

## APRIL BRINGS MONEY SMARTS<sup>®</sup>

BY KATHY GRAHAM



### THE NEED FOR FINANCIAL LITERACY

April is Financial Literacy Month in the United States. There are a number of studies that support the need for Americans to gain more “money smarts,” such as:

- 75% of Americans don't feel well-informed about managing household finances, according to results gathered by The Networks Financial Institute (NFI) of Indiana University.
- Between 25 million and 56 million Americans do not have a bank account, per NFI research.
- In 2008, the financial literacy of United States high school students had fallen to its lowest level ever, according to the national Jump\$tart survey for that year. College graduates scored much higher on the exam, with scores reflecting close to being financially literate. Unfortunately, only about 25% of U.S. students are currently graduating from college, which means that 75% of young U.S. adults do NOT have the skills needed to make informed financial decisions.

The United States is not alone in the need to better educate its citizens about financial literacy. A 2005 OECD survey concluded that:

- The majority (67%) of Australians thought that they had a good understanding of compound interest, but only 28% of them could solve a compound interest problem.
- British consumers do not actively seek out financial information—they acquire it by chance.
- Canadians view choosing the right investments as more stressful than going to a dentist.

- Korean high school students flunked tests designed to measure their ability to choose and manage a credit card, their knowledge about saving and investing for retirement, and their awareness of risk and the importance of insuring against risk.

Governments and organizations across the world are responding to this situation. In 2008, OECD started the International Gateway for Financial Education, which serves as a global clearinghouse for financial education programs, research, and information. Singapore offers a series of workshops designed to make Singaporeans “more self-reliant in their financial affairs.” In addition to numerous charities working to improve financial literacy, the United Kingdom’s Financial Services Authority has commenced a national strategy to increase financial capability, with tools and resources at [www.fsa.gov.uk/financial\\_capability](http://www.fsa.gov.uk/financial_capability). Australia has a listing of Financial Literacy Resources at [www.understandingmoney.gov.au](http://www.understandingmoney.gov.au).

### MONEY SMART WEEK<sup>®</sup>

A major U.S. effort kick starting in April is the Federal Reserve Bank of Chicago sponsored Money Smart Week<sup>®</sup> public awareness campaign, to help consumers better manage their personal finances. With over 450 events in Chicago alone, the Chicago Fed and more than 200 financial institutions, government agencies, nonprofits, libraries, and schools are joining forces to offer free programs to raise awareness about financial education and to provide resources for the public

at large. From a free document shredding event in El Paso, Texas to a “Make Your Own Money” contest for children in Michigan, the range of activities is extensive and varied.

Many locations are offering opportunities for youth to win scholarships and other prizes in contests. For example, the Chicago Money Smart Kid Essay Contest winner will receive a \$4,000 scholarship for having the best answer to the question:

- What is a career you think you may be interested in pursuing? How would you prepare financially now, in order to achieve your goals?

Calendars for each location can be found at the following web sites. In Chicago, paper copies of the Illinois activities can also be picked up at the Chicago Public Library.

The Jump\$tart Coalition for Personal Financial Literacy has been an active participant nationally in

this Money Smart Week® campaign. Melanie Murphy, from Illinois Credit Union League, is one of many involved in offering a Jump\$tart event during the Chicago Money Smart Week®. **“Money Smart Week® is a great opportunity for people to devote some time to review their current situation and learn about a topic that is relevant in their lives today, from basic budgeting to saving for college to retirement planning,” states Murphy.** This year her company was the host site for a “Train the Trainer Workshop II” event where teachers and agency staff who work with young adults (age 14-19) were trained on the latest National Endowment for Financial Planning Program curriculum.

The Federal Reserve Bank of Chicago’s *Financial Literacy & Education Summit 2010* tackles the topic of “Advancing Financial Stability and Responsibility” on Monday, April 19 from 9AM to 11AM. CEO and Director of the New York

