



YOUNG PEOPLE TAKING ON MORE DEBT

May 25, 2005

Although over a third of young adults own credit cards, young people receive little in the way of financial education.

As young adults graduate into the real world weighed down by student loans and credit card debt, experts are increasingly concerned about the absence of financial education courses in high schools.

Credit card companies have flooded college campuses, offering free T-shirts, no interest and spending power, and statistics celebrate their success.

Over the past decade, credit card debt among 18-24 year olds rose by 104 percent according to a report released by the nonprofit research organization Demos entitled "Generation Broke: The Growth of Debt Among Young Americans."

Unprepared for the future

Only seven states mandate that students take a course in basic finance to graduate from high school. Fifteen states require a general economics course.

A national survey conducted by the Jump\$tart Coalition for Personal Financial Literacy found that high school seniors tested on income tax, credit card liability, retirement plans, and stocks and bonds on average answered only 52 percent of the questions correctly.

Often young adults find themselves overwhelmed trying to understand and organize their finances.

"It's impossible. No one teaches you what you're supposed to do. It's a real shock getting out into the real world," Jeffrey Berman, a recent college graduate working in the entertainment industry, told the Associated Press.

Mandatory financial education

A survey by the National Council on Economic Education found that 38 states include financial themes such as saving and investing in their curriculum standards, up from 31 states two years ago. Often, however, these standards are not fully enforced.

"There is more good economic and financial education being offered in schools than ever before. But as a subject area, it continues to be marginalized as an add-on in an already crowded curriculum," council president Robert Duvall told USA Today.

This worrisome trend is driving experts, including Federal Reserve Chairman Alan Greenspan, to push for mandatory economics and personal finance course for all high school students.

Financial themes, experts say, can also be reinforced in other classes -- for example, a history lesson on the Boston Tea Party can touch upon taxation issues.

High stakes

While credit card companies aggressively market to students, young adults must also confront a host of other economic issues that previous generations did not.

College costs rose by an average of 38 percent in the 1990s, and young adults now carry the highest student loan balances in U.S. history at an average of \$18,900 in 2002.

A tighter job market, rising living costs, and fewer employee benefits such as pension plans and health care make for a steep financial slope for young adults to climb.

The Demos report found that indebted adults between the ages of 18 and 24 spend almost 30 cents of every dollar earned to repay debts.

There are also concerns that the government retirement program, Social Security, will not be around for that much longer.

"The twentysomething generation, more than any other generation, is going to be left to fend for itself," vice president of retirement and savings plans for MetLife told the Associated Press.

Young adults like Jason Roth, who racked up so much debt that he couldn't get a loan for an engagement ring, urge immediate action.

"Every high school student in America should have to take some kind of financial-strategy class to learn about everything from banking, credit cards, savings, loans and protection from identity theft. If I had that type of class, I wouldn't have gotten into such a credit mess," Roth told MSN.

--Compiled for NewsHour Extra by Monica Villavicencio

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What you can do

Youngmoney.com offers the following money-saving tips:

1. Write it down: Get a notebook and write down what you spend and where you spend it, what your required expenses are, and the income you expect for the month. This will help you be a better consumer and keep track of your money.
2. Check your options: Talk to your parents and bank representatives about what type of products are available to you such as interest-bearing savings accounts, checking accounts, and overdraft protection programs.
3. Save the slips: Keep all of your receipts -- that way you have proof of what you spent and know if you've been overcharged.
4. Don't overspend: Only buy what you need -- daily expenses can eat up your money if you don't set limits. Open a savings account and put a little bit in every month.
5. Keep it clean: Organize your wallet or purse and have discount cards and student IDs handy -- you never know when they might be useful.
6. Pay up: Each month pay the full balance on your bills, especially your credit cards. Once the credit card companies start charging you interest, your bills will become more and more unmanageable.