

# Teaching Youth Financial Capability

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# Contact Information

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Visit our Youth Webpage for downloadable materials: [consumerfinance.gov/youth-financial-education](http://consumerfinance.gov/youth-financial-education)

# Disclaimer

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This document is being used in support of a live discussion. As such, it does not necessarily express the entirety of that discussion nor the relative emphasis of topics therein.

# The Bureau: Mission and Vision

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## MISSION

To regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws and to educate and empower consumers to make better informed financial decisions.

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## VISION

Free, innovative, competitive, and transparent consumer finance markets where the rights of all parties are protected by the rule of law and where consumers are free to choose the products and services that best fit their individual needs.

# What is financial well-being?

# What is financial well-being?

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- **Financial well-being:** a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life.
  - It is not how much you earn, it is about being able to make decisions with the money you have to allow you to experience peace of mind.

**Financial capability** is the capacity, based on knowledge, skills, and access, to manage financial resources effectively.



1. Financial well-being: The goal of financial education, Consumer Financial Protection Bureau (2015), available at [http://files.consumerfinance.gov/f/201501\\_cfpb\\_report\\_financial-well-being.pdf](http://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf)

# The four elements of financial well-being

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- The Bureau created a first ever consumer-driven definition of personal financial well-being for adults
- Our research suggests that there are four elements of financial well-being:

	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

# The Bureau's financial well-being scale

Questions	Response Options
<p><b>How well does this statement describe you or your situation?</b></p> <ol style="list-style-type: none"><li>1. I could handle a major unexpected expense</li><li>2. I am securing my financial future</li><li>3. Because of my money situation, I feel like I will never have the things I want in life</li><li>4. I can enjoy life because of the way I'm managing my money</li><li>5. I am just getting by financially</li><li>6. I am concerned that the money I have or will save won't last</li></ol>	<ul style="list-style-type: none"><li>• Describes me completely</li><li>• Describes me very well</li><li>• Describes me somewhat</li><li>• Describes me very little</li><li>• Does not describe me at all</li></ul>
<p><b>How often does this statement apply to you?</b></p> <ol style="list-style-type: none"><li>1. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month</li><li>2. I have money left over at the end of the month</li><li>3. I am behind with my finances</li><li>4. My finances control my life</li></ol>	<ul style="list-style-type: none"><li>• Always</li><li>• Often</li><li>• Sometimes</li><li>• Rarely</li><li>• Never</li></ul>

# The Bureau's financial well-being scale score

## Find out your financial well-being

Answer ten questions to measure your current financial well-being and see steps you can take to improve it.



### Your result

The result shown here is an example of a score calculation.

Your score: 46

[More score comparisons](#)

U.S. average: 54



Your score is based on the answers to the financial well-being questionnaire. If you'd like to be able to answer the questions differently next time, see our suggestions and next steps.

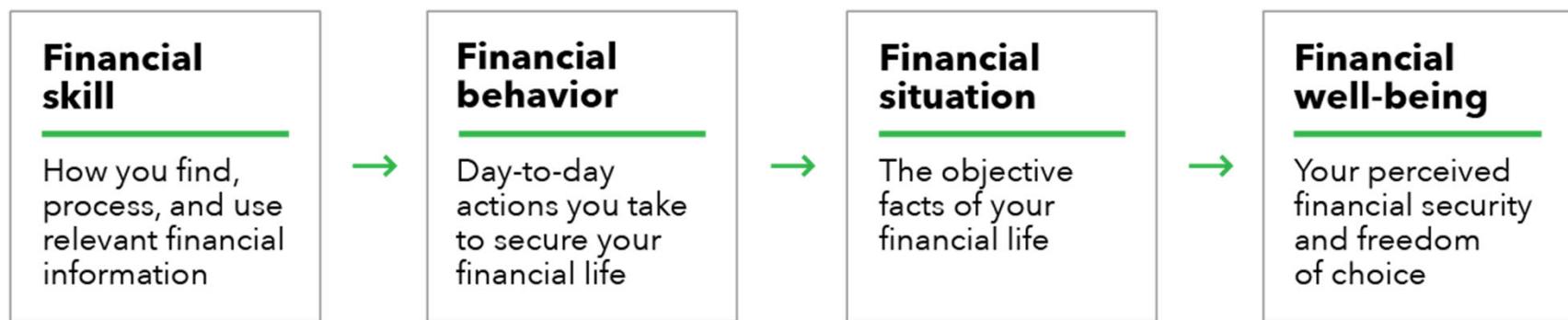
[Review your answers](#)

[Show +](#)

# Implications for financial education

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The resulting model of inter-connected pathways suggest that financial education can help consumers improve their financial situations and ultimately their financial well-being by helping them to improve their financial skill and financial behavior.