2010 FINANCIAL LITERACY CALENDAR

Location	Name	Website	2010 Dates
Colorado	MoneySmart Colorado	<a href="http://www.moneysmartcolorado.org">www.moneysmartcolorado.org</a>	April 24 – May 1
Illinois	MoneySmart Week® Illinois	<a href="http://www.moneysmartweek.org">www.moneysmartweek.org</a>	April 17 - 24
Indiana	MoneySmart Week® Indiana	<a href="http://www.moneysmartweek.org">www.moneysmartweek.org</a>	October 16 - 23
Iowa	MoneySmart Week® Iowa	<a href="http://www.moneysmartweek.org">www.moneysmartweek.org</a>	April 17-24
Iowa/Illinois	MoneySmart Week® Quad Cities	<a href="http://www.moneysmartweek.org">www.moneysmartweek.org</a>	April 17 - 24
Kansas	MoneySmart Week® Kansas	<a href="http://www.moneysmartkc.org">www.moneysmartkc.org</a>	April 24 - 30
Massachusetts	Annual Conference Financial Education	<a href="http://www.financiallit.org">www.financiallit.org</a>	October 6
Michigan	MoneySmart Week® Michigan	<a href="http://www.moneysmartweek.org">www.moneysmartweek.org</a>	April 17 - 24
Nebraska	MoneySmart Week® Nebraska	<a href="http://www.moneysmartnebraska.org">www.moneysmartnebraska.org</a>	November 8 - 14
New Jersey	Money\$mart Week® New Jersey	<a href="http://www.aroundthearea.com">www.aroundthearea.com</a>	April 16 - 22
Texas	MoneySmart Week® El Paso	<a href="http://www.unitedwayelpaso.org">www.unitedwayelpaso.org</a>	April 17 - 24
Washington	MoneySmart Week® Washington	<a href="http://www.wajumpstart.org">www.wajumpstart.org</a>	April 25 – May 1
Wisconsin	MoneySmart Week® Wisconsin	<a href="http://www.moneysmartwi.org">www.moneysmartwi.org</a>	October 2 - 9

Stock Exchange Euronext, Duncan Niederauer, is the keynote speaker answering such questions as:

- How can we improve our collective economic health?
- How do we bolster our shared commitment to global financial education?

Ben Bernanke, Chairman of the Board of Governors of the Federal Reserve System, is giving the welcome, followed by Chicago Fed President and CEO Charles L. Evans offering the opening remarks. A free summit webcast of this event is available by request at [www.practicalmoneyskills.com/summit2010/register.php](http://www.practicalmoneyskills.com/summit2010/register.php).

**FOR THE NEXT GENERATION**

A representative from Visa, Inc. will also be speaking at the *Financial Literacy & Education Summit 2010*. Visa is known for its free award-winning financial education program called *Practical Money Skills for Life*. One of its most exciting new offerings is *Financial Soccer*, which is “an educational video game that combines the world’s most popular sport with a high-quality financial literacy curriculum to create an innovative approach for helping children and adults learn about personal finance.”

*Financial Soccer* is available in over 25 countries in English, Spanish, Portuguese, and Arabic with Chinese, Japanese, Korean, Russian, and Bahasa launching soon. The game “challenges players to answer fast-paced, multiple-choice money management questions correctly to advance down the field for a chance to score a goal. It “features three difficulty levels—geared to children, teens, and adults—and has companion lesson modules for classroom use. Players learn key concepts about saving, responsible spending, budgeting, and the wise use of credit.” *Financial Football*, developed with NFL and NFL players, is also available.

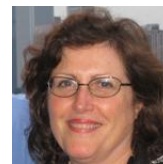
Another organization active in providing free or low cost programs to increase the financial literacy of the next generation is the American Bankers Association (ABA). On April 27<sup>th</sup>, their *Teach Children to Save* program launches. *Teach Children to Save* is “a national campaign that raises awareness about the important role that banks and bankers play in helping young people develop lifelong savings habits. The campaign has reached 3.4 million young people with the help of some

80,000 banker volunteers.” On October 21<sup>st</sup>, ABA will begin their *Get Smart About Credit 2010* program that “connects bankers with students and young adults to help them develop a stronger understanding of credit and how to use it responsibly.

Greater personal financial literacy will benefit individuals, families, communities, and, in fact, society as a whole. Better education leads to better decisions. Finance professionals can support these efforts by encouraging those in their personal circles to participate in these fun and informative programs.



**Author’s Bio**



**KATHLEEN A. GRAHAM**  
 THE GLOBAL FINANCIAL CONNECTION™  
*Connecting professionals with what they need.*

Kathleen “Kathy” Graham is a Principal with HQ Search, Inc., a retained executive search firm that she co-founded in 1997. Graham incorporated three more companies in 2006: HQ Seminars, Inc. (custom designed webinars and seminars); HQ Scripts, Inc. (boutique publisher); and HQ Services (compensation studies, brainstorming/focus groups, etc).

In addition to a track record of always being a star recruiter, she has a BA in Business Administration and Marketing from North Central College and an MBA in Finance, Analytic Finance, and Econometrics & Statistics from the University of Chicago

Graham is a well known career strategist, helping numerous professionals grow their careers to the next level. She is also an author of three books (including a book that teaches finance, economics, and personal choice to children ages 4 through 9) and a frequently requested speaker for numerous local and national groups that includes the Boston Security Analysts Society, CFA Society of Chicago, Financial Research Associates, Managed Funds Association, Northwestern University, and University of Chicago.