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U.S. teenagers lack financial literacy

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By **Barbara Hagenbaugh, USA TODAY**

WASHINGTON — U.S. teenagers are making little headway when it comes to financial literacy, a survey out Wednesday shows.

High school seniors on average answered 52.4% of a 30-question financial survey correctly. That was up from 52.3% when the survey was last conducted two years ago but down from 57% in 1997, the first year for the survey, according to the Jump\$tart Coalition for Personal Financial Literacy.

"Financial literacy is still a very significant problem. It doesn't seem to be getting any better," says Lewis Mandell, a professor at SUNY Buffalo School of Management who oversaw the survey, which was conducted in December and January. It includes topics such as investing and managing personal finances.

He said the lack of knowledge was troubling given that today's high school seniors likely will be more responsible for their own financial well-being when they retire given trends away from company pension plans and an uncertain future for Social Security benefits.

But the study suggests students are unprepared for such a task, Mandell says.

In one question, only 14.2% of the students correctly answered that stocks would have the best growth potential for money over an 18-year period. That was the lowest percentage in the survey's history.

"In the 21st century, the only person you can really count on is yourself," he says.

The results of the survey taken by 5,775 high school seniors in 37 states were unveiled at a news conference in the boardroom at the Federal Reserve. Fed Chairman Ben Bernanke called improving financial education "vital to the future of our economy."

Survey details:

- White students answered an average 55% of the questions correctly vs. 44.7% for blacks and 46.8% for Hispanics. The gap between whites and blacks was the widest in the survey's history.
- Students from families with incomes of \$80,000 or greater answered 55.6% of the questions correctly on average vs. 48.5% for those with incomes less than \$20,000. The gap between the two income groups was also the largest in the history of the survey.
- Nearly 17% of the seniors had taken a money management or personal finance class, down from 20% in 2004. Surprisingly, students who had taken a class actually fared worse than those who did not. Students, however, who

had played a stock market game, in which they used play money to pick stocks, fared better than students who had not participated.

- There was little difference in financial literacy based on gender. Boys on average answered 52.6% of the questions correctly vs. 52.3% for girls.

Students aren't the only whose financial literacy is lacking. In a survey of 1,000 adults conducted last month for the Financial Services Forum, only 57% said they knew "quite a bit" or "a great deal" about managing their personal finances and retirement savings.

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