

JIS RAPID RESPONSE MEMORANDUM**NATIONAL FINANCIAL LITERACY MONTH****EXECUTIVE SUMMARY**

A lack of financial preparedness has enormous societal costs, and challenges face not only the poor but also the working middle class. Flat real wages, structural unemployment, a high tax burden, and higher health-care costs make it more difficult for millions to save. “In addition, many don’t understand the enormous commitment a self-financed retirement entails.” So there is a need for improved financial literacy education that will alert citizens to the financial reality they are facing. People need to be educated on financial basics.¹

National Financial Literacy Month is a right time to look at efforts in school, in the workplace and in the community that may have a chance to combat financial illiteracy and make a real difference for financial literacy level.² In an effort to emphasize the importance of financial literacy and teach citizens how to establish and maintain healthy financial habits April and November are recognized respectively throughout the U.S. and Canada as Financial Literacy Months.

MEMORANDUM

In 2000, The National Endowment for Financial Education introduced Youth Financial Literacy Day and turned it over to the Jump\$tart Coalition for Personal Financial Literacy so that the event would not promote any one organization and instead focus on financial literacy as a whole. The Jump\$tart Coalition and its approximately 150 partners expanded the event to a month.³

Thus, since 2003, April has been recognized in the U.S. as National Financial Literacy Month with the goal to highlight the importance of financial literacy and teach Americans how to establish and maintain healthy financial habits. In March 2004, the Senate passed Resolution 316 that officially recognized April as National Financial Literacy Month.⁴

¹ Mark Avallone, “April Is Financial Literacy Month – Why Financial Wellness Matters,” *Forbes*, 31 Mar. 2018, 29 Dec. 2018 <<https://www.forbes.com/sites/markavallone/2018/03/31/april-is-financial-literacy-month-why-financial-wellness-matters/#882e2786f132>>.

² Annamaria Lusardi, “Happy Financial Literacy Month!” *Forbes*, 1 Apr. 2016, 29 Dec. 2018 <<https://www.forbes.com/sites/pensionresearchcouncil/2016/04/01/happy-financial-literacy-month/#1914c848e213>>.

³ “Financial Literacy Month,” *Wikipedia*, 5 Nov. 2018, 28 Dec. 2018 <https://en.wikipedia.org/wiki/Financial_Literacy_Month>.

⁴ “Financial Literacy Month.”

Numerous studies have revealed that financial illiteracy is a major problem in the U.S. Many consumers have massive personal debt and little or no savings, are uninformed of the financial consequences of spending irresponsibly, and often place themselves and their families at serious financial risk. According to an MDRT (Million Dollar Round Table) study released in 2017, among Americans who have never hired a professional, only 46 percent have a retirement plan or emergency fund, only 19 percent have a long-term financial plan for the future and 46 percent have life insurance. While among the 21 percent who have hired a financial planner, 77 percent have a retirement plan or emergency fund, half have a long-term financial plan for the future, and 63 percent have life insurance.⁵

A survey conducted by the National Foundation for Credit Counseling and the Network Branded Prepaid Card Association found that “two in five U.S. adults gave themselves a C, D or F on their knowledge of personal finance. Further, 56 percent admit that they do not have a budget and one-third, or more than 77 million Americans, do not pay all of their bills on time.”⁶ Approximately 50 percent of Americans surveyed by the Federal Reserve Board each year say they don’t even have US\$400 saved for emergencies.⁷

To make changes to this situation, many financial institutions and nonprofit financial educational organizations promote the National Financial Literacy Month by holding promotional events and developing educational materials that focus on the basics of finance.⁸ Some colleges and universities are helping their students improve their personal finance skills.⁹ Volunteers with finance backgrounds and expertise, local agencies and businesses, as well as area banks all work together to make a difference in the financial literacy of youth and adult audiences.¹⁰ Among the skills taught to the public are the following: debt management, money saving tips, proper money handling, budgeting, and other useful skills that can enrich the financial aspect of their lives.¹¹ For example, to mark the month the Jump\$tart Coalition hosts two major events: the Annual Awards Dinner and Financial Literacy Day on Capitol Hill. Each April, the Jump\$tart Coalition recognizes leadership and outstanding achievement in the effort to advance the financial literacy

⁵ Ayo Mseka, “April is National Financial Literacy Month,” Advisortoday, 5 Apr. 2018, 28 Dec. 2018 <<https://www.advisortoday.com/2018/04/05/nflm/>>.

⁶ Barbara Cottam, “Getting comfortable managing financial basics,” Providence Journal, 26 Apr. 2014, 6 Oct. 2018 <<http://www.providencejournal.com/article/20140426/Opinion/304269958>>.