# Implications for financial education

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## Controlling for an array of personal financial and demographic characteristics:

- Actions people take have a strong relationship with their financial outcomes, in particular:
  - ✓ Effective Money Management
  - ✓ Planning
  - ✓ Habitual Saving
- Financial skill (and related financial self-efficacy) likely contribute more to financial decisions and actions than general knowledge of financial facts. In particular, knowing **how to**:
  - ✓ Find reliable information to make financial decisions.
  - ✓ Process financial information to make financial decisions.
  - ✓ Execute financial decisions, adapting as necessary to stay on track.

# Implications for financial education practice

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## Steps to help consumers improve their financial skill and financial behaviors:

1

Build financial skill

2

Provide financial information at “teachable moments” to support development of financial skill *and* financial knowledge

3

Don’t overlook the skill of implementing and sticking to a plan

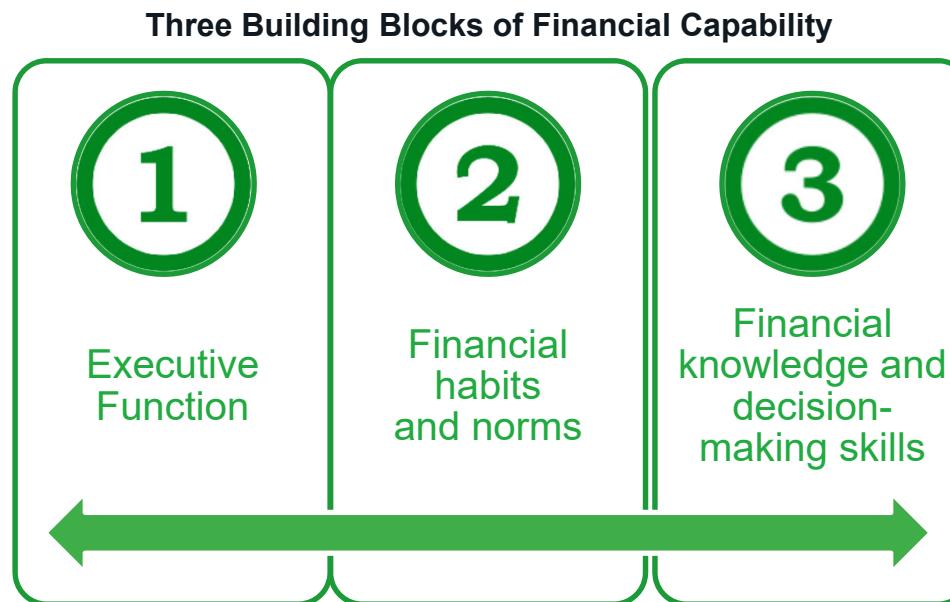
4

Provide opportunities to practice building skills and financial confidence

# Where and when during childhood and adolescence do people acquire the foundations of financial capability?

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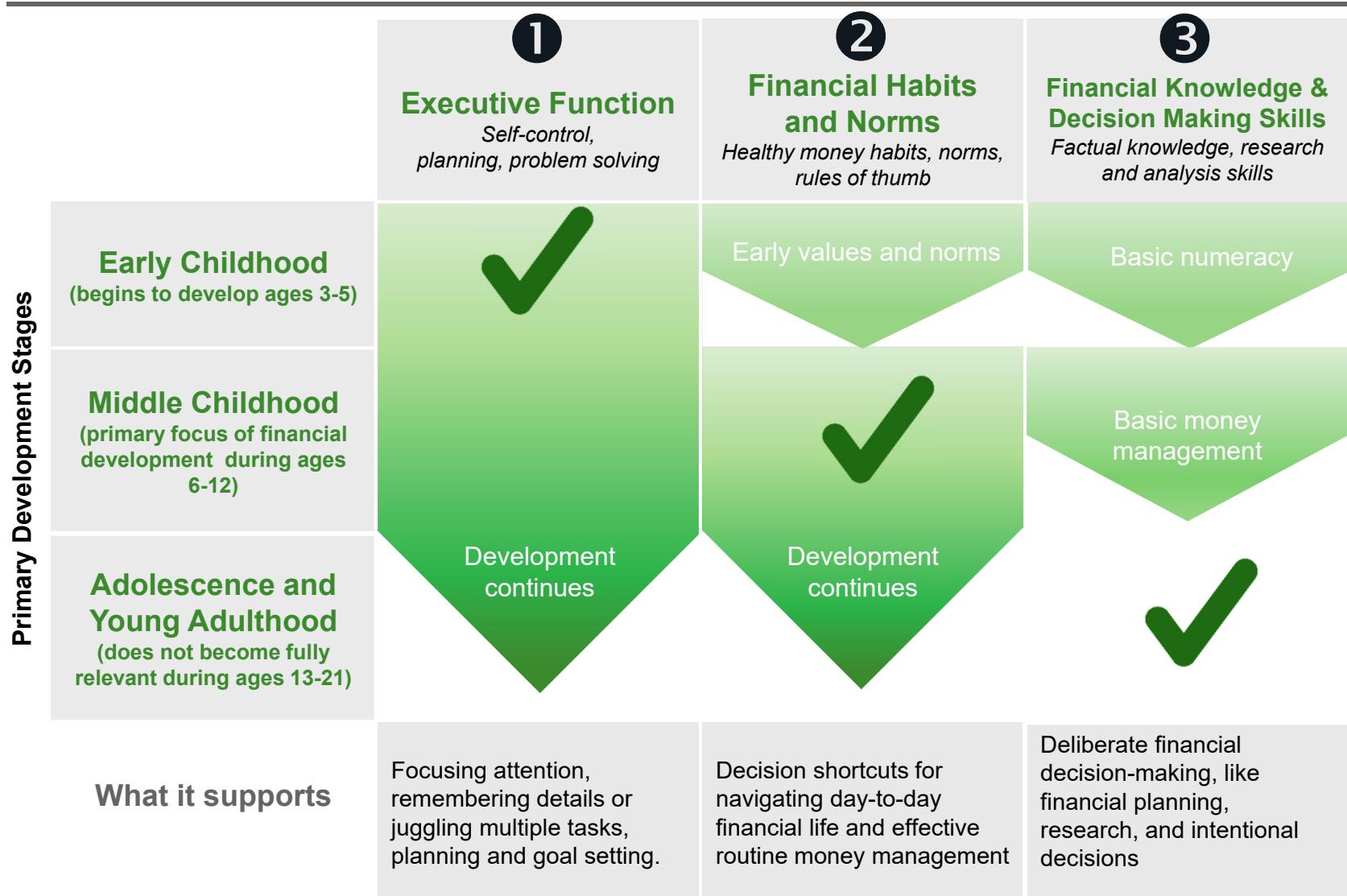
- We researched the childhood origins of financial capability and well-being
- We have identified how, when, and where youth acquire critical attributes, abilities, and opportunities that support the development of financial well-being
- We have created a developmentally informed, skills-based model



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[consumerfinance.gov/about-us/blog/four-strategies-help-youth-achieve-financial-capability/](https://consumerfinance.gov/about-us/blog/four-strategies-help-youth-achieve-financial-capability/)

# Three Building Blocks of Youth Financial Capability



# Money as You Grow: For parents and caregivers

## Resources for parents and caregivers

Children learn from watching you earn, shop, save, and borrow – you're the top influence on their financial lives. And you don't need to be a money expert to help them start out strong.



### Developing executive function



### Building money habits and values



### Practicing money skills and decision-making

Make it easy for parents and caregivers to find tools, activities, and information

- New home for the popular [moneyasyougrow.org](http://moneyasyougrow.org) site
- And more: blog posts, social media outreach, and e-mail



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[consumerfinance.gov/money-as-you-grow](http://consumerfinance.gov/money-as-you-grow)

# Money as You Grow Bookshelf

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**Alexander, Who Used to Be Rich Last Sunday**  
by Judith Viorst



