Decision Partners, Inc.

Independent Financial Literacy Education

Why Teach Financial Literacy?

From thinking critically about credit card solicitations to budgeting educational loan income, too many students are unprepared for the financial challenges of college life. Most high schools require no financial literacy education, and studies of popular "in the classroom" curricula for high school students have shown no measurable effect on financial knowledge[1], and do not even attempt to quantify crucial financial attitude and behavior changes.

The debt load of today's young adult is exponentially higher than their parent's generation, and there has been a *threefold* increase in average inflation-adjusted debt levels since the 1990s. Consider the following:

- Up to one in three college students graduate with over $10,000 in credit card debt, in addition to student loans.[2]
- The average student loan debt has now surpassed $20,000 for an undergraduate degree – a figure that *excludes* popular "private" loans that may have much higher interest rates.[3]
- Up to three in five first-year college students max out their first credit card within their first year on campus, starting a cycle of unintended debt each year until graduation.[4]
- Nearly 60 percent of first-year students report that "financial problems" interfere with their schoolwork, 29 percent report "financial problems that are very distracting and troublesome".[5]
- Rates of financial stress are significantly higher for minority and first-generation college students.[5] Many first-generation students also come from backgrounds in which access to credit has been non-existent, leaving students with no source of reliable financial advice.[6]
- 25 percent of college students have paid a late fee.[7] (Sample also includes those *without* cards).
- Nearly 3 in 4 college students believe it is acceptable to use credit cards for living expenses.[8]
- Indebted adults between the ages of 18 and 24 spend almost 30 cents of every dollar earned to repay debts.[9]
- High levels of credit card debt have been linked to psychological problems that interfere with school work[10] and students with financial problems often feel too ashamed to seek help.[11]
- Low credit scores resulting from financial mismanagement in college will lead to credit card-like rates for private educational loans, higher car payments and mortgage rates. Approximately half of all employers check the credit reports of recent graduates when making hiring decisions.

At Decision Partners, we believe the time for true financial literacy education has arrived. Financial Literacy 101, our flagship online course, makes delivering financial education to any student population as simple as distributing an access code or linking to our website.

For more information, please contact Jim Pfeiffer, VP of Customer Development, at (978) 562-1390 or by email at jim@decisionpartners.org.

1 Jump$tart Coalition*, National Jump$tart Coalition Survey,* 2006.
2 Sallie Mae *Be Debt Smart* Survey, January 2007.
3 US Department of Education National Center for Education Statistics *National Postsecondary Student Aid Study, 2007.*
4 Georgetown University / Robert Manning *Credit Cards on Campus,* 2002.
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7 US PIRG, *Campus Credit Card Trap Report,* 2008.
8 So-Hyun Joo, Credit Card Attitudes and Behaviors of College Students. *College Student Journal,* Sept 2003.
9 DEMOS, *Generation Broke: The Growth of Debt Among Younger Americans*, 2005.
10 Jill Norvilitis, Factors Influencing Levels of Credit Card Debt in College Students. *Journal of Applied Social Psychology*, 2003.
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