youth & money 1999

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Results of the 1999 Youth and Money Survey

The 1999 Youth and Money Survey was sponsored by the American Savings Education Council (ASEC), the Employee Benefit Research Institute (EBRI), and Mathew Greenwald & Associates, Inc. The survey was underwritten by the TIAA-CREF Institute, an ASEC Sustaining Partner.

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Highlights

Many of today's students are making money and saving money. However, only 21 percent of students between ages 16 and 22 have taken a personal finance course through school, and two-thirds admit that they should know more about money management.

This openness to learning more is a good sign. While many students are saving (49 percent always save some money when they receive an allowance or get paid, and 41 percent save some money sometimes), it would appear that many do not value saving and what it can do for them. Saving is not a high priority among students for their money today (only 54 percent of students view saving some of their money as *very* important).

In general, students give positive self-appraisals of their financial knowledge and money management skills. While these self-reports are verified by some behavior, they are called into question by other reported attitudes and behavior. Sixty-five percent of those who have had access to a personal finance course in school have not taken advantage of it despite the fact that most students admit they need to know more. Schools are an obvious and natural avenue to reach young people with such information, but the importance of parents should not be overlooked or underestimated. By far, the most-often cited source for financial information among students was their parents.

Teaching Our Children

- Ninety-four percent of students say they are likely to use their parents as a financial information source.
- Thirty-one percent of students report that their parents rarely or never discuss setting financial goals with them.
- Thirty percent report that their parents rarely or never discuss saving and investing with them.
- Thirty-eight percent of students are required by parents to save some of the money they receive.
- Besides parents, other resources students would call on for financial information are: relatives (72 percent); written material from financial companies (71 percent); financial professional (70 percent); newspapers, magazines, books (65 percent); teacher or professor (62 percent); computer software (52 percent); the Internet (51 percent); friends (50 percent); and television or radio (37 percent).
- Sixty-two percent of students have been offered a personal finance or financial education course, but only 34 percent of those offered such a course have taken it (therefore, 21 percent of all students have actually taken such a course).
- Comparison of the 21 percent of students who have taken a course on personal finance with the 79 percent who have not, while revealing some differences in self-evaluation regarding knowledge and money-management skills, reveals little in terms of actual differences in behavior.

Financial Understanding and Money Management: Perceptions

- Fifteen percent of students say they understand financial matters very well, 67 percent say fairly well, and 18 percent say they do not understand such issues well.
- Eighteen percent of students think they do a very good job of managing their money, 38 percent a good job, 37 percent an average job, and 7 percent a poor job.
- Among those who say they do a very good job of managing their money, 49 percent do not think they know as much about money management as they should (among those saying they do a good job of managing their money, 56 percent think they should know more).
- Among those claiming to understand financial matters very well, 34 percent think that they do not know as much about money management as they should, while among those reporting that they understand such issues fairly well, 63 percent think they do not know as much as they should.
- Fifty-four percent of all students feel it is very important for them to save money on a regular basis, 40 percent feel it is somewhat important, and 6 percent do not think it is important.
- Twenty-seven percent of those who think they do a very good job of managing their money do not view regular savings as a very high priority for their money.
- Seventy-seven percent of students report that they think about trying to manage their money.
- Seventy-six percent consider themselves disciplined in their spending decisions.

Financial Understanding and Money Management: Practices

- Many students are earning money—41 percent worked full time last summer (35 hours or more per week), 22 percent worked 20–35 hours, 18 percent worked 5–20 hours, 13 percent worked less than 5 hours, and 6 percent did not work.
- Forty-nine percent always save some money when they get paid or receive an allowance, and 41 percent save some money sometimes.
- The top items being saved for are education and a car (or car-related expenses).
- Twenty-three percent of students make a monthly budget and stick to it, 30 percent make a budget but do not always stick to it, and 46 percent do not budget.
- Fifty-four percent of students often compare prices before buying, and 23 percent often track the money they spend to determine where it is going.
- Among those who say they do a *very* good job of managing their money, 39 percent make a budget and stick to it, 61 percent often compare prices before buying, and 39 percent often track their spending to determine where their money is going.
- Seventy-nine percent of students usually put savings into a checking or savings account; 21 percent usually keep savings at home; 5 percent usually put savings in a certificate of deposit (CD), mutual fund, or stocks; and 5 percent usually give savings to their parents to save for them.
- Twenty-eight percent of students with a credit card roll over debt each month.
- Forty-two percent of students do not like dealing with large financial organizations such as banks, insurance companies or mutual funds.

Fact Sheet

Financial Understanding and Money Management: Perception vs. Reality Among Students

Self Appraisals

Most students feel confident about their understanding of financial matters such as saving, investing, credit, and budgeting.

- 15 percent say they understand such money matters very well
- 67 percent say fairly well
- 18 percent say they do not understand such issues well

In addition, most students think they do a satisfactory job of managing their money.

