demand service at 1-888-206-6463 and requesting document no. 1343 or visiting the following web site: <http://www.census.gov/population/www/socdemo/educ-attn.html>

Source: Clemson University Extension.

North Dakota				
Month	Fiscal Year 1998		Fiscal Year 199	
	No. of Enrollments	No. of Schools	No. of Enrollments	No. of Schools
October	512	16	154'	8
November	211	4	257	6
December	30	1	57	1
January	187	9	86	4
February			14	1
March			35	2
April	55	3	36	2
May			8	1
June				
July				
SUBTOTAL	995	33	647	25
August	105	4	?	?
September	162	7	?	?
TOTAL	1,262	44	647	25

Sincerely,



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List Serve Interest????

I am willing to establish list-serve for both the Money 2000 program (increase savings, reduce debt, investing basics) and the High School Financial Planning Program. If you would like to be a part of either list, please send your email address to

dpankow@ndsuent.nodak.edu.

Please specify which list, or both in your message.