⁷ Barbara Cottam and Seth Magaziner, “Our Turn: Barbara Cottam and Seth Magaziner: Everyone in R.I. needs financial literacy,” Providence Journal, 29 Apr. 2018, 6 Oct. 2018 <<http://www.providencejournal.com/opinion/20180429/our-turn-barbara-cottam-and-seth-magaziner-everyone-in-ri-needs-financial-literacy>>.

⁸ “Financial Literacy Month.”

⁹ Mary Johnson, “Thoughts during National Financial Literacy Month,” Huffpost, 19 Jun. 2013, 28 Dec. 2018 <https://www.huffingtonpost.com/mary-johnson/thoughts-during-national-_b_3117050.html>.

¹⁰ Karen Mello, “It’s National Financial Literacy Month!” United Way of Western Connecticut, 2018, 28 Dec. 2018 <<https://www.uwwesternct.org/it%E2%80%99s-national-financial-literacy-month>>.

¹¹ “What Is Financial Literacy And Why Is It Important To Filipinos,” eCompareMo.com, 8 Apr. 2015, 30 Dec. 2018 <<https://www.ecomparemo.com/info/introduction-to-financial-literacy-and-its-importance-to-filipinos/>>.

of students at its annual awards dinner in Washington, DC.¹² Financial Literacy Day on Capitol Hill or “Hill Day” attracts more than 300 people including Members of Congress and their staffs, leaders of the financial literacy community, and the general public. Its goal is to introduce Capitol Hill and the public to developments the Jump\$tart Coalition and its partners have made in the financial literacy effort; to the most effective financial education programs and resources available; and “to the diversity of organizations and individuals who are working together toward shared goals.”¹³

In support of this month's theme, FinancialLiteracyMonth.com features worksheets, ebooks, and quizzes to engage people with their personal financial situation, and tips on how to manage and save money. Additionally, MyMoney.Gov offers money-saving information, resources, tools, and activities for people in various stages of life.¹⁴ Money Management International, a nonprofit credit and debt counseling firm, created a microsite with a step by step process for improving financial wellness.¹⁵ Throughout the years, multiple states have also proclaimed April as Financial Literacy Month.¹⁶ In Minnesota, for example, nearly 40 events are planned in April across the state.¹⁷

During Financial Literacy Month in 2006, The Financial Literacy and Education Commission unveiled a new national strategy in their report "Taking Ownership of the Future: The National Strategy for Financial Literacy". The report outlined a series of outreach and education goals for the public and private sectors aimed to help Americans improve their understanding of financial issues such as credit management, savings, and homeownership.¹⁸

Differing from the US, November is Canada’s Financial Literacy Month. The month has been organized by the Financial Literacy Action Group (FLAG), a coalition of 7 non-profit organizations who work with the federal government body Financial Consumer Agency of Canada (FCAC) since 2011. Throughout November FLAG organizes events across Canada to educate and engage with the public regarding the need for financial literacy and promote services available to the public. A complete list of financial literacy events and resources offered by Canadian organizations is available in the Canadian Financial Literacy Database.¹⁹

¹² “Promoting Financial Literacy,” Jump\$tart, 2018, 28 Dec. 2018 <<https://www.jumpstart.org/what-we-do/financial-literacy-month/>>.

¹³ “Hill Day,” Jump\$tart, 2018, 28 Dec. 2018 <<https://www.jumpstart.org/what-we-do/promote-financial-literacy/hill-day/>>.

¹⁴ “April is National Financial Literacy Month,” The State University of New York (SUNY), 2014, 29 Dec. 2018 <<https://www.suny.edu/benefits/news/2014-news--announcements/april/>>.

¹⁵ “Financial Literacy Month.”

¹⁶ “Financial Literacy Month.”

¹⁷ Carolyn Bigda, “Thirty Steps a path to money management,” Chicago Tribune, 13 Apr. 2013, 28 Dec. 2018 <<http://www.chicagotribune.com/business/ct-xpm-2012-04-13-sc-cons-0412-started-20120413-story.html>>.

¹⁸ “Financial Literacy Month.”

¹⁹ “About Financial Literacy Month,” Government of Canada, 19 Oct. 2018, 29 Dec. 2018 <<https://www.canada.ca/en/financial-consumer-agency/campaigns/financial-literacy-month/about.html>>.

