Issue Briefs
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UW Extension Cooperative Extension

Financial Literacy Education for Children: A Review of Studies

This brief summarizes research about how children learn about personal financial topics, with an emphasis on in-school financial education.

How Children Learn

Research has examined what children are capable of learning or understanding at certain ages. At age 6, children can develop a basic understanding of banks, deposits and withdrawals (Otto, 2009). By age 12, children can learn to develop future financial goals to control spending. Financial education also depends on prior study of math.

Role of Families

Financial knowledge is correlated with socioeconomic background, but families are a strong influence (Sherraden et al., 2011). Very young children first learn about money from watching and modeling their parents. Allowances have been associated with financial knowledge levels, but why certain parents elect to provide an allowance is poorly understood (Ashby et al., 2011).

Overview of Curricula

The Jump$tart Coalition for Personal Finance Literacy maintains standards for K-12 personal finance education (jumpstart.org). These include:

- Knowledge of money and asset management through banking
- Investment
- Credit
- Taxes
- Time value of money
- Risk-pooling in insurance
- Financial planning: implementing and evaluating financial decisions.

Financial education tends to be delivered as a series of lessons rather than as an entire course. Twelve commonly used or encountered financial education curricula are listed in the Appendix. Five offer materials for children as young as kindergarten and three focus more on high school age students. Most cover the Jump$tart topics, and some offer a wide array of content. The length ranges from four to 15 lessons. Nine programs offer assessment tools.

Evidence of Effectiveness

There are few studies of financial education programs at the middle and elementary school level. One very small study found significant gains on a pre- and post-test among a group of third graders associated with having been read just one storybook containing financial literacy concepts (Grody et al., 2009). Another study with third graders found that students who received 20 hours of financial education tested higher than a control group, including 4 months after the curriculum concluded (Berti & Monaci, 1998). Elementary school students enrolled in a matched savings program and who received a financial education curriculum scored significantly higher on a financial literacy test than a control group. A pre- and post-test study with over 300 second and third graders using the Money Savvy Kids curriculum also found significant positive results (Sherraden et al., 2011).

At the middle school level, the Financial Fitness for Life curriculum has been associated with significant test score improvements (Harter and Harter, 2007). Junior Achievement USA's™ *Economics for Success*® program was evaluated for 300 middle school students in five states, with results indicating gains on a pre- and post-test (Sherraden et al., 2011).

Overall Evidence

Consensus is emerging that financial education should begin in the elementary grades, rather than being confined to high school curricula. Unfortunately, there is too little research thus far to make conclusions about the effectiveness of financial education programs for elementary grades (Sherraden et al., 2011; McCormick, 2009). Research tends to focus on attitudes and knowledge rather than skills or behavior. There is little evidence to suggest, however, that expanding the length of financial education programs would significantly improve financial literacy.

Teacher knowledge and attitudes are critical to delivering effective financial education (Lucey & Giannangelo, 2006). Unfortunately, studies show that teachers from almost all disciplines may struggle with important financial education content (Holden and Way, 2009). Teachers may gain confidence in their ability to teach with as little as two days of professional training (McCormick, 2009). Securing teacher support for a financial education curriculum is critical. Teachers need support to fit financial education into an already crowded curriculum and secure training to improve their ability and confidence in delivering financial education.

Moving to Financial capability

"Financial capability" has been used to describe the concept that financial knowledge must be supplemented by the ability and opportunity to engage in financial practices. For youth, providing access to financial services could provide an effective form of experiential education that could complement standard financial education and build financial capability. Hundreds of thousands of schoolchildren each year open and interact with bank accounts through in-school banking programs.

One study compared elementary school students with bank accounts and exposure to a financial education curriculum with elementary school students exposed to neither, and found significant gains on a financial knowledge test for the treatment group (Sherraden et al., 2011). Educators may need to go beyond savings and arithmetic to cover ATMs, investments, credit cards, and other more advanced topics. Research on youth savings and asset-building is informative, showing a child with a savings account in his or her own name will have associated higher college expectations; having an account may subtly promote a focus on the future (Elliott et al., 2011).

Appendix - Curricula Summary

Name	Authoring/ Sponsoring Organization	Target Ages	Topics Covered	Curriculum Length	Assess-ment
Banking on Our Future	Operation HOPE	Grades 4-12	Banking, Credit Unions, Saving, Credit, Investments	Five modules	Yes
Biz Kid$	National Credit Union Foundation	Ages 9-16	Saving, Taxes, Budgeting, Credit, Investment, Stock Mkt., Loans, Careers, Business	65 episodes; meant to be pick-and-choose	No
Citi Financial Education Curriculum	Citigroup, Inc.	K-12,	Needs and Wants, Saving, Interest, Advertising	Four lessons	Yes
Econ Edlink	Council for Economic Education	K-12,	Lessons avail. for Banking, Saving, Taxes, Interest, Comparison Shopping. Prevailing	Varies – pick-and-choose	Yes

			econ focus.		
Financial Fitness for Life	Council for Economic Education	K-12,	Income, Taxes, Saving, Interest, Spending, Opp. Cost, Methods of Payment, Advertising, Comparison Shopping, Credit, Loans, Budgeting	15 lessons	Yes
Financing Your Future	Council for Economic Education, Citi Foundation	Grades 9-12	Saving, Opportunity Cost, Banking, Credit, Investment, Budgeting	Five videos with three lessons each	Yes
JA More than Money	Junior Achievement	Grades 3-5	Small Business, Saving, Interest, Advertising	Six sessions	Yes
Money Math: Lessons for Life	Jump$tart, Univ. Missouri - St. Louis	Grades 7-9	Saving, Interest, Comparison Shopping, Budgeting, Careers, Taxes	Four lessons	Yes
Money Savvy Kids	Money Savvy Generation	K-10	Saving, Spending, Budgeting, Philanthropy, Investment, Taxes, Credit, Insurance	Four to eight lessons	No
Money Smart for Young Adults	FDIC	Ages 12-20	Savings, Checking, Budgeting, Credit, Car/Student Loans, Housing	Eight 90 minute modules	No
NEFE High School Financial Planning Program	National Endowment for Financial Education, USDA CSREES, CUNA	Grades 9-12	Budgeting, Saving, Investing, Financial Services, Insurance, Careers, Credit/Loans	Seven units	Yes.
Practical Money Skills for Life	VISA, Univ. of Kentucky	K-12	Budgeting, Saving, Interest, Investing (Stocks), Comparison Shopping	4 lessons designed to fit into math & reading time	Yes

(Know of others? Please contact jmcollins@wisc.edu)

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The University of Wisconsin-Extension (UWEX) Cooperative Extension's mission extends the knowledge and resources of the University of Wisconsin to people where they live and work. Issue Briefs are an ongoing series of the Family Financial Education Team. This brief was drafted by J. Michael Collins, Assistant Professor in Consumer Finance and Extension State Specialist,