- 18 percent think they do a very good job of managing their money
- 38 percent a good job
- 37 percent an average job
- 7 percent a poor job

Attitudes and Behavior

These generally positive self-appraisals are verified by some behavior, but are called into question by other reported attitudes and behavior:

- 77 percent think about trying to manage their money
- 76 percent consider themselves disciplined spenders
- 54 percent feel it is very important for them to save money on a regular basis, 40 percent feel it is somewhat important, and 6 percent do not think it is important
- 64 percent feel they do not know as much about money management as they should
- 65 percent of those offered a course on personal finances have *not* taken it
- 28 percent of those with a credit card roll over debt each month

Saving Money

- 49 percent always save some money when they receive an allowance or get paid
- 41 percent save some money, sometimes
- 7 percent save some money, but only until they get the chance to spend it
- 2 percent do not save anything

Investing Money

- 79 percent usually put savings into a checking or savings account
- 21 percent usually keep savings at home
- 5 percent usually put savings in a CD, mutual fund, or stocks
- 5 percent usually give savings to their parents to save for them

Managing Money

- 23 percent make a monthly budget and stick to it
- 30 percent make a budget but do not always stick to it
- 46 percent do not budget

Fact Sheet

Student Exposure to the Real World: Work and Savings

Making Money

Many students have significant work experience. For example, last summer:

- 41 percent worked full time (35 hours or more hours per week)
- 22 percent worked 20–35 hours
- 18 percent worked 5–20 hours
- 13 percent worked less than 5 hours
- 6 percent did not work

Typical earnings reported by students in a year:

• Nothing	9 percent
• Less than $2,500	36 percent
• $2,500–$4,999	26 percent
• $5,000 or more	24 percent

Thirty-nine percent of students receive an allowance or other regular money from their parents.

- For 59 percent, the allowance is tied to grades or chores

Saving and Spending Money

- Forty-nine percent of students, as a rule, save some of the money they receive.
- Thirty-eight percent are required by parents to save some of the money they receive.
- Education and a car (or car-related expenses) are the top reasons for saving.

Financial products students own/use:

• Savings account	80 percent
• Checking account	57 percent
• U.S. savings bonds	38 percent
• A major credit card	28 percent
• Auto insurance policy	23 percent
• Mutual fund	18 percent
• Stocks	18 percent
• CD	16 percent
• Gas or department store credit card	15 percent
• Car loan	8 percent

Top items/activities students are responsible for paying for themselves:

• Entertainment-related expenses	82 percent
• Clothes	58 percent
• Car or related expenses	50 percent
• Vacations or trips with friends	45 percent
• School needs (books, supplies, etc)	31 percent

Forty percent of students are likely to buy a pair of jeans (or something similar) they really want even if they do not have the money to pay for it. And 22 percent would pay for it with a credit card.

Fact Sheet

Teaching Our Youth

At School

- Sixty-two percent have been offered a personal finance or financial education course.
- Thirty-four percent of those offered such a course have taken it.
- Of those who took a course in personal finance, 33 percent describe it as having been very helpful, and 56 percent describe it as somewhat helpful.

Impact of Education

Forty-one percent say the course changed the way they handle their money. Of these:

• Began saving	41 percent
• Increased saving	28 percent
• Invested savings differently	20 percent
• Developed a budget	19 percent

However, comparison of the 21 percent of students who have taken a course on personal finance with the 79 percent who have not, while revealing some differences in self-evaluation regarding knowledge and money-management skills, reveals little in terms of actual differences in behavior.

At Home

Ninety-four percent of students say they are likely to use their parents as a financial information source!

Financial matters parents are discussing with their kids:

	Often Discussed	Sometimes Discussed	Rarely/Never Discussed
Future job prospects	54%	32%	14%
Paying for college	45%	29%	27%
Setting financial goals	31%	38%	31%
Saving and investing	28%	41%	30%
Making major purchases	28%	41%	30%
Household budgeting	18%	35%	47%

Other places students are likely to turn for financial information:

• Relatives besides parents	72 percent
• Written material from financial companies	71 percent
• Financial professional	70 percent
• Newspapers, magazines, books	65 percent
• Teacher or professor	62 percent
• Computer software	52 percent
• Internet	51 percent
• Friends	50 percent
• Television, radio	37 percent

Young People and Money

Young People and Money: What They Think, What They Do

Introduction

What are young Americans' attitudes toward money and managing money? What do they think of their knowledge level regarding personal finance issues? What do they think of their money management skills? What financial products do they own? Have they ever taken a course in personal finance, and if so, what difference has it made? If they were looking for financial information, where would they turn? And what do they think of their future economic prospects?