**A Bargain for Frances**  
by Russell Hoban



**The Berenstain Bears & Mama's New Job**  
by Stan and Jan Berenstain



**The Berenstain Bears Trouble with Money**  
by Stan and Jan Berenstain



**My Rows and Piles of Coins**  
by Tololwa M. Mollel



**Ox-Cart Man**  
by Donald Hall



**Sheep in a Shop**  
by Nancy Shaw



**The Purse**  
by Kathy Caple



**A Chair for My Mother**  
by Verna Williams



**Count on Pablo**  
by Barbara deRubertis



**Curious George Saves His Pennies**  
by Margaret and H.A. Rey



**Just Shopping with Mom**  
by Mercer Mayer



**Lemonade in Winter**  
by Emily Jenkins



**The Rag Coat**  
by Lauren Mills



**Those Shoes**  
by Maribeth Boelts



**Tia Isa Wants a Car**  
by Meg Medina

# Money as You Grow Bookshelf: Parent Guides



## What's inside the guides:

- The story
- Key ideas
- Something to think about
- Before you read
- Something to talk about
- Something to do (age specific)

# Putting our research to work

# Our Youth Financial Education webpage

Consumer Tools

Practitioner Resources

Data & Research

Policy & Compliance

About Us

## Teaching and learning strategies

Incorporate the building blocks of financial capability into your classroom and assess student progress toward key milestones.

[Teach the building blocks](#)

## A developmental model

The Bureau's framework for how youth acquire the building blocks of financial capability from K to 12 helps educators reach youth at pivotal points in their development.

[Learn about the building blocks](#)

## Research and resources

The Bureau supports educators and community leaders by conducting research and developing resources to improve financial education and support evidence-based policy and program decisions.

[Discover research and resources](#)

## Engaging classroom activities

Find activities that can help you teach the building blocks of financial capability across the curriculum.

[Find financial literacy activities](#)

## Financial education curriculum review

Use the Bureau's evidence-based tool to review and compare financial education curricula so you can choose the one that best meets the needs of your students and classrooms.

[Conduct a curriculum review](#)

## Printed copies of materials

The Bureau provides information, tools, and resources that lead to more effective design and delivery of financial education. You can download or order these materials from our publications page.

[Access free printed copies of materials](#)

■ Access and read our research and reports on:

□ The Building Blocks of Financial Capability

□ Building Blocks Measurement guide

□ Advancing K-12 Financial Education

■ Search for activities to use in the classroom

■ Take the journey to financial well-being



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[consumerfinance.gov/youth-financial-education](http://consumerfinance.gov/youth-financial-education)

# Find youth financial literacy activities

Consumer Tools

Practitioner Resources

Data & Research

Policy & Compliance

About Us

## Filter results by

Narrow your search by selecting specific activity features.

### Building block

- Executive function
- Financial habits and norms
- Financial knowledge and decision-making skills

### School subject

- CTE (Career and technical education)
- English or language arts
- Fine arts and performing arts
- Math
- Physical education or health
- Science
- Social studies or history
- World languages

### Topic

- Earn ▾
- Save and invest ▾
- Protect ▾
- Spend ▾
- Borrow ▾

### Audience

### Grade level

### Age range

### Student characteristics

### Activity characteristics

### Activity type

### Teaching strategy

### Bloom's Taxonomy level

### Activity duration

### National standards

### Council for Economic Education

### Jump\$tart Coalition



## [Identifying the missing credit score category](#)

UPDATED SEP 25, 2018

 Ideal for: High school (9-10), High school (11-12)

After reviewing basic facts about the lending process and credit scores, students play a game to reinforce their understanding of what goes into a credit score.

### KEY INFORMATION

Topic: Borrow

Age range: 13-15, 16-19

Bloom's Taxonomy level: Remember

### BUILDING BLOCK

 Financial knowledge and decision-making skills

[consumerfinance.gov/youth-financial-education/teach/activities/](http://consumerfinance.gov/youth-financial-education/teach/activities/)

# Try a youth financial literacy activity

[Consumer Tools](#)[Practitioner Resources](#)[Data & Research](#)[Policy & Compliance](#)[About Us](#)

## Tracking income for a farming family

UPDATED SEP 06, 2018

Using a case study about a farming family, students calculate weekly and monthly net income and explore how irregular income may make it challenging to manage monthly expenses. This activity includes strategies to support English-language-learner students.

### Big idea

Knowing your monthly net income is helpful when creating and managing a budget.

