Financial Literacy: Why is it so hard to teach and see results?

Jack E. Kosakowski
President & CEO
Junior Achievement USA®
Fast Facts on Diet & Obesity

Data from the National Health and Nutrition Examination Survey, 2009–2010 ², ³

• More than 2 in 3 adults are considered to be overweight or obese.
• More than 1 in 3 adults are considered to be obese.
• More than 1 in 20 adults are considered to have extreme obesity.
• About one-third of children and adolescents ages 6 to 19 are considered to be overweight or obese.
• More than 1 in 6 children and adolescents ages 6 to 19 are considered to be obese.
DISCLAIMER
HOUSTON
WE
HAVE A PROBLEM
Top Ten Biggest Worries

1. Being Overweight
2. Getting Old
3. Lack of Savings / Financial Future
4. Overall Fitness
5. Overdrafts & Loans
6. Low Energy Levels
7. Credit Card Debt
8. Paying Rent / Mortgage
9. Job Security
10. Diet

“People carrying debt are three times more likely to have common mental disorders than the debt-free population.

Source: European Journal of Public Health

Source: Natural News 2013
Traditional economic theory suggests that if decision makers are armed with all of the appropriate information and tools, they should make optimal decisions.
Consumer Debt is at an all-time high – Bloomberg 2014 (credit card and car loans)

The National Institute on Retirement Security states that the median retirement account balance for savers aged 55-64 in 2013 was $76,381

Consumer saving remains low

Knowledge not an indicator of behavior
Behavioral economic theory suggests that informational issues represent only a subset of the impediments individuals can face on their paths to future financial well being.
Power of Anecdotal Evidence

• People more easily identify with a specific real person than with an “Abstract” average person

• People find another person more convincing than relevant statistics because often they don’t understand how to accurately interpret statistics.

• Anecdotes invoke strong emotions which may alter individuals’ perceptions of risk.
Other Factors Affecting Behavior / Decision Making

Rules of Thumb and Biases

Harnessing the Power of Inertia

Simply Put

When the opportunity exists either to do something or to do nothing, people tend to do nothing.

86% Participation when automatic

Versus

49% when required

to enroll

65-87% of enrollees stuck with the default amount of 3%
Intertemporal Choice

The Ant and the Grasshopper
Other Factors Affecting Behavior / Decision Making

- Status Quo Bias
- Default Effects
- Procrastination
- Self Control
- Ambiguity Aversion
- Emotions
- Anecdotal Evidence
- Hyperbolic Discounting
Figure 2: Characteristics of the Mandate in Each Treatment State

<table>
<thead>
<tr>
<th>Year Mandate Passed</th>
<th>First Graduating Class Mandate</th>
<th>Curriculum Standards</th>
<th>Model Curriculum Provided</th>
<th>Required Course for Graduation</th>
<th>Duration of Course</th>
<th>Inserted into Other Course</th>
<th>Sample Curriculum Included</th>
<th>Game Simulation</th>
<th>Teacher Training</th>
<th>Testing Required</th>
<th>Intensity Ranking</th>
<th>Control States</th>
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<tr>
<td>Yes</td>
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<td>Yes</td>
<td>Yes</td>
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Figure 6: The Effect of Personal Finance Education on Rates of 90+ Day Delinquency, by State and Implementation Year Cohort

<table>
<thead>
<tr>
<th>Texas</th>
<th>Year Mandate Passed</th>
<th>First Graduating Class Mandate</th>
<th>Curriculum Standards</th>
<th>Model Curriculum Provided</th>
<th>Required Course for Graduation</th>
<th>Duration of Course</th>
<th>Inserted into Other Course</th>
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<th>Game Simulation</th>
<th>Teacher Training</th>
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</table>

Texas: Year-long
Economics: Suggested
No Formal Training: Yes
Moderate: New Mexico
Combating "Human Nature" in Making Decisions

- Experiential
- Relevant
- Simple
- Memorable
- Emotional
- Fun
- Builds Confidence
- Engage Parents
The Combat ‘Human Nature’ Approach

- Simulations
- Updated Curriculum
- Mentors / Role Models
- Role Playing
- Gamification
- Supplemental Materials (Take Home)
- Technology In Delivery
- Sequential Approach
- Age Appropriate

Experiential, Relevant, Memorable, Fun, Simple, Emotional, Builds Confidence, Engage Parents
Junior Achievement USA Overview

To inspire and prepare young people to succeed in a global economy

Focus Areas

Financial Literacy
Entrepreneurship
Work Readiness

Junior Achievement strives to increase the depth and scale of student impact through the delivery of a relevant, compelling and innovative portfolio of blended learning experiences delivered by volunteer mentors.

Be financially responsible
Think and act entrepreneurially
Engage successfully in the 21st century workforce

Our Impact

Education Development
Economic Development
Youth Development
Junior Achievement Programs

Junior Achievement is the world's largest organization dedicated to educating students in grades K-12 about entrepreneurship, work readiness and financial literacy through experiential, hands-on programs.