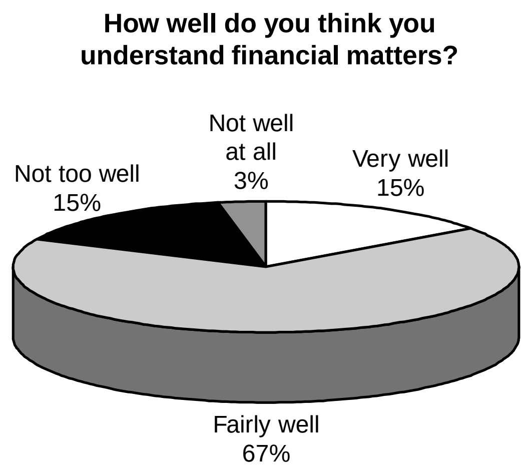
The 1999 Youth and Money Survey answers these questions. One-thousand students between the ages of 16 and 22 were interviewed by telephone during January and February of 1999. The survey was sponsored by the American Savings Education Council (ASEC), the Employee Benefit Research Institute (EBRI), and Mathew Greenwald & Associates, Inc. The TIAA-CREF Institute underwrote the survey.

Financial attitudes and habits developed when young—whether positive or negative—can last a lifetime and have a dramatic impact on an individual's ultimate economic security. Therefore, better understanding the thoughts and behavior of young Americans, as well as the information sources that affect them, is the first step toward ensuring an adult population that is capable of making competent financial decisions.

Financial Understanding and Money Management

The survey found that most students feel confident about their understanding of financial matters such as saving, investing, credit, and budgeting. Fifteen percent say they understand such money matters very well, and 67 percent say fairly well. Eighteen percent report they do not understand such issues well.[1]

College students[2] are more likely (86 percent) than high school students (80 percent) to feel that they understand financial matters well. There are no significant differences by gender. Students who



Source: American Savings Education Council

classify their parents' economic status as middle- to upper-middle income are more likely (19 percent) than students reporting a lower- to middle-income background (11 percent) or middle-income background (13 percent) to feel that they understand such issues *very* well.[3] Those who worked full time last summer are more likely than those who did not work at all last summer to feel they understand financial matters *very* well (18 percent versus 12 percent).

Along with this confidence in their understanding of financial matters, most students think they do a satisfactory job of actually managing their money. Eighteen percent think they do a very good job of managing their money, and 38 percent think they do a good job. Thirty-seven percent describe their performance as average, while only 7 percent say they do a poor job of managing their money.

Those who think they have the best understanding of financial matters also think they do the best job of managing their money. In addition, students with a middle-income (57 percent) and middle- to upper-income (59 percent) background are more likely than those with a lower- to middle-income background (44 percent) to feel that they do a good job. Students earning $5,000 or more per year are more likely (25 percent) than others to feel they do a *very* good job of managing their money. Twenty-six percent of those who always save some of the money they receive are more likely to feel that they do a very good job of managing their money. There are no notable age or gender differences.

Actual Behavior

Most students feel good about their understanding of financial matters, and most think they do a good job of managing their money. But should they, and do they? Positive self-appraisals are verified by some behavior, but called into question by other reported attitudes and behavior.

Three-quarters (77 percent) of students report that they think about trying to manage their money, 76 percent consider themselves disciplined in their spending decisions, and 54 percent often comparison shop. In addition, only 16 percent think that avoiding money problems is mostly a matter of luck.

On the other hand, two-thirds (64 percent) of students say they *do not know* as much about money management *as they should*. Even among those who say they do a very good job of managing their money, one-half (49 percent) do not think they know as much about money management as they should (among those saying they do a good job of managing their money, 56 percent think they should know more.) Furthermore, among those claiming to understand financial matters very well, one-third (34 percent) think that they do not know as much about money management as they should, while among those reporting that they understand such issues fairly well, 63 percent think they do not know as much as they should.

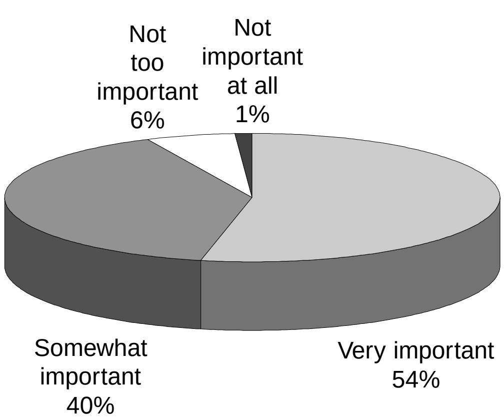
Fifty-four percent of all students feel it is *very* important for them to save money on a regular basis, and 40 percent say it is somewhat important. Among those who feel they do a very good job of managing their money, 73 percent feel it is very important for them to save money on a regular basis. This means that one-quarter of those who *think* they do a very good job with their money do not think *regular savings* is a very high priority. Among those who think they do a poor job of managing their money, only 39 percent think it is very important for them to save money regularly.

Among those who report understanding financial matters very well, 64 percent rate regular savings as very important (30 percent rate it as somewhat important).

