

Are students ready for their financial futures?

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This month, as millions of students graduate from high school across America, the question we need to ask ourselves is: Are they ready? In terms of financial literacy, there is evidence suggesting that the answer for most of our high school seniors is no.

A study released recently by Jump\$tart revealed that only 14 percent of high school students understand that, over an 18 year period, investing in stocks is likely to produce a higher return than U.S. government savings bonds, a savings account or a checking account. The survey, which covers issues such as taxes, borrowing and insurance, is conducted every two years and can be described as a basic assessment of financial literacy. Of the 5,775 high school students surveyed this year, the average score on the survey's 30 questions was 52.4 percent.

In fact, America's high school students have received an F every year the study has been conducted. Our children's failure to understand basic financial principles is our collective failure. And the consequences are serious.

Less than a third of people under 40 own investment products, according to a survey by the Coalition for Financial Security. Young adults have the second-highest rate of bankruptcy and are more likely to file for bankruptcy than baby boomers were at the same age, according to another recent study. As baby boomers live longer into retirement, more and more will rely on their children's financial support as they become elderly.

What can be done to ensure that young people enter adulthood prepared for the serious financial decisions they will need to make?

First, public-private partnerships are key to increasing the financial health of our young people. The financial institutions and other Fortune 500 companies that support nonprofit community groups providing financial literacy training are doing more than just giving away money. These companies are playing an active role as socially responsible corporate citizens.

Corporate partnerships with groups like Operation HOPE are helping bring economic empowerment to working-class Americans. Through programs like Banking on the Future, the Silver Rights Movement and HOPE Centers, Operation HOPE provides

hands-on training in asset-building. It is one of many vital community-based organizations delivering financial training on the front lines to those who need it most.

Second, we can support state initiatives to provide students with financial basics in school. Fifteen states, including Texas, Virginia and Washington, have passed legislation to increase financial literacy instruction in public schools. Many more states are currently considering similar legislation.

In California, for example, AB 1950 would increase instruction in economics courses related to the understanding of personal finance, including budgeting, savings, credit and identity theft.

Teaching financial literacy in school is an initiative about which Democrats and Republicans can agree. AB 1950 has the support of both school boards and the PTA. The earlier students learn the values of financial responsibility, the more confident we can be in their success after school.

Finally, everyone can help take responsibility for the financial health of our children. Since parents play the most important role in the habits our children form, financial lessons should begin at the kitchen table. With 10 percent of teenagers owning their own credit cards, parents need to do more than just offer their children unchecked financial freedom. In exchange for a weekly allowance or a credit card, parents need to require and help teach financial responsibility.

Some things we cannot control. No matter how hard we try, our children will face tough challenges after graduation. And achieving financial success will never be easy. But together, parents, the private sector and public officials can help prepare America's students with the financial basics they will need to succeed. Our future depends on it.

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