“Under the leadership of the Financial Literacy Leader, the FCAC helps coordinate the efforts of, and increase collaboration between, organizations from the private, public and non-profit sectors to strengthen the financial literacy of Canadians and empower them to:

- manage money and debt wisely
- save for the future
- understand their financial rights and responsibilities.”²⁰

Improving the financial well-being of Canadians is the vision of the National Strategy for Financial Literacy in Canada. Throughout November, organizations and individuals from across the country are stimulated to host and participate in events and share resources aimed at helping Canadians learn to manage their personal finances effectively.²¹

Similar to the United States, many of the country’s financial institutions (such as Planswell, Wealthsimple, RBC) and nonprofit financial educational organizations promote the month by creating educational material and hosting promotional events that center around topics of personal finances.²² The first Financial Literacy Month brought together 75 organizations to hold 200 events across the country to strengthen financial literacy. Since then, numerous community organizations, volunteer groups, agencies from all levels of government, employers and private companies have become involved in Financial Literacy Month. During November 2017, more than 800 workshops, seminars and other events were added to the Canadian Financial Literacy Database. Events were held every day of November across Canada. FCAC participated in 13 activities.²³ Some other financial literacy awareness initiatives taking place during the month of November are Credit Education Week and Education Savings Week, which respectively raise the importance of proper credit education and increase public awareness of the importance of the education savings and encourage Canadians to save for their children’s education.²⁴

October is Financial Information Month in Eastern Caribbean Currency Union. It is a regional financial, economic, business and entrepreneurial education campaign that has been executed since 2002.²⁵ The Eastern Caribbean Central Bank collaborates with member governments, financial institutions, private sector organizations, the media and community-based groups in the realization of the month of activities. As a result, citizens of the Union countries have an

²⁰ “About Financial Literacy Month.”

²¹ “Financial Literacy Month.”

²² “Financial Literacy Month.”

²³ “About Financial Literacy Month.”

²⁴ Chloe Stanois, “Why Financial Literacy Month matters?” Prosper Canada, 11 Nov. 2015, 30 Dec. 2018 <[http://prospercanada.org/News-Media/Blog/November-2015-\(1\)/Why-Financial-Literacy-Month-matters.aspx](http://prospercanada.org/News-Media/Blog/November-2015-(1)/Why-Financial-Literacy-Month-matters.aspx)>.

²⁵ “Financial Information Month 2018,” Eastern Caribbean Central Bank, 1 Oct. 2018, 30 Dec. 2018 <<https://www.eccb-centralbank.org/news/view/financial-information-month-2018>>.

opportunity to improve their understanding of money matters by participating in the series of activities planned to mark the Month.²⁶

Thus, Financial Literacy Month has come a long way in the U.S. and Canada. It helps everybody to get on the right track to their own financial wellness. “Reaching from family living rooms to high school classrooms and into corporate boardrooms, decision makers across the spectrum are taking this opportunity to implement conversation, educational programming and benefits plans to meet this important need among people at every age, position and income level.”²⁷

TABLE 1. KEY PERFORMANCE INDICATORS (KPI) – NATIONAL FINANCIAL LITERACY MONTH

S/N	KEY PERFORMANCE INDICATORS	VALUE
1	PERCENTAGE OF PEOPLE WITH RETIREMENT PLAN OR EMERGENCY FUND	>80
2	PERCENTAGE OF PEOPLE WITH A LONG-TERM FINANCIAL PLAN FOR THE FUTURE	>50
3	PERCENTAGE OF PEOPLE WITH LIFE INSURANCE	>65
4	NUMBER OF EVENTS IN THE FINANCIAL LITERACY DATABASE	>1,000

ANNEX A: GLOBAL BENCHMARKS – NATIONAL FINANCIAL LITERACY MONTH

GLOBAL BENCHMARKS	HIGH VALUE-ADD BEST PRACTICES
UNITED STATES	<ul style="list-style-type: none"> • Since 2003, April has been recognized as National Financial Literacy Month with the goal to highlight the importance of financial literacy and teach Americans how to establish and maintain healthy financial habits. • Many financial institutions and nonprofit financial educational organizations promote the National Financial Literacy Month by holding promotional events and developing educational materials that focus on the basics of finance. • Volunteers with finance backgrounds and expertise, local agencies and businesses, as well as area banks all work together to make a difference in the financial literacy of youth and adult audiences. • To mark the month the Jump\$tart Coalition hosts two major events: the Annual Awards Dinner and Financial Literacy Day

²⁶ Kladmin, “Financial Literacy Month,” *Kittivisian Life*, 24 Sep. 2008, 29 Dec. 2018 <<http://www.kittivisianlife.com/articles/09-2008/financial-literacy-month>>.

²⁷ Nicole G. Smith, “Turn Financial Stress into Financial Wellness with Financial Literacy Month,” *Best Money Moves*, 3 Apr. 2018, 30 Dec. 2018 <<https://bestmoneymoves.com/blog/2018/04/03/turn-financial-stress-into-financial-wellness-with-financial-literacy-month/>>.

