

Defeat Debt

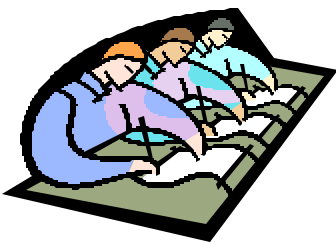
Credit Advisors Foundation

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Survey of High School Seniors Exposes Continued Need for Personal Financial Management Education

Jump\$tart, a non-profit organization focused on providing financial smarts for students, recently released the results of their nation-wide biennial survey of high school seniors. This past December and January, the survey was given to 12th graders in 305 schools across the country through a written examination in mostly English and Social Studies classes. Jump\$tart avoided finance or management classes in an effort to obtain results of general financial literacy rather than what students may have learned in a specific financial management course.

The survey consisted of fifty-one questions covering a wide variety of



High school seniors surveyed about financial literacy

everyday financial scenarios such as credit, credit cards, insurance, saving, taxes and credit reports. Most all of the questions on the survey would be potentially applicable to these young adults in the next five to six years after high school graduation – whether the student intended to immediately enter the workforce or continue their education.

The results from the survey seem to suggest that while there is increased awareness of the importance of financial literacy and education, especially as students leave the relatively safe environment of their parents' homes and high school, there is still work to be done. The average score for individuals taking the survey this year was 52.4 percent, up a tenth of a percent from the last survey in 2003-04. Such a mid-range average score indicates that there are obviously some children being left behind in their ability to

make real life financial decisions that could impact their financial futures for years to come.

While only 22.7 percent of those surveyed knew that the interest earned through a savings account could be taxable if the owner's income was high enough, or 15.1 percent knew that if your credit card is lost or stolen, according to Federal law the maximum amount that you can be forced to pay is \$50, there was some good news. 66.8 percent of those surveyed knew that getting cash from most ATMs would cost you money in the form of a fee, 70.6 percent knew that paying the minimum amount on a credit card bill would result in the greatest dollar amount in finances charges per year, and just over half knew you can check your credit record for free once a year.

With everything they didn't know it is somewhat comforting to note that 67.1 percent knew that a responsible credit

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counseling organization could work with those they owed to set up a payment schedule to assist them in repaying their debts. From the looks of it this information may

become even more important for them down the road.

So, do you wonder how your survey answers would have compared to this



year's high school seniors? Take the abbreviated survey below and find out. (Answers are provided at the end of the survey).

Ineffective financial decisions could leave an impact for years

Personal Finance Quiz

- Matt and Eric are young men. Each has a good credit history. They work at the same company and make approximately the same salary. Matt has borrowed \$6,000 to take a foreign vacation. Eric has borrowed \$6,000 to buy a car. Who is likely to pay the lowest finance charge?
 - Matt will pay less because people who travel overseas are better risks
 - They will both pay the same because they have almost identical financial backgrounds
 - Eric will pay less because the car is collateral for the loan
 - They will both pay the same because the rate is set by law
- If each of the following persons had the same amount of take home pay, who would need the greatest amount of life insurance?
 - A young single woman with two young children
 - A young single woman without children
 - An elderly retired man, with a wife who is also retired
 - A young married man without children
- Which of the following statements is true?
 - Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan
 - If you missed a payment more than 2 years ago, it cannot be considered in a loan decision
 - Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed
 - People have so many loans it is very unlikely that one bank will know your history with another bank
- Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?
 - When some clothes you like go on sale
 - When the interest on the loan is greater than the interest you get on your savings
 - When you need to buy a car to get a much better paying job
 - When you really need a week vacation
- Which of the following statements best describes your right to check your credit history for accuracy?
 - All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders
 - You can only check your record for free if you are turned down for credit based on a credit report
 - Your credit record can be checked once a year for free
 - You cannot see your credit record
- Justin just found a job with a take-home pay of \$2,000 per month. He must pay \$800 for rent and \$200 for groceries each month. He also spends \$200 per month on transportation. If he budgets \$100 each month for clothing, \$150 for restaurants and \$250 for everything else, how long will it take him to accumulate savings of \$900?
 - 1 month
 - 2 months
 - 3 months
 - 4 months
- If your credit card is stolen and the thief runs up at total debt of \$1,000, but you notify the issuer of the card as soon as you discover it is missing, what is the maximum amount that you can be forced to pay according to Federal law?
 - Nothing
 - \$50
 - \$500
 - \$1000
- Kelly and Pete just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?
 - A U.S. government savings bond
 - A savings account
 - A checking account
 - Stocks
- Karen has just applied for a credit card. She is an 18-year-old high school graduate with few valuable possessions and no credit history. If Karen is granted a credit card, which of the following is the most likely way the credit card company will reduce ITS risk?
 - Nothing
 - \$50
 - \$500
 - \$1000

