# Talking Points

## The need for financial education:

**Everyone needs financial literacy to navigate today’s complicated financial landscape.**

**Financial education is the best mechanism for increasing financial literacy for everyone; especially those who aren’t being taught financial skills at home.**

**Providing financial education in schools is the most effective way to achieve widespread financial literacy.**

**Financial literacy rates directly affect the financial health of individuals, families, communities, and the country, giving us all a stake in the level of education being taught to our children.**

**Many recent high school graduates are now engaging in large-scale financial commitments to fund college, with many signing up for long-term financial debt without the knowledge or life experience to properly assess and manage it**. A recent [EVERFI survey](https://everfi.com/press-releases/everfi-reveals-national-financial-knowledge-findings-based-survey-results-college-students-across-country/) of over 100,000 incoming college students found that 92 percent of students felt “they needed more education, information, and/or support to be able to pay off their college loan.”

**Students recognize that they need financial education.** According to [a survey](http://www.pathwaytofinancialsuccess.org/wpcontent/uploads/2014/04/Pathway-Financial-Knowledge-and-Outlook-Survey-KeyFindings.pdf) of 1,200 high school seniors, students ranked personal finance as the most important subject they needed to learn in school for their future success, but less than 1/3 have taken a personal finance course in school.

**Financial education can’t start too early—kids start forming financial habits early, and early financial education helps them get off on the right foot.** Well-designed elementary school financial education programs [have been shown](http://onlinelibrary.wiley.com/doi/10.1111/joca.12058/abstract) to increase financial knowledge, positively affect spending attitudes and increase savings levels.

**A lack of financial literacy has real consequences for individuals, including lower savings rates, poor credit, and less wealth overall.** But financial illiteracy also has nationwide effects; for instance a [2013 NBER paper](http://www.nber.org/papers/w18669.pdf) found that over half of the wealth inequality in the US can be attributed to financial literacy (or a lack thereof).

## Benefits of financial education:

**Financial education helps young adults make better savings decisions.** A [survey](http://www.pathwaytofinancialsuccess.org/wpcontent/uploads/2014/04/Pathway-Financial-Knowledge-and-Outlook-Survey-KeyFindings.pdf) of over 1,000 high school seniors found that those who had taken a class in personal finance were found to be 11 percent more likely to save; 30 percent more likely to have a budget; and 88 percent more likely to invest than those who did not.

**Financial education leads to better college financing decisions.** A [recent study](https://www.nefe.org/What-We-Provide/Primary-Research/Effects-of-K-12-Financial-Education-Mandates-on-Student-Postsecondary-Education-Outcomes) from Montana State University finds that high school financial education leads to better financial aid decisions once these students reach college—it increases subsidized borrowing at advantageous federal rates and decreases use of more costly forms of borrowing, including credit cards and private loans.

**Financial education leaves young adults better prepared to handle their finances after graduating from high school.** A [study](http://www.nefe.org/what-we-provide/primaryresearch/financial-education-mandates-report.aspx) looking at almost 16,000 college students from 15 states found that students from states with required financial literacy courses had the highest levels of financial knowledge, and were

* More likely to save
* Less likely to max out their credit card
* Less likely to make late credit card payments
* More likely to pay off credit cards in full each month
* Less likely to be compulsive buyers
* More likely to be willing to take average financial risk

**Financial education can quickly improve students’ knowledge.** Similarly, one-semester financial literacy programs taught by trained teachers were [found](https://www.sciencedirect.com/science/article/abs/pii/S1477388014000140) to increase high school students financial knowledge by 61 percent, and was most effective in improving knowledge in the areas that the students were most deficient.

**Financial education yields long-term benefits.** Net-worth-to-earnings ratios of those exposed to mandatory financial literacy education are more than [9 percent higher](https://www.councilforeconed.org/wp-content/uploads/2016/11/2016.11_Research-Summary-for-the-Website.pdf) than those who weren’t.