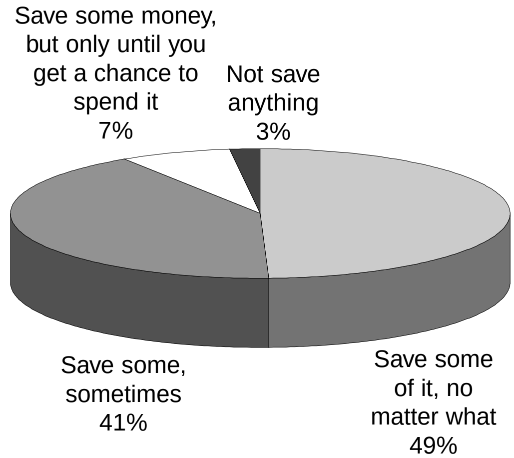
Regarding actual savings behavior, one-half (49 percent) of students always save some of their "income," no matter what, when they receive an allowance or get paid. Forty-one percent save some of their "income" some of the time, 7 percent save some of the money—but only until they get a chance to spend it—and 2 percent do not save anything. Seventy percent of those reporting that they do a very good job of managing their money save some of the money they receive no matter what, and 27 percent save some money sometimes. Among those who feel they do a poor job managing their money, 22 percent save some of their money no matter what, while 11 percent do not save anything and 23 percent save some money only until they have a chance to spend it. Ninety-two percent of students from middle- and upper-income backgrounds report saving money always or sometimes, compared with 82 percent of those from middle- to lower-income backgrounds. Otherwise, there are no great differences in actual savings behavior by age, school level, gender, or earnings. The survey found that 23 percent of students make a budget and stick to it, and 23 percent often track their spending. Among those who say they do a very good job of managing their money, 39 percent make a budget and stick to it, and 39 percent often track their spending to determine where their money is going.

Finally, 28 percent of students with credit cards roll over credit card debt each month (9 percent of all students). Older students (ages 20–22) with credit cards are more likely than younger students (ages 16–17) to roll over debt (34 percent versus 19 percent). Older students are also more likely to have a credit card (as discussed later). Eight percent of those with a credit card who say they do a very good job of managing their money roll over credit card debt, compared with 25 percent of those who say they do a good job of managing their

How important is it to you to save money on a regular basis?

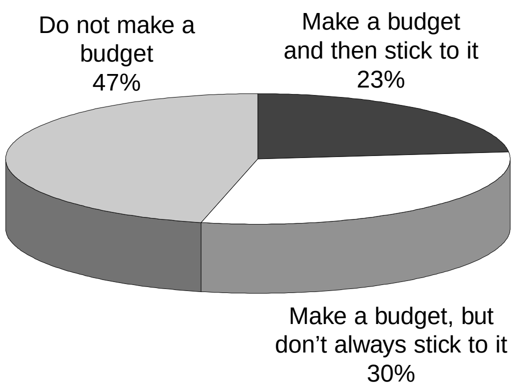


When you receive money from a job, an allowance, or some other source, do you...?

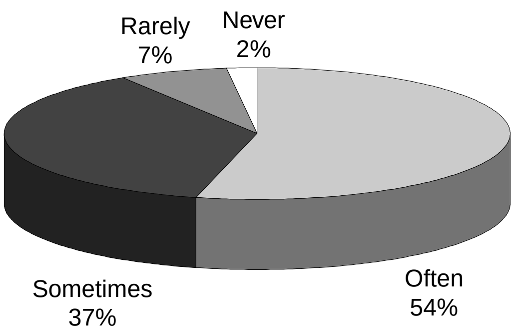


Source: American Savings Education Council

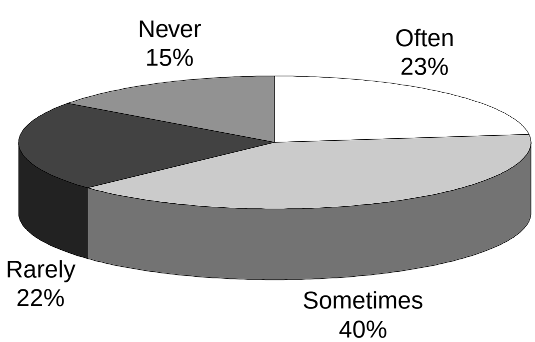
How do you manage your money?



Do you compare prices before buying?



Do you track the money you spend to determine where it is going?



Source: American Savings Education Council

money, 36 percent of those who say they do an average job, and 56 percent of those who say they do a poor job of managing money.

Students, Work, and Savings

Earning Money

Many students have significant work experience—41 percent worked full time (35 hours or more hours per week) last summer, 22 percent worked 20–35 hours per week, 18 percent worked 5–20 hours, 13 percent worked less than 5 hours, and 6 percent did not work.

The older the student the more likely he or she was to have worked full time last summer (65 percent of those ages 20–22, compared with 51 percent of those ages 18–19 and 26 percent of those ages 16–17). Males were more likely to have worked full time than females (44 percent versus 38 percent). Students from lower- to middle-income backgrounds were the most likely (49 percent) to have worked full time last summer.