	<p>on Capitol Hill.</p> <ul style="list-style-type: none"> • FinancialLiteracyMonth.com features worksheets, ebooks, and quizzes to engage people with their personal financial situation, and tips on how to manage and save money. • MyMoney.Gov offers money-saving information, resources, tools, and activities for people in various stages of life. • Money Management International created a microsite with a step by step process for improving financial wellness. • Multiple states have also proclaimed April as Financial Literacy Month.
<p>CANADA</p>	<ul style="list-style-type: none"> • November has been nominated as Canada’s Financial Literacy Month since 2011 and is organized by the Financial Literacy Action Group (FLAG) who work with Financial Consumer Agency of Canada (FCAC). • A complete list of financial literacy events and resources offered by Canadian organizations is available in the Canadian Financial Literacy Database. More than 800 workshops, seminars and other events were added to the Database in November 2017. • Many of the country’s financial institutions (such as Planswell, Wealthsimple, RBC) and nonprofit financial educational organizations promote the month by creating educational material and hosting promotional events that center around topics of personal finances. • Among financial literacy awareness initiatives taking place during the month of November are Credit Education Week and Education Savings Week.

ANNEX B: MOST KNOWLEDGEABLE INDIVIDUALS ON NATIONAL FINANCIAL LITERACY MONTH

EXPERT NAME		BRIEF SUMMARY
1	ANNAMARIA LUSARDI	Professor of Economics and Accountancy at The George Washington University School of Business, the Academic Director of the Global Financial Literacy Excellence Center
2	COLLEEN TRESSLER	Consumer Education Specialist, Federal Trade Commission
3	JANE ROONEY	Financial Literacy Leader, Financial Consumer Agency of Canada
4	LAURA LEVINE	President & CEO, Jump\$tart Coalition for Personal Financial Literacy
5	LUCIE TEDESCO	Commissioner, Financial Consumer Agency of Canada

6	MARK AVALONNE	An independent advisor serving clients through holistic financial planning and wealth management, Forbes contributor.
7	TIMOTHY ANTOINE	President, Eastern Caribbean Central Bank

ANNEX C: BEST RESEARCH ON NATIONAL FINANCIAL LITERACY MONTH

RESEARCH MATERIALS	
1	“About Financial Literacy Month.” <u>Government of Canada</u> . 19 Oct. 2018. 29 Dec. 2018 < https://www.canada.ca/en/financial-consumer-agency/campaigns/financial-literacy-month/about.html >.
2	Avallone, Mark “April Is Financial Literacy Month – Why Financial Wellness Matters.” <u>Forbes</u> . 31 Mar. 2018. 29 Dec. 2018 < https://www.forbes.com/sites/markavallone/2018/03/31/april-is-financial-literacy-month-why-financial-wellness-matters/#882e2786f132 >.
3	Cottam, Barbara and Seth Magaziner. “Our Turn: Barbara Cottam and Seth Magaziner: Everyone in R.I. needs financial literacy.” <u>Providence Journal</u> . 29 Apr. 2018. 6 Oct. 2018 < http://www.providencejournal.com/opinion/20180429/our-turn-barbara-cottam-and-seth-magaziner-everyone-in-ri-needs-financial-literacy >.
4	“Financial Literacy Month.” <u>Wikipedia</u> . 5 Nov. 2018. 28 Dec. 2018 < https://en.wikipedia.org/wiki/Financial_Literacy_Month >.
5	Johnson, Mary. “Thoughts during National Financial Literacy Month.” <u>Huffpost</u> . 19 Jun. 2013. 28 Dec. 2018 < https://www.huffingtonpost.com/mary-johnson/thoughts-during-national-b_3117050.html >.
6	Lusardi, Annamaria. “Happy Financial Literacy Month!” <u>Forbes</u> . 1 Apr. 2016. 29 Dec. 2018 < https://www.forbes.com/sites/pensionresearchcouncil/2016/04/01/happy-financial-literacy-month/#1914c848e213 >.
7	Mseka, Ayo. “April is National Financial Literacy Month.” <u>Advisortoday</u> . 5 Apr. 2018. 28 Dec. 2018 < https://www.advisortoday.com/2018/04/05/nflm/ >.
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9	Smith, Nicole G. “Turn Financial Stress into Financial Wellness with Financial Literacy Month.” <u>Best Money Moves</u> . 3 Apr. 2018. 30 Dec. 2018 < https://bestmoneymoves.com/blog/2018/04/03/turn-financial-stress-into-financial-wellness-with-financial-literacy-month/ >.
10	Stanois, Chloe. “Why Financial Literacy Month matters?” <u>Prosper Canada</u> . 11 Nov. 2015. 30 Dec. 2018 < http://prospercanada.org/News-Media/Blog/November-2015-(1)/Why-Financial-Literacy-Month-matters.aspx >.

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