Foreword

Shame on us for not teaching our kids to be financially responsible and giving them the skills they will need to live in the real world. *On the Money: Math Activities to Build Financial Literacy, High School* addresses this issue head-on in an approachable, fun way to really engage our children in relevant learning.

What is the big deal? The big deal is that youth (and adults) in the United States are financially illiterate. Financial literacy requires knowing how money can be spent and earned—and being able to make sound financial decisions based on this knowledge. Financial illiteracy is well documented. Just read these three sobering findings:

1. The FINRA Foundation (2013) surveyed more than 25,000 Americans using five basic financial literacy questions. The national average of this Financial Capability Survey was 2.88 correct answers. (You can go to http://usfinancialcapability.org/quiz.php and take the quiz yourself to see how you measure up to others in your state and to the national average.)

2. Inceptia conducted a National Financial Capability study of 962 first-year college students, using a fifty-item test. Two-thirds scored a D or F (scoring below a 35), four in ten students did not know the meaning of "Net Pay," and more than half did not understand their credit score. And, within this same population, 60% reported that they did not create a budget for themselves, and 70% are borrowing money for college.

3. In 2014, the National Financial Educators Council (NFEC) conducted a financial literacy test on 2459 youth, ages 15–18, across forty U.S. states (NFEC 2014). Only 11% of students scored 80% or above, and the average score was 59.6%. This assessment has since been administered to 537 students ages 10–14, with an average score of 54%, and to 4916 students ages 15–18, with an average score of 60%. (You can log in and take this quiz, too.)

Not long ago, the United States came out of the largest economic meltdown since the Great Depression. Yet Americans have not learned the money lessons they should have and are still carrying heavy debt. Baby Boomers and millennials alike have not gotten the emergency-warning money message. In 2015, the average U.S. household carrying debt owed more than $15,000 in credit card debt, the average mortgage debt was over $156,000, and the average student loan debt was about $33,000 (Chen 2015). More than a third (34%) of Americans report paying only the minimum credit card payment (FINRA Foundation 2013). Americans are also not prepared for life's money surprises. Most Americans do not have rainy-day savings to cover three months of unanticipated financial emergencies (FINRA Foundation 2013; Practical Money Skills for Life™ 2012). And American women, while mostly confident in managing their day-to-day budgeting (82%), are not confident when it comes to longer-term financial planning, such as retirement (only 37% are confident) and making correct investments (28% confident) (Fidelity Investments 2015). This just scrapes the surface of the many reports that confirm the lack of financial literacy in the U.S.

How do our U.S. youth stack up in the global market? According to Visa's Global Financial Literacy Barometer (Practical Money Skills for Life™ 2012), the United States ranked fourth of the twenty-eight participating countries in overall financial literacy. (Brazil topped the list as having the most financially savvy folks, followed by Mexico and Australia—perhaps a subtle hint that *On the Money* should be translated!) And yet, in responses to the question, "To what extent would you say that teenagers and young adults in your country are adequately prepared to manage their own money?" the United States was ranked twenty-seventh (second to last). Across these countries, and in the U.S., the average age that respondents thought financial literacy education should begin was about eleven—middle school age! What happens when our children do not get this knowledge? The current financial illiteracy is passed on to adulthood.

In the mid-1980s, when I was president of the First Women's Bank, I felt that a financial education train wreck was heading our way. I saw women disempowered from handling their own money matters, and my research showed it was because we were never taught anything about money as kids. I went to look for books to teach my own kids. There weren't any . . . so I wrote one book, and then another one, and I eventually worked to create the topic of Kids & Money as something we all needed to address. I advocated for banks, schools, and families to listen, and fortunately there are now many great thought leaders who are advocating for the financial literacy of American youth.

What is happening today? We all know that financial literacy is crucial to the welfare of our families, our communities, our nation, and even our world. The final report of the President's Advisory Council on Financial Capability (2013) states that the four major recommendations—

> share a common element: they acknowledge that financial capability is not a "stand-alone" topic to be isolated from the rest of our lives. Financial capability must be woven into the fabric of our lives—into our homes, our schools, our workplaces, our communities, even the design and regulation of the financial products and services we use. (p. III)

I love that their first recommendation is to focus on our youth and to integrate personal finance into the teaching of the Common Core State Standards for English and mathematics. That is why *On the Money* is so crucial to our children and should be required learning in every school system in our nation . . . NOW. Its authors have made the connections between math and real life. Let's face it—now more than ever our kids need these skills in order to live happy and productive lives. The ideas in this book really make earning, saving, and spending relevant. High school students will be able to connect math with real jobs, real college, real budgets, real credit cards, real debt, and real families. Remember learning about functions? It was as exciting as watching paint dry. Now *On the Money* connects students to short-term loans, car buying, and other real-life skills they need to use every day. The book even deals with an analysis of the costs and benefits of going to college—a significant life decision and financial commitment. With the amazing activities you'll find here, math education comes alive, with students actually figuring out how to calculate the cost of loans and how to use functions to model and explore relationships. My only negative comment as it relates to this book is, "Where were you when my kids were growing up?"

On the Money turns our students' world into their classroom. I thank its authors and all the teachers and educators who will use this book for your work on behalf of our children.

Neale Godfrey is the best-selling author of a number of books on financial literacy, including *Money Doesn't Grow on Trees: A Parent's Guide to Raising Financially Responsible Children; Money Still Doesn't Grow on Trees; The Ultimate Kids' Money Book;* and *A Penny Saved: Teaching Your Children the Values and Life Skills They Will Need to Live in the Real World.*

vi

References

Chen, Tim. "American Household Credit Card Debt Statistics: 2015" (2015). http://www.nerdwallet.com/blog/credit-card-data/average-credit-card-debt-household/.

Fidelity Investments. "Money Fit Women Study: Executive Summary" (2015). https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/women-fit-money-study.pdf.

FINRA Investor Education Foundation. *National Financial Capability Study* (2013). http://www.usfinancialcapability.org.

Inceptia. "First-Year College Students Score Poorly in Basic Financial Literacy, Inceptia Survey Reports" (2013). https://www.inceptia.org/resource-center/news/jan-22-2013/.

National Financial Educators Council (NFEC). "National Financial Literacy Test Results" (2014). http://www.financialeducatorscouncil.org/financial-literacy-research/.

Practical Money Skills for Life™. "Federal Reserve Bank of Chicago and Visa Inc. Host Sixth Annual Global Summit on Financial Literacy" (2012). http://www.practicalmoneyskills.com/about/press/releases_2012/0423.php.

President's Advisory Council. "President's Advisory Council on Financial Capability: Final Report" (2013). http://www.treasury.gov/resource-center/financial-education/Documents/PACFC final report revised 22513 %288%29_R.pdf.