WORD SEARCH * WORD SEARCH * WORD SEARCH * WORD SEARCH

In this edition of Defeat Debt seventeen words from the article and quiz are hidden in the Word Search puzzle. Test your skills and see if you can find them all.

- BANKS
- CASH
- FEE
- FINANCE
- GRADUATION
- LEARN
- LEND
- LITERACY
- NEWS
- PAY
- RESULTS
- SCORE
- SENIORS
- STOLEN
- SUGGEST
- SURVEY
- TAX

S E N I O R S L E A
 G R A D U A T I O N
 S U G G E S T T F E
 U F I N A N C E T L
 R S T L U S E R P O
 V C S N E W S A C T
 E O A B X A T C X S
 Y R Q S W B R Y A P
 L E N D H B A N K S

Quiz (continued)

- a. It will charge Karen twice the finance charge rate it charges older cardholders
- b. It will start Karen out with a small line of credit to see how she handles the account
- c. It will make Karen's parents pledge their home to repay Karen's credit card debt
- d. It will require Karen to have both parents co-sign for the card
- 10. Maria worked her way through college earning \$20,000 per year. After graduation, her first job pays \$40,000. The total dollar amount Maria will have to pay in Federal Income taxes in her new job will:
 - a. Stay the same as when she was in college
 - b. Be lower than when she was in college
 - c. Double, at least, from when she was in college
 - d. Go up a little from when she was in college

Answers

- 1:C; 2:A; 3:C; 4:C; 5:C; 6:C; 7:B; 8:D; 9:B; 10:C

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Friday, May 12, 2006

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The Free **Credit Basics** seminar offered on Friday, May 12th, 2006 will review the basic types, appropriate uses, pitfalls and costs associated with credit. Credit Advisors Foundation hopes the learning offered through this seminar will assist you in your future wise use of credit and personal financial management decisions.

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Get out of debt with no regret!



The Kitchen on a Dime

Tamara's Green Pepper Dip

Here is an unusual dip to try at your next get together. A bit of sweet, a little savory combine for a crowd pleasing appetizer.

Ingredients:

2 – 8 oz. packages of cream cheese, softened
1 cup chopped pecans
1 can crushed pineapple (drained)
¾ cup chopped green pepper

2 Tablespoons onion flakes

1 teaspoon Lawry's Seasoning Salt

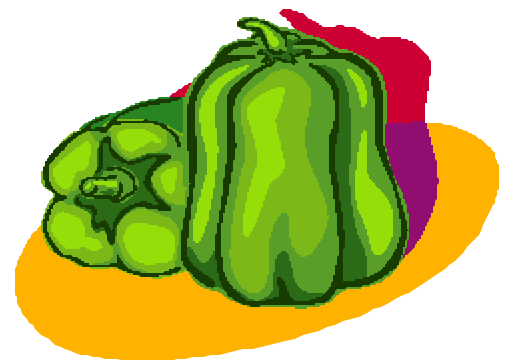
Directions:

Combine all ingredients.

Mix well.

Chill for at least 1 hour.

Serve chilled with a variety of crackers and/or canapé breads



Green peppers add a little savory to Tamara's Green Pepper Dip

The recipe makes 8 appetizer portions at 70 cents each