

2006 Jump\$tart Coalition Financial Literacy Shows Slight Improvement

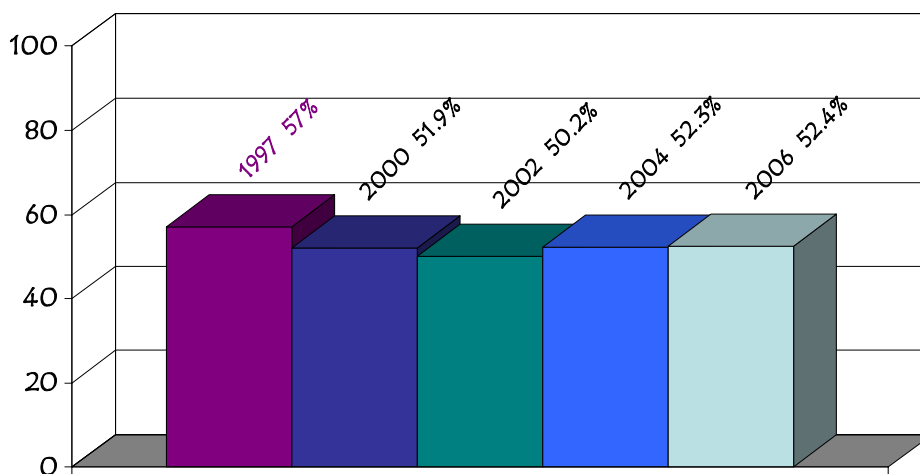
The Jump\$tart Coalition® for Personal Financial Literacy nationwide biennial survey of financial literacy reveals that, while there has been an increase in the number of survey questions that students answered correctly, the rate of that increase is growing slowly. The comprehensive written survey of 5,775 high school students in 37 states measured 12th graders' level of knowledge of personal finance basics and compared the results with those from similar surveys conducted in 2004, 2002, 2000 and 1997. The survey was administered by individual teachers in classes other than finance and management, mostly English and Social Studies classes.

The average score for the 2005-06 survey was 52.4 percent, up marginally from 52.3 percent in the 2003-2004 survey. After falling from 57.3 percent in the 1997-98 survey, financial literacy scores are up from the low of 50.2 percent in 2002 but now seem to hover in the low-to-mid-50 percent range. "This indicates that, despite the attention now paid to the lack of financial literacy, the problem is not about to resolve itself any time soon," said Lewis Mandell, Ph.D., professor of finance and managerial economics at SUNY Buffalo School of Management, who conducted the survey for Jump\$tart.

A number of important financial concepts are not well understood by the next generation. Only 14.2 percent felt that stocks are likely to have higher average returns than savings bonds, savings accounts and checking accounts over *the next 18 years* in spite of the fact that there has never been an 18 years period when this was not true. This year's percentage was the lowest since the Jump\$tart surveys began and probably indicates why so few young people invest in stocks, even through their 401(k). On the positive side, more than half knew that a just-enacted Federal law allows them to check their credit rating for free once a year.

To see whether financial literacy, as measured by the Jump\$tart survey, is even *useful* in making important financial decisions, the 38.7 percent of students who reported having a checking account were asked whether they ever bounced a check. Those who have never bounced a check had average financial literacy scores of 53.4 percent while those who *had* bounced a check averaged just 45.8 percent showing that this behavior, at least, is strongly related to financial literacy. For a complete description of the Jump\$tart survey questions and results, visit www.jumpstart.org.

2006 Financial Literacy Survey *Performance Trend*



www.jumpstart.org