### Essential questions

- How does having a clear picture of monthly net income help you plan ahead and make and follow a budget?
- What types of challenges does irregular income present to money management?

### Objectives

- Recognize different sources of income
- Use a financial tracker to organize income
- Begin to understand how monthly net income can vary due to irregular income

### What students will do

- Learn key terms related to income.
- Use the "Tracking income for a farming family" worksheet to explore a case study looking at the income challenges of farmers and restaurant workers and calculate weekly and monthly

Key information for this activity

#### Building block

- Executive function
- Financial knowledge and decision-making skills

#### School subject

CTE (Career and Technical Education), Math, Social studies or history

#### Topic

Earn (Getting paid, Making Money)

#### Audience

**Grade level:** High school (9-10), High school (11-12)

**Age range:** 13-15, 16-19

**Student characteristics:** English language learners, Low income, Rural

#### Activity characteristics

**Activity type:** Individual, Small group

**Teaching strategy:** Cooperative learning, Simulation

**Bloom's Taxonomy level:** Apply, Analyze

**Activity duration:** 45-60 minutes

# Try an Activity: Credit myths and realities

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## BUILDING BLOCKS STUDENT WORKSHEET

### Distinguishing between credit myths and realities

There are many myths about credit and borrowing. Getting the facts can help guide your spending decisions.

#### Instructions

1. Read each of the 11 statements about credit and borrowing displayed on the table tents.
2. For each statement, choose myth (M) or reality (R) and give a reason for your answer.
3. Share your answers with the class and have classmates agree or disagree.
4. Engage in a class discussion to debunk myths about credit and borrowing.

Statement No.	Write M or R (Myth or Reality)	Reason for your choice
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# Sample activity: Identity theft and fraud

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- You contact the IRS to ask for more time to file your taxes, but you find out that someone has already filed a tax return in your name.
- A hacker stole information from your credit card company, including your personal data, and used it to charge purchases.

# Sample activity: Spending snapshots

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- Felicia wants to buy her first car, so she saves most of her money each month. Her friends spend most of their money going out and having fun. Felicia misses going out with her friends and wonders if it's okay to spend a little money on that. Based on your spending experience and personal knowledge, what would you recommend to Felicia?
- Jamal has bought dozens of video games over the past few months, and his mom thinks he should stop spending so much money on games. He thinks the games are worth it because he and his friends have lots of fun playing them. But he's starting to wonder if his mom is right. Based on your spending experience and personal knowledge, what would you recommend to Jamal?

# Sample Activity: Do or Don't?

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- **Scenario 1:** Your friend asks to borrow your debit card so they can run to the ATM and get some cash.
- **Scenario 3:** You receive a call from someone who claims to be with your bank and says they need to verify your account information. They ask for your account information and the numbers on your debit card.
- **Scenario 4:** You've lost your credit card. You're very busy today, so you plan to call your bank later in the week to work it out.
- **Scenario 7:** You check your online bank statement, and you see a fraudulent charge on your account tied to your debit card. You immediately call your bank to discuss the problem.

# Our Research Priorities

# What are the building block milestones?

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- The building block milestones outline specific competencies for each building block and each developmental stage.
- Sample milestones include:
  - Does the child begin to demonstrate self-regulation, persistence, and focus? (Executive function)
  - Does the child begin to show a positive attitude toward saving, frugality, planning, and self-control? (Financial habits and norms)
  - Can the teen identify trusted sources of information and process that information? (Financial knowledge and decision-making skills)

**Goal:** To provide a wide range of stakeholders the means to assess young people's progress toward achievement of the building blocks milestones.

# A review of youth financial education: Effects and evidence

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## **Goal:**

Conduct a literature review of school-based financial education research.

Create a document synthesizing these results for key policymakers to inform best practices based on the research.

## **Studies across three categories:**

- State-mandated financial education in U.S. high schools.
- Studies of specific financial education programs in elementary, middle, and high schools across the U.S.
- Financial education programs in and out of schools in other countries.

## MAIN TAKEAWAYS:

ONE

Well-implemented state financial education mandates led to a **clear improvement** in financial behaviors.

Many U.S. **financial education programs improve financial knowledge** for students, though effect sizes vary based on the population served, amount of instruction time, and topics covered.

2

3

Other countries have used more widespread **randomized controlled trials** to study the effects of programs as they embed and expand them broadly. Those studies also provide useful information.

