



Family and Consumer Sciences Extension

—*Financial Management 2004*

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 42.4 households having filed for bankruptcy in the 12-month period ending March 31, 2004 (American Bankruptcy Institute).
- Personal savings rate has declined from 11.2% in 1982 to 1.3% in 2003. The average household debt excluding mortgages was \$18,700 in October 2003 (Bureau of Economic Analysis).
- 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 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

- Nearly 68,860 contact hours of consumer education were provided to 14,728 Georgians to help them better manage their financial resources and protect themselves from consumer fraud.
- The *Consumer Financial Literacy Program* provided 6,665 contact hours of education to 3,584 Georgians in selected counties. Nearly 57% of them were low-income Georgians.
- Free tax assistance was provided to 1,400 low-income Georgians in 47 counties to file federal and state income tax returns.
- 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. Nearly 190 hours of education was provided to 613 Georgia Savers.
- Media was a major strategy for public financial management education: 25 exhibits reached to 8,574 viewers; articles in newsletters reached to 2,233 people; 18 radio spots were broadcast to a listening audience of more than 624,000; 58 newspaper columns went to a circulation of almost 930,650; and 6 television programs were telecast to more than 725,000 viewers.

Impact on Georgians

- Free assistance provided by the *Consumer Financial Literacy Program* (CFLP) staff in selected rural counties helped 1,400 low-income families to save an average of \$104 per family for tax preparation fees paid in the previous year.
- The use of direct deposit tax filing increased from 24% in 2003 to 49% in 2004 by the Georgians who received CFLP free tax filling service. The use of direct deposit helped them to receive tax refunds quickly and avoid costly refund anticipation loans.
- The total value of the tax refund money of Georgians who received the free tax filing service of CFLP is more than \$1.4 million.
- The *Georgia Saves* program guided 28,173 Georgians to save \$58,523 in 2004.
- Of the participants who participated in consumer education extension programs, 98% said those extension programs were helpful to learn about consumer skills and financial management practices. Most of the participants planned to improve their financial management practices. For example, 92% planned to keep track of their spending; 90% planned to play their bills on time; and 94% planned to start an emergency saving fund.
- Of the participants who completed the *First Account* extension program in Dekalb County, 82% improved their knowledge about basic banking concepts. The *First Account* program helped 123 un-banked individuals become bank customers during the first half of 2004.
- More than 88% of the college 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, 79% planned to consider the cost of using credit cards; 91% planned to order a copy of their credit reports; 82% planned to pay more than minimum amount on their credit cards; and 68% planned to take steps toward debt recovery.

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