



# Family and Consumer Sciences Extension

## —*Financial Management 2003*

*Putting Knowledge to Work for Georgia Families*

The University of Georgia

Cooperative Extension Service

### ***The Problem***

- Georgia ranks third highest in bankruptcy filings, with 1 of every 45.7 households having filed for bankruptcy in the 12-month period ending December 31, 2002 (American Bankruptcy Institute).
- The personal savings rate in the United States is at historic lows. Household debt levels are at all-time highs and continue to grow. High levels of debt and low levels of savings contribute to economic instability for many Georgia households.
- Georgians with limited financial literacy skills are severely disadvantaged in an increasingly sophisticated financial marketplace and are particularly vulnerable to unfair and fraudulent business practices. Senior citizens and minorities are particularly vulnerable.
- Financial information needs vary with age and stage of the life cycle.

### ***Research-based Solutions***

- Improving financial literacy for youth and young adults reduces the likelihood of overspending and credit abuse in later life.
- Targeted educational programs create public awareness and help Georgia consumers to reduce debt, maximize tax credits, increase savings, and plan spending to meet financial goals.

### ***Extension's Role***

- Provide unbiased, research-based information to help Georgians of all ages to maximize limited financial resources, set financial goals, and plan spending to achieve goals.
- Promote via the media and educational programs desirable financial behaviors such as eliminating debt, saving for life goals, electronic filing of income taxes, avoiding frauds and scams, and investing for long-term goals.

### ***Extension's Contribution to Solving the Problem***

- More than 11,500 Georgians received in excess of 21,600 hours of education designed to increase financial literacy. More than half were low-income.
- Nearly 400 low-income Georgians in selected counties received free assistance to file federal and state income tax returns.
- *Personal Financial Choices* workshops for Chapter 13 bankruptcy filers were conducted for a nine-month period in six North Georgia Counties for more than 700 individuals.
- Partnered with the Georgia Consortium for Personal Financial Literacy to assemble a statewide coalition to launch a statewide campaign to promote the savings habit called *Georgia Saves*. Nine workshops were conducted across the state to train 150 volunteer wealth coaches. Each wealth coach supports and encourages at least 5 Georgia Savers.
- Media were a major strategy for public financial management education: articles in newsletters reached more than 547,500 people; radio spots were broadcast to a listening audience of more than 1.4 million; newspaper columns went to a circulation of almost 1.3 million; and television programs were broadcast to more than 1.8 million viewers.

## ***Impact on Georgians***

- Free assistance provided by *Consumer Financial Literacy Program (CFLP)* staff in 10 rural counties helped 400 low-income families to save more than \$30,100 in tax preparation fees paid in the previous year. Most (61%) took advantage of Direct Deposit to receive their refunds and avoided costly refund anticipation loans. More than 60% were able to claim the Earned Income Tax Credit resulting in a total value of more than \$600,000 in tax refunds.
- Most (84%) participants in Extension Debt Reduction programs said the program helped them to learn how to get out of debt. For example, one participant wrote, “*I learned to watch how I spend my money, to stop buying things I really don’t need but want.*”
- A follow-up survey of participants in the *Personal Financial Choices* workshops for individuals in Chapter 13 bankruptcy showed that 78% participants said their finances improved as a result of something they learned at the workshops. For example, 33% developed a written plan for spending; 47% talked with their family about expenses; 52% reduced spending for one or more expenses; 52% of respondents organized their financial records; 54% tracked their spending; and 54% paid their bills on time. A participant mentioned “*I wish I had the class two years ago...I probably wouldn’t have filed for bankruptcy.*”
- A follow up survey of individuals participating in the *Making Every Dollar Count* train-the-trainer programs showed that participants improved their financial management behaviors. More than 70% of the participants developed a written plan for spending and 86% balanced their checkbook every month. More than 50% of the participants said the workshop improved their ability to understand clients’ information needs.
- More than 70% of the University of Georgia students who participated in the *Peer Financial Counseling Program* said that it helped them to learn financial management practices. Most of the students who participated in the program planned to improve their personal financial management practices. For example, 82% planned to consider the cost of using credit cards; 89% planned to review their credit reports and correct any errors; 67% planned to keep track of their income and expenses; and 63% planned to find ways to decrease expenses.
- More than 84% of the community volunteers in the Georgia Saves program said the training prepared them to be wealth coaches in their communities. More than 50% of the participants developed a positive attitude toward saving. More than 60% said that they would conduct motivational workshops in the community and 90% said they planned to motivate at least five individuals to become savers.
- More than 95% of the participants in the *Dekalb First Account Extension* program said they learned how to open and manage a bank account.
- All participants in the *Telemarketing Fraud Prevention Extension Program* said that they would be very cautious when conducting business over the telephone with unsolicited callers.

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