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Scoring points for your financial future

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Scoring a financial education

Colleges, high schools place more emphasis on money matters

By Mindy Fetterman
USA TODAY

Lee Melchionni, 21, plays basketball for Duke.

His father, Gary, played basketball for Duke.

His uncle, Bill, played basketball for Villanova, the Philadelphia 76ers and the Nets when they were in New York.

But Lee isn't counting on basketball to pay his rent for life. In fact, even though the NCAA tournament is underway and Duke — as usual — is a contender, the junior economics major took time from shooting hoops this week to discuss the importance of learning about how to manage your money.

"My athletic times are getting shorter," he says. "I'm definitely thinking about opportunities for the future."

Melchionni is one of about 500 student-athletes across the country

who have participated in a series of seminars co-sponsored by the NCAA and The Hartford Financial Services Group. They are aimed at teaching the basics of managing money. Good thing, too. More than one-third of 1,000 NCAA athletes surveyed said they expect to be millionaires.

The seminars are part of a growing movement toward personal financial education on college campuses and in high schools.

With talk of an "ownership" society and the possibility that young people may have more control over their Social Security through personal retirement accounts, the question is: Are kids ready? Probably not.

"How are people going to plan for their own retirements when our surveys show that 40% of adults don't know what an annuity is?" asks Robert Duvall, president of the National Council on Economic Education. (An annuity is a contract that promises to pay you a certain amount of money every year for a large initial investment. If you die before the annuity's term is up, you lose whatever is left. If you live longer than your money holds out, the insurance company still has to keep paying you.)



By Anne Ryan, USA TODAY

High school teacher: Donald Zabelin says today's students "really don't know much" about money.

Do you think a college kid knows that?

An early education

But some states now require students to take economics and/or personal financial planning courses to graduate from high school. Seven states require a personal finance course — up from four in 2002, according to the NCEE, which lobbies states to include

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personal finance and economics in grades K-12.

Fifteen states require economics, up from 13 in 1998. Last year, at least a third of all high school graduates had taken a class in economics because the four largest states — California, Texas, New York and Florida — require it.

At the same time, 38 states have standards for personal finance education, up from 21 in 1998. Almost all states have standards for economics. To have a standard means the state's legislature has declared the subject an important one that should be taught, although it is not required.

Still, most kids start college or go to work after high school with only rudimentary understanding of things such as savings accounts, credit cards, the stock market, saving for retirement or getting a car loan. "We all know young people are getting inundated with credit card offers at college," says Joanne Dempsey, president of the Illinois Council on Economic Education. "It's 'Get a free T-shirt! Sign on the line!' You can spend \$2,000 without realizing someone has to pay for all this."

Young people may be woefully unprepared for taking charge of their own money, much less their retirement, says Donald Zabelin, who teaches consumer education at Community High School in West Chicago. When he asks his juniors and seniors about money matters, he gets a lot of blank stares. "They really don't know much," he says. "A handful may pick something up from their parents. But for most families, money is a topic that can be put aside because there are more important things to talk about."

Patricia Tomich agrees.

Her students at Notre Dame High School for Girls in Chicago come from

working-class families, many of whom "live paycheck to paycheck," she says. "We give them confidence as young women to go out in the world and say, 'I'm not just going to spend, spend, spend.' There are other ways to go."

Zabelin and Tomich teach everything from how to write a check to concepts such as investing in the stock market and buying stocks on margin.

A team from Zabelin's class last year won the national Capitol Hill Challenge, a stock market game run by the Foundation for Investor Education (FIE),

a group supported by the securities industry.

Tomich won the 3M Innovative Economic Educator Award in 2004 for her classroom project in which kids create a budget for an imaginary salary of \$1,500 a month, team up with a partner and try to find an affordable apartment in Chicago. They interview landlords and write a roommate contract.

"By the time they're finished, some kids remark, 'I'm not moving out, never!'" she said in an e-mail.

Many states don't require finance courses

A small-but-growing number of states are requiring courses in economics and/or personal finance for graduation from high school.

