Thought **Leadership**

The One Thing: The Need for Financial Literacy Education

Junior Achievement™

ONE THING

The One Thing You Wish You Learned in School

"What's the one thing you wish you learned in school?" That's a question many Americans answer with "personal finance," "how to manage money," or something similar. In fact, research by Bank of America and USA Today shows that for young adults "How to invest," "How to do taxes," and "How to manage monthly bills" were the top answers to that question.

Considering the financial challenges facing many, these responses shouldn't be surprising. Research by Payroll.org found that 78 percent of Americans say they are living paycheck-to-paycheck while a survey by AARP shows that 20 percent of those over 50 have no retirement savings and 61 percent are concerned they haven't saved enough for retirement.

While the inability of personal incomes to keep pace with rising costs, especially when it comes to housing, health care, and education, is a significant factor, research by the World Economic Forum indicates that only about half of Americans are financially literate. This compounds an already challenging situation for many.

A Growing Interest in Financial Literacy Education

Research by Junior Achievement and the firm Big Village shows that interest in financial literacy education begins early for many young people. A survey of 1,002 teens conducted in July 2024 found that 68 percent of teens between 13 and 17 would be "likely" to take a class on financial literacy topics (money management, personal finance, etc.). However, only 31 percent of teens surveyed said that they had access to these kinds of courses at school.

Despite this disconnect between interest and availability of financial literacy programs in schools, there's been a concerted effort in recent years at the state level to have financial literacy mandates tied to high school graduation. To date, 26 states now have some form of financial literacy requirement. The offerings that align with these mandates typically consist of a semester-long class that takes place in high school.

Though no one could argue the importance of teaching concepts related to money management and personal finance, there has been criticism about the efficacy of financial literacy education as it currently exists. These criticisms are often tied to students' limited exposure to the curriculum and the quality of the learning materials, which aren't always addressed with mandates, especially when they are unfunded. In these situations, educators may rely on using materials they find for free online, which don't always yield the best outcomes.

Financial Literacy Now: Too Little, Too Late?

In 2021, the Congressional Research Service (CRS) prepared a report for Congress that reviewed existing research on the impact of financial literacy efforts. The study was done to help inform Federal policy on the subject. Many findings point to the idea that financial literacy education as currently delivered in the U.S. comes too little and too late to make much of a difference.

In response, JA summarizes the CRS findings and how JA learning experiences uniquely address them:

CRS Finding:

Quality and Design of Programs: The impact of financial education programs can vary significantly based on their quality and design. Programs that are not well-structured or engaging may fail to impart lasting knowledge.

JA's Solution:

JA's financial literacy programs are designed to be comprehensive and align with national and state educational standards. This ensures that the content is relevant and meets educational requirements. JA also provides extensive support materials for educators, including guides, lesson plans, and interactive tools. These resources help teachers deliver the curriculum effectively, in collaboration with volunteers who often work with financial concepts, and ensure that all key concepts are covered.

CRS Finding:

Retention of Information: Financial concepts can be complex, and students may struggle to retain information over time. Without practical application, the knowledge gained in a classroom setting may not translate into real-world financial behavior.

JA's Solution:

Junior Achievement recognizes that these concepts can be complex. Instead of offering one semester-long class, JA has a multi-grade approach that starts with kindergarten and goes through high school. JA's approach often means students participate in its learning experiences multiple times during their K-12 career. The learning experiences are hands-on and experientially based, including the use of real-world simulations.

CRS Finding:

Timing and Relevance: Financial education often occurs at a time when students are not yet making significant financial decisions. This can make the information seem less relevant, leading to lower engagement and retention.

JA's Solution:

Junior Achievement's learning experiences are age-appropriate. When students are getting an allowance, the learning experiences reflect that reality. When they are buying a car or saving for college, JA's learning experiences reflect that. The programs connect financial concepts to real-life situations, making the information more relevant and memorable for students. This practical application helps reinforce learning.

CRS Finding:

Behavioral Factors: Financial decisions are influenced by a variety of behavioral factors, including emotions and cognitive biases. Simply providing information may not be enough to change financial behaviors.

JA's Solution:

Junior Achievement's learning experiences align with the Theory of Planned Behavior, focused specifically on influencing both knowledge and attitudes to positively impact intentionality around beneficial financial behaviors.

CRS Finding:

Socioeconomic Disparities: Access to financial education can vary widely based on socioeconomic status. Students from lower-income backgrounds may have less access to high-quality financial education resources.

JA's Solution:

Junior Achievement's learning experiences are delivered by nearly 100 community-based organizations across the nation in partnership with schools serving urban, suburban, and rural communities. The learning experiences are implemented using the same delivery model and curriculum regardless of the socioeconomic status of students. These models are developed to reflect the "lived lives" of students to make them more accessible to every student.

CRS Finding:

Lack of Standardization: There is no standardized curriculum for financial literacy education, leading to inconsistencies in what is taught and how it is delivered.

JA's Solution:

JA learning experiences are designed to align with national and state educational standards. This ensures that the content is relevant and meets the requirements set by educational authorities. Additionally, JA provides a detailed scope and sequence for its programs, outlining how they cover financial literacy, career readiness, and entrepreneurship across various grade levels. This structured approach helps maintain consistency and coherence in the curriculum. Finally, JA regularly evaluates its programs and incorporates feedback from educators, students, and volunteers. This ongoing process helps keep the curriculum up-to-date and ensures it remains effective and engaging.

Our Approach

At Junior Achievement, we view financial literacy as "the other literacy." Just like reading or writing, we all deal with money on a near-daily basis. Yet too often, financial literacy programs consist only of a one-semester elective course in middle or high school that skims the surface of basic concepts. Nobody would be expected to read a book or write a term paper after one semester of lessons on reading or writing, yet that's essentially what happens with financial literacy education.

Junior Achievement employs a pathways approach to teaching financial literacy to young people. By "pathways," we mean that JA programs are designed to engage students on the subject over multiple grades, from their first days in kindergarten, throughout their K-12 years, preparing them for the transition to post-secondary education or work.

What the Research Says

Our approach gives students the tools to increase their chances of achieving economic security as adults. Research results include:

- **82 percent** of Junior Achievement alumni agree they have a strong financial footing.
- **84 percent** of JA Alumni agree that their Junior Achievement experience helped with their financial literacy.
- **68 percent** of JA Alumni between the ages of 18 and 29 say they are financially independent of their parents. According to the Pew Research Center, **34 percent** of Americans in that age range say the same.
- The average age JA Alumni report paying off student loans is **30.**

- JA Alumni report purchasing their first home at **29**. The National Association of Realtors reports the average age Americans purchase their first home is **34**.

The research also shows that JA alumni are more likely to finish college, find a satisfying job or career, and start a business. To learn more about Junior Achievement, visit www.JA.org.