Nine percent of students reported typical annual earnings (from summer jobs plus other sources) of nothing, 36 percent reported typical earnings of less than $2,500, 26 percent reported $2,500–$4,999, and 24 percent reported earning $5,000 or more. Not surprisingly, the older the student, the more he or she is likely to earn in a given year. Also, male students tended to earn more on an annual basis than female students. There were no notable differences in typical earnings based on the student's economic background.

Thirty-nine percent of students receive money, such as an allowance, from their parents on a regular basis. This finding does not vary systematically with age, school level, or gender. Students from middle- to upper-income backgrounds (49 percent) are more likely than those from middle- (35 percent) and lower-income (24 percent) backgrounds to receive an allowance or other regular money from their parents. Students reporting no summer employment (56 percent) and/or reporting no annual earnings (56 percent) are more likely to report receiving regular money from their parents.

For 59 percent of those receiving regular money from parents, it is tied to grades, chores, etc. High school students are more likely than college students to have their allowance tied to "performance" (75 percent versus 36 percent). Males are also more likely than females to have their allowance tied to performance (65 percent versus 52 percent). Seventy-two percent of those reporting little or no work last summer had their allowance tied to performance.

Saving Money

Many students earn and/or receive money, and most but not all save money. Forty-nine percent of students save some of the money they receive, no matter what, and 41 percent save some of it sometimes. An additional 7 percent save some of the money they receive but only until they get a chance to spend it, and 2 percent do not save anything. Students from middle-income (93 percent) and upper-income backgrounds (91 percent) are more likely than those from lower- to middle-income backgrounds (82 percent) to save money. Otherwise, there are no notable differences across demographic groups.

Thirty-eight percent of students say that their parents require them to save some of the money they receive. Forty-eight percent of high school students are required to save, compared with 25 percent of college students. Students from middle-income (40 percent) and upper-income backgrounds (39 percent) are more likely to be required to save than students from lower- to middle-income backgrounds (30 percent). Also, students who worked full time last summer were less likely (32 percent) to be required to save, as are students typically earning $5,000 or more in a year (26 percent).

Where to Save

Among student savers, 79 percent put at least some of the money into a checking or savings account, while 21 percent keep savings at home and/or in their room. Sixty-nine percent of high school students put savings into a savings or checking account, compared with 90 percent of college students. Correspondingly, 30 percent of high school students keep at least some of their savings at home or in their room, compared with 8 percent of college students. Students from middle- to upper-income backgrounds are more likely than others to use a savings or checking account.

Students working 20 or more hours per week last summer are also more likely to use a savings or checking account, while those working less than 20 hours per week or not at all are more likely to keep savings at home. Correspondingly, those typically earning $2,500 or more annually are more likely to use a checking or savings account, while those earning less or nothing are more likely to keep savings at home. The highest earners ($5,000 or more) are more likely to use a certificate of deposit (CD), mutual fund, or stocks for savings than those earnings less than $2,500.

Saving for What?

Education and a car (or car-related expenses) are ranked as the top reasons for saving—34 percent of students are saving for educational expenses, and 30 percent are saving for a car or car-related expenses. High school students are more likely than college students to be saving for education (40 percent versus 27 percent), and females are more likely than males (40 percent versus 29 percent) to be saving for education. High school students are also more likely (40 percent versus 18 percent) to be saving for a car or car-related expenses.

College students are more likely (24 percent versus 12 percent) to be saving for unforeseen expenses, and males are more likely to be saving for entertainment equipment (20 percent versus 10 percent of females). Twenty-five percent of college students are saving for expenses incurred during the school year, such as books and room and board. Females are also more likely than males to be saving for these expenses (16 percent versus 11 percent), as are those working full time last summer and those who typically earn $2,500 or more annually.

Use of Financial Products

Eighty percent of students have a savings account. Fifty-seven percent have a checking account, with college students more likely to have an account than high school students (90 percent versus 31 percent). Thirty-eight percent of students own U.S. Savings Bonds, with those under age 20 more likely to own them. Sixteen percent own a CD, 18 percent own a mutual fund, and 18 percent own stock(s).

Twenty-eight percent of students have a major credit card for which they are responsible, and 15 percent have a gasoline or department store card for which they are responsible. Seven percent of high school students have a major credit card, compared with 55 percent of college students. Females are also more likely than males to have a major credit card (31 percent versus 25 percent). The same trends hold true for a gasoline or department store credit cards.

Eight percent of students have a car loan that they pay themselves. The oldest students (ages 20–22) (13 percent) and males (10 percent) are the most likely to have a car loan. Twenty-three percent of students have an auto insurance policy that they pay for themselves. Males are more likely than females to have an auto insurance policy (26 percent versus 19 percent).

Students from more affluent economic backgrounds and those working full time last summer are most likely to have or own most, but not all, of the forgoing financial products.