# Purpose of Youth Financial Education: Research Priorities

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- Identify research gaps in youth financial education.
- Identify research studies that improve outcomes of interest, but are also feasible, scalable, and cost-effective.
- Identify research to inform policymakers and practitioners on best practices.
- Identify opportunities and resources for researchers. Point local, state, and federal policymakers to synthesized existing research and existing data to help benchmark the need for financial education.

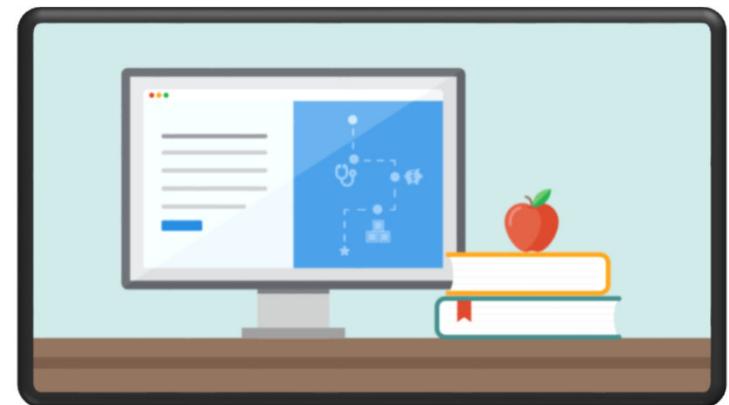
# Youth Financial Education Research Framework

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**Schools:** Opportunity to scale up effective practices and reach students where they are.

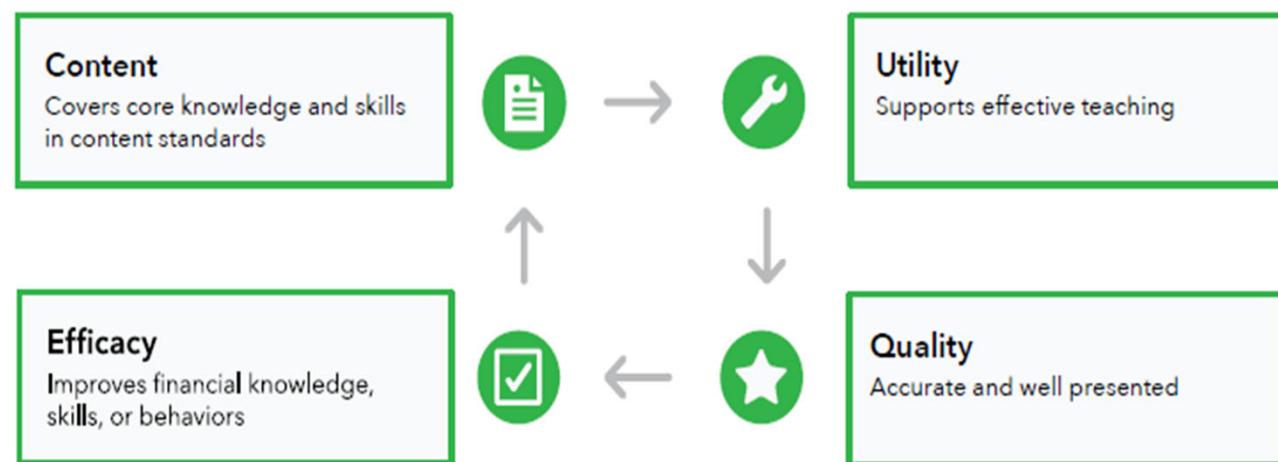
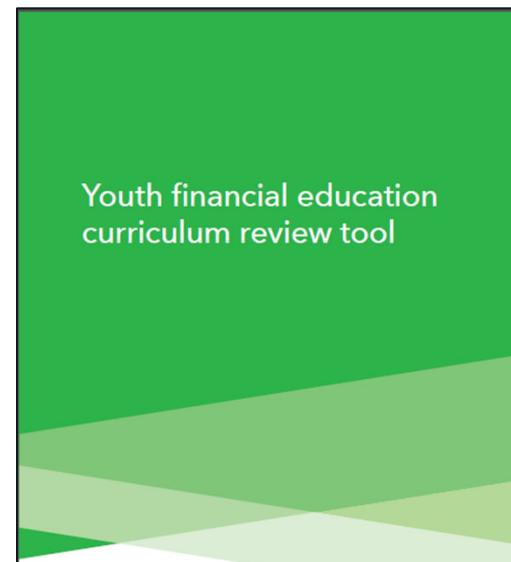
**Households:** Research suggests that children learn from watching their parents make daily money decisions.

