Educating Students on Financial Literacy

- Are your students financially ready for the 21st Century?
- Are our students meeting the expectation of Digital Age and?
- How we can prepare students to be successful in taking control of their financial life?
- Why it is in the best interest of Institutions to educate students on economic and Financial Literacy?
- How we develop successful outreach plan?
Are students ready for 21\textsuperscript{st} century?

- How to define the skills require for success of students in 21\textsuperscript{st} Century?
- Are students learning those skills in K-12 education?
- Do we keep pace with rapid technology and societal change?
How to built the infrastructure

- Institutions must acknowledge the following:
  - Teaching and learning in 21st century
  - Identify the skills needed to be successful
  - the need for Financial Literacy
  - Embrace new ways for reaching out to students.
  - New and additional resources.
  - Manifest a platform to shift the policy and practice.
  - Partnership with campus entities
  - Partnership with public and private institution
Teaching and Learning in 21st Century

- Teachers are facilitators
- High Touch, High Tech approach
- Building the digital infrastructure
- Creating a Student-Centered Culture

Cyberspace is the land. Students are native to cyberspace and we, as adults, are immigrants.

“how do we as adults, with the least experience in this milieu, provide leadership? Yesterday’s education is not sufficient for today’s learner.”

Cyberculture analyst Douglas Rushkoff
21st Century Learning
Effective Communications

- Teaming
- Collaboration
- Interpersonal skills
21\textsuperscript{st} Century Learning

\textit{High Productivity}

- Prioritizing
- Planning and Managing for result
- Effective use of Real –world tools
- Ability to Produce Relevant High Quality Products
Report says majority of college students in debt
08/29/2001; University Wire; Iliana Limn

(Daily Lobo) (U-WIRE) ALBUQUERQUE, N.M. -- College students with credit cards carry an average debt of $2,748, according to a report released last month by the U.S. General Accounting Office.

The federal report cited three surveys, including one by the Nellie Mae Foundation, which found that about 78 percent of all college students own one or more credit cards.
A Generation in Debt........

<table>
<thead>
<tr>
<th>Credit Card Balances</th>
<th>1998</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average credit card debt per student</td>
<td>$1,879</td>
<td>$2,748</td>
<td>$2,327</td>
</tr>
<tr>
<td>Median credit card debt per student</td>
<td>$1,222</td>
<td>$1,236</td>
<td>$1,770</td>
</tr>
<tr>
<td>Percentage with balances from $3,000-$7,000</td>
<td>14%</td>
<td>13%</td>
<td>21%</td>
</tr>
<tr>
<td>Percentage with balances exceeding $7,000</td>
<td>10%</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>
A Generation in Debt

Undergraduate students statistics:

- The percentage of students holding at least one card in 2001 has risen 24% since 1998.
- Freshmen have the lowest rate of card possession among undergraduates, 54% carry a credit card.
- The percentage of students with at least one card increases to 92% in sophomore year.
- Only 23% of freshmen, on the other hand, have a student loan. For many students entering college today, their first credit experience is with a credit card whereas ten years ago it was through a student loan.

Continue....
A Generation in Debt
Combined Average Debt by Grade Level

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Average Debt ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman</td>
<td>$3,150</td>
</tr>
<tr>
<td>Sophomore</td>
<td>$7,421</td>
</tr>
<tr>
<td>Junior</td>
<td>$12,871</td>
</tr>
<tr>
<td>Senior</td>
<td>$20,402</td>
</tr>
</tbody>
</table>

Combined Average Debt by Grade Level

- Freshman: $1,533
- Sophomore: $1,825
- Junior: $2,705
- Senior: $3,262

Legend:
- □ Average Student Loan Debt
- □ Average Credit Card Debt
A Generation in Debt

- 83% of undergraduate students have at least one credit card; a 24% increase since 1998.
- Average credit card balance is $2,327; a 15% decrease from the 2000 average.
- Median credit card balance is $1,770; a 43% increase above the median in 2000.
- 21% of undergraduates who have cards, have high-level balances between $3,000 and $7,000; a 61% increase over the 2000 population.

Nellie Mae has conducted three credit card studies since 1998.
A Generation in Debt

- Graduating students have an average of $20,402 in combined education loan and credit card balances.
- Students residing in the Northeast use credit cards the least, while Midwesterners carry the highest average credit card balances.
- 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.

http://www.nelliemae.com/library/html
A Nation in Debt

CONSUMER DEBT HAS DOUBLED OVER THE LAST DECADE

Source: Federal Reserve Board
Lack of basic money-management skills
A National Challenge

Facts:


personal spending climbed even more—61 percent.

the overall personal savings rate fell from 8.7 percent of disposable income in 1992 to zero in 2000.

Lack of basic money-management skills
A National Challenge

- The average American household with at least one credit card carried a credit card balance of $7,942 in 2000, compared with an average balance of $2,985 in 1990.

  **Source:** CardWeb.Com, 2000

- Of those Americans who say they are saving for retirement, less than half have actually taken time to calculate how much money they will need to live comfortably.

  **Source:** Employee Benefit Research Institute, "2001 Retirement Confidence Survey"
Lack of basic money-management skills
A National Challenge

- Sixty-two percent of women responding to a survey did not know the correct age at which they will be eligible for full Social Security benefits.
  
  **Source:** Employee Benefit Research Institute, "2000 Women’s Retirement Confidence Survey"

- More than one million Americans have filed for bankruptcy every year since 1990.
  
  **Source:** The Wall Street Journal, February 11, 2000
Financial Literacy
Beyond Debt Management

- The art of budgeting
- Debt management
- Identity theft
- Living on your own
- Consumer awareness
- About the credit
- Credit cards
- Saving and investing
- Consumer privacy
- Bankruptcy
The Value of Financial Literacy

The recent follow up research on the student debt prove :

- A direct relationship between financial literacy and rates of personal bankruptcy.
- Financial knowledge will contribute to personal financial stability and contribute to the financial and economic success of our students as well as prosperity within our organization.
- Financial Literacy of students is a great asset for financial efficiency within an organization.
The Value of Financial Literacy

- Personal financial education is essential for ensuring that the student of our campus are prepared to manage money and credit wisely and responsibly. Financial literacy will **improve the quality of their lives** as adults and will provide them with skills for success, will contribute to positive changes for the communities in which they live and work and will benefit economy.
Partnership and Coalition Building

- Building meaning community of students, faculty and administrators to devise programs that meets the specific needs of your institution.
- Public private partnership in educating students
- Building Coalition with local high school and community colleges to prepare students in advance.
- Campus partnership with offices such as Financial Aid, EOP, Multi-Cultural Center, Media Center, Associated Student, New Student Office etc.
Available resources

- http://www.ncee.net/
- http://www.jumpstart.org/
- http://www.cardweb.com/