Responsibilities

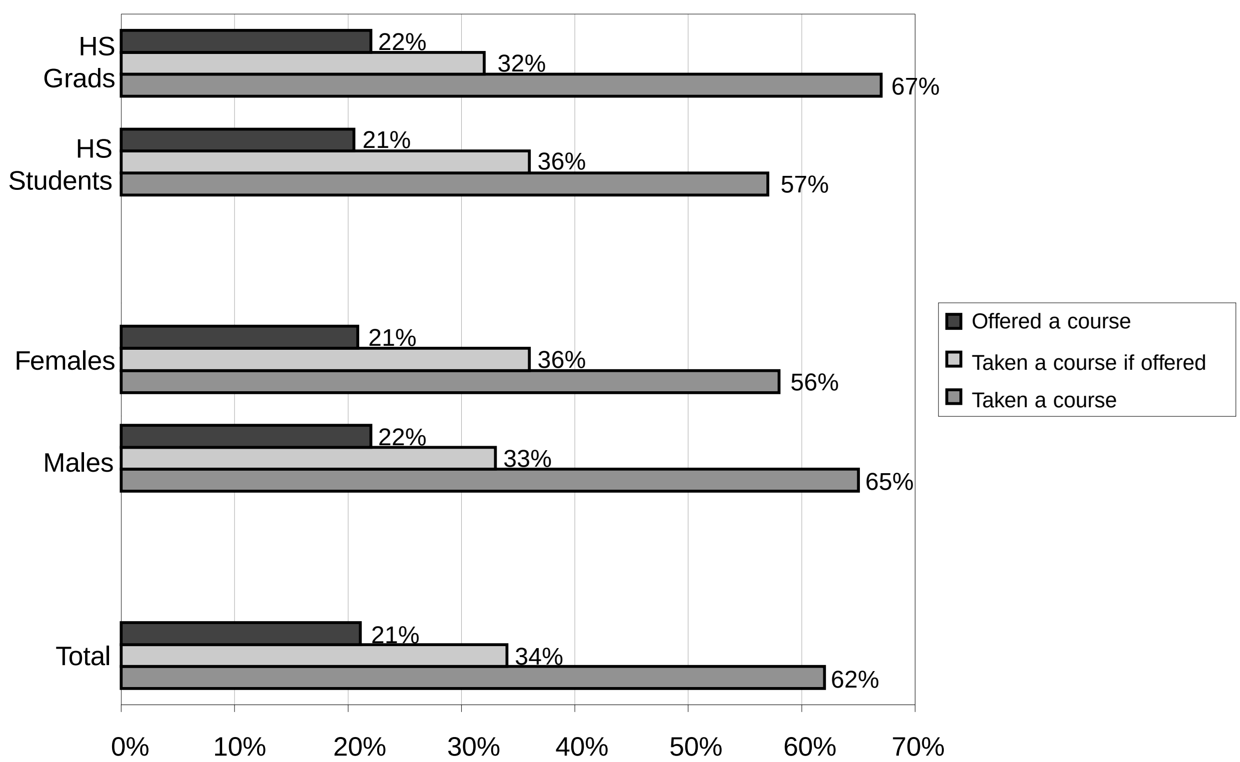
Eighty-two percent of students are responsible for paying for entertainment-related expenses themselves. Fifty-eight percent are responsible for clothing expenses, with college students (70 percent), females (63 percent), and those from lower- to middle-income backgrounds (67 percent) more likely to bear this responsibility. Fifty percent are responsible for car or related expenses, and males are more likely than females (55 percent versus 46 percent) to be responsible for such expenses. Forty-five percent are responsible for paying for vacations or trips with friends, with college students (59 percent) more likely. School needs (books, supplies, etc.) are the responsibility of 31 percent of students, with college students (51 percent), females (35 percent), and those from lower- to middle-income economic backgrounds (40 percent) more likely to be responsible for these items. No high school students reported being responsible for living expenses such as housing and food. Full-time summer workers are almost always more likely, as are those who do not receive an allowance, to be responsible for all given items.

Teaching Our Youth

Most students (62 percent) say a personal finance or financial education course has been offered in a school they are attending or have attended. Not surprisingly, college students were more likely than high school students to have had access to such a course (67 percent versus 57 percent). Males are slightly more likely than females to report access to such a course (65 percent versus 58 percent). Students from the middle- to upper-income economic backgrounds were also the most likely to have had access to such a course (66 percent, compared with 51 percent for those in the lower- to middle-income groups.) Finally, those with the highest annual earnings ($5,000 or more) were the most likely (74 percent) to have had access to a personal finance class.

However, just one-third (34 percent) of those offered such a course have taken it, meaning that two-thirds of the students offered a course in school on personal finances have not taken it. The finding that one-third of students with access to a personal finance course have actually taken it is con-

Students and Financial Education at School



Source: American Savings Education Council

stant across gender, ages, school level, economic background, and earnings groups. Fifty-nine percent of those who have not been offered such a course report that they would take it if offered. This finding should probably be viewed with a healthy degree of skepticism, given the actual usage rate reported among those offered personal finance education.