States requiring economic courses: 15

STATE	ECONOMICS COURSE REQUIRED	GRADE LEVEL
Alabama	Economics	High school
California	Economics	High school
Florida	Economics	High school
Georgia	Principles of economics/business	High school
Idaho	Economics	High school
Kentucky	Part of social studies	All levels
Louisiana	Free enterprise	High school
New Hampshire	Economics	High school
New Mexico	Government/economics	High school
New York	Economics/enterprise system/finance	High school
North Carolina	Civics and economics	High school
South Carolina	Economics	High school
South Dakota	Economics	High school
Tennessee	Economics, business economics	High school
Texas	Economics	High school

States requiring personal finance courses: 7

STATES	PERSONAL FINANCE COURSE REQUIRED	GRADE LEVEL
Alabama	Citizenship	Junior high
Georgia	Part of social studies	K-8
	Part of economics	High school
Idaho	Economics	High school
Illinois	Consumer education	High school
Kentucky	Part of social studies, practical living	All levels
New York	Economics/enterprise system/finance	High school
Utah	General financial literacy	High school

Source: National Council on Economic Education

Financial education should begin in elementary school, says Kathy Floyd, executive director of the Stock Market Game for the FIE.

"If students don't have parents who have a history of understanding these things, and you just hand them (retirement) accounts, they are going to be lost," she says. "Completely lost."

Helping your kids

There are things you can do to help your kids start thinking about money, how to spend it and save it, say those who are teaching personal finance.

- ▶ Start with your school.

Issues such as compound interest, credit card debt and savings accounts can be taught in elementary school as part of math or social studies. Find out what's being taught – or not – and lobby that personal finance be included.

"High school is really too late," says Floyd. "A lot of this should be taught in elementary school."

- ▶ Get help on the Web. Groups such as the JumpStart Coalition (www.jumpstart.org), Young Money (www.youngmoney.com) and the American Youth Policy Forum (www.aypf.org) provide games, brochures and books aimed at kids and young adults.

- ▶ Start savings accounts for your children. Have them put some of their allowance or money they earn from jobs babysitting or cutting lawns into it each week. Let them save for something they want to buy. That will teach not only savings but delayed gratification – a tough lesson.

"The sooner you take kids to the bank and show them how to set up a bank account, the better," says Zabelin. "We used to make a big deal out of going to the bank, buying a Savings Bond and putting it into the safe-deposit box. It was a cool thing to do."

- ▶ Play the Stock Market Game at www.stockmarketgame.org. You can play it as an individual or in a group such as a classroom. There's a \$10 registration fee. Millions of students have played since the game began in the late 1970s.

- ▶ Do an inventory of brand-name products in your house. Then buy a stock and watch what happens to it. "We have the girls inventory what they're wearing right now, what makeup, shoes, etc.," says Tomich. "It surprises them that they can invest in the companies that make the products they use."

Peter Lynch made a fortune for Fidelity mutual fund investors and himself in the 1980s by advocating that you "buy what you know."

His kids wore Nikes. He bought Nike stock. Kids who love iPods might buy a share of Apple Computer. Or kids who love Disney World might buy a share of Disney.

Following a favorite

"We follow the stocks to see what news has broken that might make the stock very popular for the moment," says Zabelin. "It gets kids thinking."

One of his students, Kirsten Chase, 19, won a national essay contest last year by writing about how the media influence stock prices.

Now a freshman at Calvin College in Grand Rapids, Mich., Chase says she "focused on Wal-Mart and how different things like news stories and new products for Easter made the company more profitable. I showed how the media can make more people want to invest or not invest."

And she says she learned: "Sometimes it's better to invest when the stock is down because it's a reputable company and you know it'll do well eventually."

Good lesson.

Scoring a financial education

Objectives:

Students will:

- read and discuss a USA TODAY article on financial education.
- research four financial careers using the Department of Labor's *Occupational Outlook Handbook*.
- complete a graphic organizer that compares the responsibilities of four financial professionals to those of individual workers and consumers.

Concepts:

- ownership society
- lifelong learning
- credit
- stocks
- accounting
- marketing
- earnings
- career outlook

Preparation:

1. Review the Department of Labor's *Occupational Outlook Handbook* at www.bls.gov/oco/. (Students will be using the site to complete the attached graphic organizer.) If your students do not have Internet access, print out the information on the following careers: controller, consultant (financial analyst), marketing manager, loan officer. Copy one set of handouts for each student or pair.

