

### Chapter 1:

# What Makes a Youth Program Effective

## Summary

A model youth program reflects real life, targets emotions, teaches through direct experience, and begins as early as possible. Although there's little research supporting current educational methods, you can modify teaching materials and techniques to improve financial literacy, using key principles.

## Highlights

- ◆ The less students know to begin with, and the younger they are, the more they benefit from hands-on, real-world financial education.
- ◆ By the time U.S. children start school, they've often formed opinions about money that need to be modified or "unlearned" before they can learn productive money management skills. Beginning to teach kids about money before they start kindergarten—and involving their parents in doing so—can give them a better start.
- ◆ Research suggests that signals from the emotional parts of the brain override analytical reasoning. This means that emotionally appealing educational activities have a longer-lasting effect than pure lecture.
- ◆ It's most useful for students to develop a personal financial plan using goals meaningful to themselves, and to make decisions whose consequences they'll actually have to face.
- ◆ Students learn in different ways, so financial education should include materials and activities for all learning styles.
- ◆ Simulation games and interactive web sites, which allow students to practice making financial decisions, provide a fun, memorable way to teach money management.

Imagine an earnest credit union volunteer who takes several hours out of his day to present financial literacy principles at a local high school. During his slide presentation, some students listen, some even take notes. Others yawn, chat, doodle, or look around the room.

Another volunteer facilitates a life-simulation game at a high school, where students are assigned jobs, families and expenses, and encounter realistic situations requiring them to make financial decisions. The volunteer occasionally pauses the action to lead a discussion about the situations and decisions. Participants groan as they incur medical expenses or lose their jobs, exult as they get salary increases at work, or excitedly buy a new car they've saved for.

Which volunteer's time is best spent? Which group of students is more likely to remember the lessons learned—and use them to manage their money well?

The second group, probably. Merely lecturing youth doesn't work. Experiential, realistic programs that appeal to emotions as well as logic are far more effective.

This chapter discusses the types of financial literacy programs that research shows are effective and what types aren't, what a model youth program looks like, and how to get young people involved in your credit union.

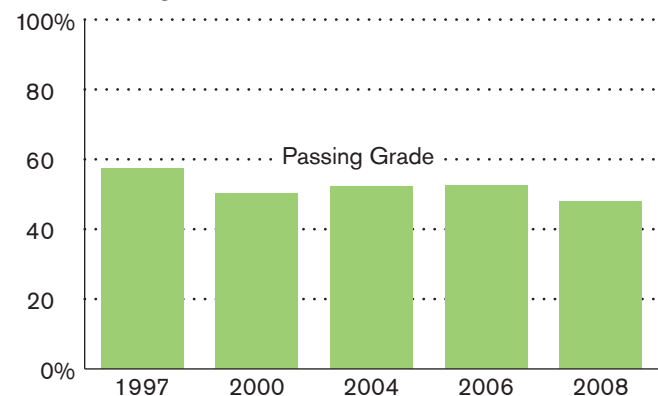
## Well-known ignorance

Lewis Mandell, Ph.D., has conducted six national biennial surveys of high school seniors for the Jumpstart Coalition for Personal Financial Literacy. The results have been nothing short of dismal. (See Fig 1-1.)

### You Got That Right

Only 17% of high school seniors correctly identified stocks as likely to yield higher returns than savings bonds, savings accounts, and checking accounts over the next 18 years, even though there has never been an 18-year period where this wasn't true<sup>1</sup>.

Figure 1-1  
**Jumpstart Test of High School Students' Personal Finance Knowledge**  
(Overall Average Scores)



Source: Jumpstart Coalition for Personal Financial Literacy.