**Community:** Opportunities to provide effective financial education through different venues, ranging from after-school programs to churches, libraries, and banks or credit unions.



# What is the Curriculum Review Tool?

- You can use this resource to select curricula that are:
  - ✓ Accurate and unbiased
  - ✓ Demonstrably effective
  - ✓ Informed by existing financial education content standards & curriculum frameworks
  - ✓ Designed to help students develop a range of financial knowledge, skills, and capabilities



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[consumerfinance.gov/practitioner-resources/youth-financial-education/curriculum-review](https://consumerfinance.gov/practitioner-resources/youth-financial-education/curriculum-review)

# Ask CFPB

## Ask CFPB

We offer clear, impartial answers to hundreds of financial questions. Find the information you need to make more informed choices about your money.

### Credit cards

Whether you're shopping for a new card or managing an existing card, it helps to have the facts. From late fees to lost cards, get answers to your credit card questions.

What is your question about?

- Applying for a credit card
- Receiving credit card offers
- Interest rates
- Understanding a credit card bill
- Paying a credit card bill

Servicemembers (8)

Students (3)

Older Americans (3)

Filter results by audience or topic

- Fees
- Credit card offers
- Other credit cards
- Identity theft and card use without permission
- Other credit card questions

Search for answers

See the most common questions up front

I got my free credit reports, but they do not include my credit scores. I get my credit score for free too? [Read answer](#)

What is a credit card interest rate? What does APR mean? [Read answer](#)



Consumer Financial Protection Bureau

[consumerfinance.gov/askcfpb](http://consumerfinance.gov/askcfpb)

### Money transfers

- What is a remittance transfer? [Read answer](#)
- What are the new federal protections for consumers who send money internationally? [Read answer](#)

[See all money transfers questions](#)

### Mortgages

- What is the difference between a fixed-rate and adjustable-rate mortgage (ARM) loan? [Read answer](#)
- What is private mortgage insurance? [Read answer](#)

[See all mortgages questions](#)

### Prepaid cards

- What is the difference between a debit card and a prepaid debit card? [Read answer](#)
- Do I check my prepaid debit balance? [Read answer](#)

[See all prepaid cards questions](#)

### Student loans

- What are the main differences between federal student loans and private student loans? [Read answer](#)
- Are there any student loan breaks for public service? [Read answer](#)

[See all student loans questions](#)

Older Americans (45) Parents (21) Servicemembers (67) Students (96)  
Don't see what you're looking for? Search for your question.

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What you must know about debit card and ATM overdraft coverage.

**Act Fast if You Can't Pay Your Credit Cards**



Three steps to take when you don't have enough money to pay your credit card bill. How to

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**FEATURED PUBLICATIONS**

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- [Parent Guide: Just Shopping with Mom](#)
- [Parent Guide: The Berenstain Bears & Mama's New Job](#)
- [Parent Guide: Sheep in a Shop](#)
- [Parent Guide: The Ox Cart Man](#)

# Questions?

[facebook.com/cfpb](https://www.facebook.com/cfpb)

The screenshot shows the official Facebook page for the Consumer Financial Protection Bureau (CFPB). The page has 34,724 likes. A recent post from July 20, 2014, discusses debt relief for servicemembers and their families. Another post from August 21, 2014, by Glenn Hamilton, highlights challenges faced by consumers in dealing with banks and government agencies. The page also features infographics and links to the CFPB's website.



[LinkedIn](#)

The screenshot shows the LinkedIn group page for the CFPB Financial Education Discussion Group. It has 632 members. The group aims to share financial education and research. A post from Irene Strickl encourages joining the group to discuss best practices. The page includes a discussion feed, member profiles, and a 'Top Contributors' section.

[twitter.com/CFPB](#)

The screenshot shows the Twitter profile for consumerfinance.gov. The account has 39.3K followers and 882 tweets. Recent tweets discuss Social Security planning, virtual currencies, and the bureau's financial empowerment toolkit. The bio mentions the bureau's mission to make markets work for consumers. A sidebar shows trending topics and accounts followed.