2. Pre-reading: Ask students: Why is it becoming increasingly important for Americans to understand all aspects of personal finance? Who is responsible for teaching students financial skills — parents, schools or the government? At what age should financial education begin? Explain your reasoning.

3. Distribute the article, "Scoring a financial education." Have students read the story silently. As a class, discuss the questions on the following page.

4. Follow the instructions listed under "Activity" on the next page.

Activity at a glance:

- Grade level: 9-12
- Subjects: Business, careers, economics, personal finance, language arts — research
- Estimated time for this activity: 60-120 minutes

Materials:

- Reading: "Scoring a financial education"
- Copy of discussion questions and activity
- Graphic organizer, "Becoming a financial professional"
- Internet access for individuals or pairs. Or, copies of relevant pages from the Bureau of Labor Statistic's *Occupational Outlook Handbook*.

Scoring a financial education

Discussion:

According to the article, more than one-third of 1,000 surveyed NCAA athletes believe they will become millionaires. In your opinion, is this a realistic financial goal? Is Duke University basketball player Lee Melchionni banking on his athletic skills? Why are colleges and high schools becoming more interested in providing students with personal financial education? What will happen to those who are uneducated about personal finance if the U.S. becomes an “ownership” society? Does your state require economics or personal finance courses to graduate? If not, do you think it should?

If you charged \$2,000 on a credit card, and didn't have the money to pay your bill, what exactly would happen? Do you think young people are “woefully unprepared for taking charge of their own money”? What does it mean to live “paycheck to paycheck”? How can parents help their kids develop solid personal financial skills? What stocks would you buy if you followed investor Peter Lynch's advice?

Activity:

Ask students how they can educate themselves about financial issues, other than by taking classes. Next, ask them whom they might consult for financial advice. Then, tell students that in this exercise, they will be exploring the roles of different financial professionals. After all, these professionals make the same types of decisions for companies that individuals make for themselves and their families. Plus, as students research careers in business, they may identify a few that interest them.

Distribute the graphic organizers, and review the directions with students. Then, direct individuals or pairs to the *Occupational Outlook Handbook* at www.bls.gov/oco. Or, give each student or pair a copy of the information you downloaded from the *Handbook*. After, share and discuss answers to the questions listed beneath the graphic organizer.

Additional resources:

- Goodpayer.com offers a handbook entitled “Learn Now or Pay Later” that helps young adults understand the basics of credit and debt. The book is available as a PDF at www.goodpayer.com. The booklet also provides tips on choosing a checking account, writing a check, preventing identify theft and other personal finance topics. To order a copy, call 800-756-4912.
- As the article states, the JumpStart Coalition (www.jumpstart.org), YoungMoney (www.youngmoney.com) and the American Youth Policy Forum (www.aypf.org) provide games, brochures, lessons and books about personal finance, careers and related topics.

Activity extensions:

- According to the Naismith Memorial Basketball Hall of Fame, there are approximately 545,000 high school basketball players, 4620 Division I college basketball players and 360 NBA players. Ask students to create a graphic that answers the following questions: What percentage of high school players earn spots on Division 1 teams? What percentage of high school players advance to the NBA? What are the odds that a high school basketball player will eventually make millions in the pros?
- Direct students to the USA TODAY Education homepage at www.usatoday.com/educate/home.htm. Next, click on “Career Quest” under “Career Education.” Then, select “Career Quest Worksheets,” and click on the page entitled, “Fast, slow. How do you know?” Use the worksheet and the *Occupational Outlook Handbook* to help students explore careers that suit their skills and interests.

Financial professional	Personal applications
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MARKETING MANAGER	
Role: _____	

<ul style="list-style-type: none"> ◆ ◆ ◆ 	
Education/training needed:	
Median annual earnings:	Job Outlook:

When do individuals need the skills this profession requires?

▶ _____

▶ _____

LOAN OFFICER	
Role: _____	

Responsibilities:	
<ul style="list-style-type: none"> ◆ ◆ ◆ 	
Education/training needed:	
Median annual earnings:	Job Outlook:

When do individuals need the skills this profession requires?

▶ _____

▶ _____

▶ What other roles do individuals play (e.g., risk manager, budget analyst) as they manage their personal finances? Briefly describe each.

▶ If you were developing the curriculum for a year-long course on personal finance, what 10 topics would you cover? Why?