



Family and Consumer Sciences Extension

Financial Management 2006

Learning for Life

The University of Georgia Cooperative Extension

The Problem

- 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.
- The average household debt excluding mortgages was \$18,700 in October 2003 (Bureau of Economic Analysis).
- High levels of debt coupled with low levels of savings contribute to financial insecurity for many Georgia households.
- The U.S. Personal Savings rate has declined from 11.2% in 1982 to a negative 0.2% in September 2006. According to the A.G. Edwards Nest Egg Index, Georgia's personal savings rate ranks 35th in the nation, below the national average, with Atlanta ranked 123rd among metro areas.
- Georgia ranks 10th in the nation in personal bankruptcy filings, with 1 of every 46.3 Georgia households having filed for bankruptcy in the 12-month period ending December 31, 2005 (American Bankruptcy Institute).
- The Household Debt Service Ratio (ratio of debt payment to disposable income) for all consumers rose to a record high 14.4 in the second quarter of 2006 (Federal Reserve).
- Financial information needs to vary with age and stage of the life cycle.

Research-based Solutions

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

Extension's Role

- Provide unbiased, research-based information to help Georgians of all ages maximize limited financial resources, set financial goals, and control spending to achieve these goals.
- Promote 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 via the media and educational programs.

Extension's Contribution to Solving the Problem

- Consumer financial education programs reached over 2,700 Georgians to help them better manage their financial resources and protect themselves from consumer fraud in 2006.
- Cooperative Extension was approved as a provider of personal financial management educational courses mandated by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.
- The use of media was a major strategy for public financial management education. For example, 25 newspaper columns went to a circulation of almost 630,000 and 3 radio spots reached 4,800 listeners.

Impact on Georgians

- Of the Georgians who completed the consumer education programs, 96% said that the training workshops were helpful to learn about consumer skills and debt reduction. Over half of the participants said they plan to follow learned financial practices. For example, 100% of the participants planned to

request a copy of their credit report; 100% planned to contact a creditor about reducing their interest rate; and 98% of the participants planned to pay their bills on time every month.

- The Fulton County Extension Office partnered with the Fulton County Drug Court to provide a 6-week financial literacy course for non-violent, drug-dependent defendants as part of their intensive treatment program. Participants completing the course indicated that they made significant changes including: opening a savings account, creating a home budget box, and utilizing public transportation to save money. Approximately 91% of the participants said that they were more likely to set a goal to get out of debt, organize their financial records, and develop written spending plans.
- Bankruptcy filers who participated in Extension's Personal Financial Management Education programs improved their knowledge of recommended financial practices. As a result of the program, 94% indicated that they are more likely to keep track of their spending; 98% are more likely to pay their bills on time every month; 96% are more likely to start an emergency saving fund; and 100% are more likely to get their financial records more organized.
- Georgia 4-H chose financial literacy as one of its top three issues to be addressed in various 4-H activities and events on the local and state level. There was a significant increase in the pre- and post-test scores for the 125 youth who completed the financial literacy curriculum at senior camp. Ninety-two percent (92%) of the 101 youth who participated in the Youth Financial Literacy Conference in southwest Georgia reported knowing more about money management after the conference and 75% noted that the most important things they learned were how to save and the importance of saving.

Contacts

Michael Rupured, MS. Senior Public Service Associate and Consumer Economics Specialist,
mrupured@uga.edu, (706) 583-8860,
College of Family and Consumer Sciences,
or your local Cooperative Extension Service office

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