Students reported that the top five topics covered in such courses were bank accounts (36 percent said this was covered), general information on money management (35 percent), savings and investing (33 percent), types of investments (28 percent), and developing a budget (13 percent).

Of those who have taken a course in personal finance, 33 percent describe it as having been very helpful and 56 percent describe it as somewhat helpful. Only 10 percent describe the course as not having been helpful. There were no dramatic differences across demographic groups as to whether the course was helpful if taken.

Impact of Existing Programs

When it comes to actual changes in behavior, 41 percent of students who have taken a personal finance course in school say the course resulted in a change in the way they handle their money.

What changed? Forty-one percent report that they began saving money, and 28 percent say they increased their level of saving. Twenty percent report investing their savings differently, and 19 percent say they developed a budget.

However, these self-reports of changed behavior are not born out by a closer analysis of the data.[4] Comparison of the 21 percent of students who have taken a course on personal finance in school with the 79 percent who have not, while revealing some differences in self-evaluation regarding knowledge and money-management skills, reveals little in terms of actual differences in behavior. Course takers feel better about their understanding of financial matters (88 percent think they understand such issues well, compared with 81 percent who have not take a course) and are more likely to feel they do a *very* good job of managing their money (23 percent versus 17 percent). They are more likely to report tracking the money they spend to determine where it is going. They are also less likely to say they do not like dealing with large financial organizations. However, course takers are no more likely to think it is important for them to save money on a regular basis, and they are no more likely to actually save money that they receive from jobs and/or allowances. They are no more likely to budget their income and expenditures or to compare prices before making a purchase.

Learning at Home

Given that 79 percent of students have never taken a course on personal finance in school, and that the actual impact on the 21 percent who have taken such a course appears somewhat limited, the question arises as to how best to reach young people on the topic.

Survey respondents were read a list of resources for financial information and asked whether or not they would be likely to use each. By far, the most-often-cited source for financial information among students was their parents—94 percent said they were likely to use their parents as an information source. One notable demographic difference is that females were even more likely than males (96 percent versus 91 percent) to say that they would turn to their parents for information. In addition, students earning less than $5,000 annually were more likely than those earning $5,000 or more to say that they would use their parents as an information source. Those who think they do the poorest job of money management are the least likely (85 percent) to say they would use their parents for information.

What financial matters are parents already discussing with their kids? The following table provides some insights:

How Often Discussed	Often	Sometimes	Rarely/ Never
Future job prospects	54%	32%	14%
Paying for college	45%	29%	27%
Setting financial goals	31%	38%	31%
Saving and investing	28%	41%	30%
Making major purchases	28%	41%	30%
Household budgeting	18%	35%	47%

The youngest students (ages 16–17) and those from middle- to upper-income backgrounds are more likely to say that their parents often or sometimes involve them in discussions about making major purchases. High school students and females are more likely to be included in discussions regarding paying for college. In addition, students from middle-income backgrounds are more likely than those from other backgrounds to have college financing discussions with their parents. Females are more likely than males to be included in discussions regarding household budgeting, saving and investing, future job prospects, and setting financial goals. High school students are somewhat more likely than college students to be involved in discussions with parents about setting financial goals. Students from lower- to middle-income backgrounds are less likely than their middle- and upper-income peers to be involved in discussions regarding savings and investing. High school students are more likely to be involved in discussions about future job prospects. In addition, the more affluent the family background, the more likely that the student has had discussions about future job prospects with his or her parents. Finally, those students who consider their money-management performance to be good or very good are more likely to have discussed setting financial goals, savings and investing, and future job prospects with their parents.

Thirty-eight percent of students say their parents require them to save money received from a job, an allowance, or other sources. Forty-seven percent of those ages 16–17 are required to save, compared with 33 percent of those ages 18–19 and 21 percent of those ages 20–22. Those from middle-income (40 percent) and upper-income backgrounds (39 percent) are more likely to be required to save. There are no differences in savings requirements by gender.

Besides parents (94 percent), where else are kids likely to turn for financial information?

- Relatives besides parents 72%
- Written material from financial companies 71%
- Financial professional 70%
- Newspapers, magazines, books 65%
- Teacher or professor 62%
- Computer software 52%
- Internet 51%
- Friends 50%
- Television or radio 37%

There is relatively little variation in these findings across demographic groups. College students are more likely than high school students to utilize newspapers, magazines, and books, while high school students are more likely to utilize computer software. Sixty percent of college students are likely to turn to friends for financial information, compared with 42 percent of high school students.

Looking to the Future

Fifty-three percent of students are very optimistic about their financial future once they finish school, and an additional 35 percent are somewhat optimistic. Eight percent are somewhat pessimistic, and 4 percent are strongly pessimistic. The oldest students (ages 20–22) and those from higher economic backgrounds tend to be the most optimistic about their financial future.

