

IMPACT



Teens Gain Financial Skills and Confidence Through the High School Financial Planning Program (HSFPP)

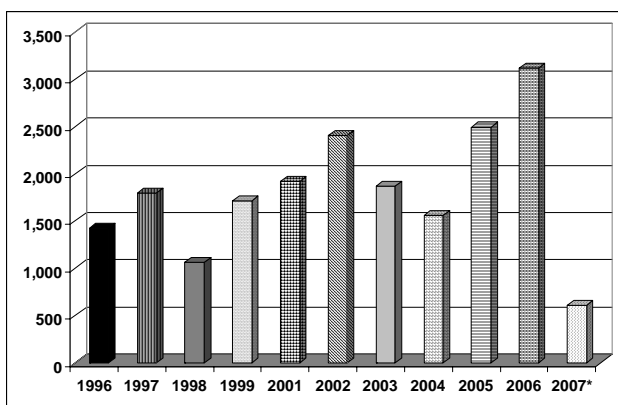
(July 2007)

The Situation

To enhance teenagers' financial well-being in their adult years, it is essential that they be knowledgeable about personal finance. This is especially true when considering current trends of rising personal bankruptcies, consumer credit delinquencies, and inadequate savings for retirement among adults.

Studies have reported that teenagers are progressing into adulthood *without* the basic skills and knowledge it takes to make educated financial decisions once they are on their own. The results of a nationwide survey reported only **52.4%** of the teens surveyed could answer questions correctly on topics of taxes, retirement, insurance, credit use, inflation and budgeting.a failing grade based upon the typical grade scale used in schools.¹

*Enrollment in the NEFE High School Financial Planning Program: Montana 1996 - 2007



* As of July 2007

Montana's Response

Since 1991, the Montana State University Extension Service, in partnership with the National Endowment for Financial Education (NEFE)[®], Credit Union National Association, and local teachers have educated high school students about basic money management and financial planning concepts. *Approximately 24,205 Montana high school students have participated as of July 2007.*

Achievements

Summarized below are the major findings of an evaluation undertaken jointly by the National Endowment for Financial Education (NEFE)[®] and the United States Department of Agriculture Cooperative State Research, Education, and Extension Service (USDA-CSREES) and participating Land-Grant Universities of the Cooperative Extension System.

As a result of participating in the NEFE High School Financial Planning Program (HSFPP), 90% of the high school students demonstrated an increase in financial knowledge or behavior when dealing with money. Specific questions asked in the study show that, as a result of program participation, the following changes occurred in the students lives:

- 62% set aside money for needs and wants
- 62% began tracking their expenses
- 68% compared prices when shopping
- 64% used a spending plan or budget
- 69% repaid their debts
- 60% wrote down money management goals
- 64% achieved money management goals

¹ JumpStart Coalition for Personal Literacy, 2007
<http://www.jumpstartcoalition.org>

- 71% discussed money management with family members 60% understood the cost of buying on credit
- 58% knew what questions to ask when shopping for auto insurance
- 58% improved their knowledge of investments
- 56% reported believing that how they managed their money would affect their future
- 40% indicated increased self-confidence in making decisions about money

Beyond these significant changes, students continue to put the program concepts into practice. Even more impressive, three months after completing the program, students reported further increases in knowledge, skill, and confidence. This is an important benefit of the High School Financial Planning Program. Confidence is a critical factor in determining whether people believe they are capable of making changes and maintaining their new behaviors.

Three months later:

- 59% changed spending patterns
- 60% changed saving patterns
- 80% save only for what they really want or need
- 20% save every time they get money

Most Important Financial Planning Activity Reported

When asked what was most useful in their study of the HSFPP, 26% of the students answered, "All of it was useful." When more specific answers were given, 15% answered, "How important it is to save money," 14% specified "How to use credit wisely" as the most important, and 10% answered that "investing" was most important. The three concepts shared most often with family and friends were "Needs versus wants" (19%), "Investing and saving" (13%), and "Pay yourself first" (11%).

Teacher Comments

"It's fabulous! They all enjoy learning about money!"

"These students have more knowledge about money than their parents!"

"One of my students manages her entire mother's checking account and household expenses!"

The Future

Over the past sixteen years the MSU Extension Service faculty have worked with classroom teachers to present the HSFPP curriculum. A quarterly newsletter is sent to Extension Agents and teachers who offer HSFPP.

New partners are the Junior Achievement Program and the Montana Credit Unions for Community Development.

Extension faculty will continue to promote and expand the High School Financial Planning Program (HSFPP) in the state of Montana. For further information contact your local Extension Agent, Credit Union representative, or Marsha A. Goetting (address below).

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References

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National Endowment for Financial Education (NEFE). (2004, November 15). *Teens Respond Well to Financial Education, Study Shows*. [News Release]. Denver, CO.

Updated by Keri Hayes, Publications Assistant, July 2007.