Our programs help prepare young people for the real world by showing them how to generate wealth and effectively manage it, how to create jobs which make their communities more robust, and how to apply entrepreneurial thinking to the workplace. Students put these lessons into action and learn the value of contributing to their communities.

JA's unique approach allows volunteers from the community to deliver our curriculum while sharing their experiences with students. Embodying the heart of JA, our classroom volunteers transform the key concepts of our lessons into a message that inspires and empowers students to believe in themselves, showing them they can make a difference in the world.

Delivered a JA program? Let us know what you think by taking our brief surveys:
- Program Content and Instruction Survey

“Junior Achievement has given me a sense of what adults go through with budget issues.”
— Junior Achievement Student
<table>
<thead>
<tr>
<th>Middle School Programs (Grades 6-8)</th>
<th>Minimal</th>
<th>Moderate</th>
<th>High</th>
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<td>JA Finance Park*</td>
<td>*Pillars of Student Success: Strategy, Blended Learning, Classroom-Based, JA AfterSchool, JA Capstone</td>
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<td>JA Consumer Programs in which the classroom leader prepares students for a day-long, out-of-school, volunteer-led experience.</td>
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**Pillars of Student Success**:
- Strategy: Programs delivered through an integration of face-to-face volunteer and classroom-based programs delivered to students by a volunteer during the traditional school day.
- Blended Learning: Programs delivered through a combination of face-to-face volunteer and classroom-based programs. 
- Classroom-Based: Programs delivered to students by a volunteer during the traditional school day.

**JA AfterSchool Programs**:
- JA AfterSchool: Programs delivered to students by a volunteer during the traditional school day.

**JA Capstone**:
- JA Capstone: Programs delivered to students by a volunteer during the traditional school day.

**Scope & Sequence**
- Entrepreneurship
- Financial Literacy
- Work Readiness
- Blended Learning
- Classroom-Based
- JA AfterSchool
- JA Capstone

**Implementation**
- JA Consumer Programs in which the classroom leader prepares students for a day-long, out-of-school, volunteer-led experience.
“I hear and I forget. 
I see and I remember. 
I do and I understand.”

~ Confucius
Junior Achievement $ave, USA

Parent Lessons
Have you ever wondered how to talk to or teach your kids about money matters? Now, more than ever, it is important that we give our children the guidance and information they need to be financially literate. Junior Achievement $ave, USA parent lessons help you to discuss and learn about money-management issues with your kids.

Volunteer/Educator Lessons
Junior Achievement’s $ave, USA initiative provides curriculum designed to help students develop higher levels of personal financial understanding. Through volunteer-delivered lessons, students in grades 5-12 are introduced to age-appropriate content focusing on saving and sharing money, establishing a budget, and learning about credit.

$ave, USA Interactive Lessons
These interactive money-management modules will help students learn age-appropriate concepts around spending, sharing and saving money.

Money Management Action Plan
Parents! Download this free Money-Management Action Plan to help you and your kids discuss responsible personal finance.
Critical Issue Papers

- Millennials & Entrepreneurship
- Millennials & College Planning
- Millennials & Money
- A Solution to the Workforce Skills Gap
- Millennials & Social Good
- JA Graduation Pathways™
- 2015 Teens and Personal Finance Survey
Manage Your Money

$ave USA Interactive Lessons
These three new, interactive money-management modules will help students learn age-appropriate concepts around spending, sharing and saving money.
Visit Website Now

Battle of the Bands
How will your choices about about education, training, skills, and careers reflect on your future income?
Discover economic terms and concepts that will help you prepare for your career. Play Battle of the Bands!
English Version | Spanish Version

JA Money Might
Proving your financial expertise can be as fun in real life as it is in this online simulation. In both instances, you must play to win!
JA Money Might is an online simulation that tests a player’s financial skills. Are your critical-thinking and decision-making skills up to the challenge? Will your strategies triumph? Play and find out just how financially savvy you are.
Simulation Overview | Play Online Now

JA Count on It!
Can you count on your financial decision-making skills? Find out here.
Personal money-management, including setting goals and financial planning, is an important part of leading a happy, successful life. Your parents deal with these issues on a daily basis. Invite them to share your exploration of the easy, informative activities and resources in this section.
Overview | Learn Online Now
Available for Free at
iTunes Store – Apple Devices
Google Play – Android Devices
To partner with Junior Achievement near you, please contact the office serving your county.

<table>
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<tr>
<th>JA of Central Iowa</th>
<th>JA of Eastern Iowa</th>
<th>JA of the Heartland</th>
<th>JA of the Midlands</th>
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<td>(515) 279-9602</td>
<td>(319) 862-1100</td>
<td>(309) 736-1630</td>
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[Map of Iowa counties]
KEEP CALM AND STICK TO THE BASICS
1. Prepare Students to Earn a Living.
2. You can't spend more than you earn!
3. Save a portion of all earnings.
4. Use credit wisely.
5. Use insurance to protect your assets.
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Back to the Basics
Q & A
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