Seventy-four percent of students think that attending college and the choice of a college major will have a great deal of effect on their future earnings potential. Twenty percent think there will be a fair amount of effect, while 6 percent expect not too much or no effect at all. Seventy-eight percent of females, compared with 70 percent of males, think college will affect their earnings potential a great deal. Those from middle-income (77 percent) and upper-income backgrounds (74 percent) are also more likely to feel that way than those from lower economic backgrounds (64 percent).

Students were asked how hard they would push to receive certain employee benefits if they were entering the full-time work force. They indicated they would push hardest for health insurance, followed by a retirement savings plan, with vacation time coming in third.

Students generally believe that financial activities and decisions should be undertaken jointly in a household. Eighty-five percent think that the determination of household financial goals should be a joint effort, 79 percent think that creating a monthly budget should be undertaken jointly, 60 percent feel that way about purchasing stocks and bonds, and 57 percent feel that preparing tax returns should be a joint activity. Less than one-half (46 percent) feel that balancing the checkbook should be a joint household activity.

A positive sign for the future is the finding that most current students seem to feel that sooner is better when it comes to saving for retirement. Thirty-nine percent of students think a good time to begin retirement saving is age 21 or younger, 35 percent think ages 22–29 are a good time to begin, and 22 percent think age 30 or later.

Conclusion

The 1999 Youth and Money Survey contains some encouraging results but at the same time also raises some red flags. Many students are earning money (41 percent worked full time last summer), and many are saving some of that money Forty-nine percent always save some money when they receive an allowance or get paid, and 41 percent save some money sometimes. However, only one-half (54 percent) of students view saving some of their money as *very* important, meaning that the other half views current savings as only somewhat important or not important. So while many students are saving regularly or sometimes, it would appear that at the same time many students do not value saving and what it can do for them, given that it is not a high priority for their money today.

Almost two-thirds of students say that they should know more about money management, and that candor is probably a good sign. At the same time, barely one in five high school or college students has ever taken a personal finance course. Sixty-two percent of students have had such a course offered at a school they attended, but 65 percent have rejected the opportunity. Moreover, the evidence regarding the actual impact of such courses on the 21 percent of students who have taken them is mixed. While schools are an obvious and natural avenue to reach young people with such information, the importance of parents should not be overlooked or underestimated. By far, the most-often-cited source for financial information among students was their parents—94 percent said they were likely to use their parents as an information source. With this in mind, it should be noted that 31 percent of students report that their parent rarely or never discuss setting financial goals with them, and 30 percent report that their parents rarely or never discuss saving and investing with them.

In general, students give positive self-appraisals of their financial knowledge and money management skills. These self-reports are verified by some behavior, but are called into question by other reported attitudes and behavior. Three-quarters (77 percent) of students report that they think about trying to manage their money, 76 percent consider themselves disciplined in their spending decisions, and 54 percent often comparison shop.

On the other hand, even among those claiming to understand financial matters very well, 34 percent think that they do not know as much about money management as they should. In addition, one-quarter of those who think they do a good job of managing their money do not view regular savings as a very high priority. Twenty-three percent of students make a budget and stick to it, and 23 percent often track their spending. Among those who say they do a very good job of managing their money, 39 percent make a budget and stick to it and 39 percent often track their spending to determine where their money is going.

The American Savings Education Council (ASEC) was formed to undertake and encourage initiatives aimed at raising public awareness about what is needed to successfully ensure long-term financial independence. ASEC's goal is to make saving and retirement planning a vital concern for Americans of all ages, life stages, and backgrounds. By bringing together membership organizations, public and private employers, financial education and service organizations, and government agencies, ASEC can further the common mission of educating the nation about the importance of saving and retirement planning. Determining the attitudes and behavior of young people towards personal finance and money management supports ASEC's ongoing effort to better understand all segments of society and to develop appropriate savings messages and tools to help the American public.

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[1]The Youth and Money Survey did not attempt to measure students' financial knowledge or literacy. For the results of such a study, see Lewis Mandell, *Our Vulnerable Youth, The Financial Literacy of American 12th Graders*" (Washington, DC: Jump$tart Coalition for Personal Financial Literacy, 1998).

[2] Among those labeled as "college students," 95 percent attend a 4-year undergraduate college or university, 3 percent attend a 2-year college, and 2 percent attend a vocational or technical school.

[3] Students were asked whether they would classify their parents' economic situation as upper income, middle to upper income, middle income, lower to middle income, or lower income.

[4] For a discussion of a specific financial planning program for high school students with documented increases in knowledge regarding money management and improvements in money management behavior, see Laurie Boyce and Sharon M. Danes, *Evaluation of the NEFE High School Financial Planning Program 1997–1998* (Englewood, CO: National Endowment for Financial Education, 1998).

Notes

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