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Growing Up Financially Literate: A Lifelong Curriculum

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GROWING UP FINANCIALLY LITERATE:
A LIFELONG CURRICULUM

A Capstone Experience/Thesis Project

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Honors College Graduate Distinction at Western Kentucky University

By

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ABSTRACT

This work ventures to find a solution to one source of economic instability: financial illiteracy. The inability to manage money, caused by a lack of education, has led to poor decision making. These bad decisions can lead to a number of financial hardships, as well as emotional and physical problems. Better education can combat all of these symptoms and lead to a healthier financial future.

Growing Up Financially Literate attempts to help close the curriculum gap surrounding financial literacy by recognizing that the gap does not only exist in a single age group. Financial education cannot stop with any one age group; it must be a lifelong curriculum. *Growing Up Financially Literate* is about starting out young with a strong foundation of basics and then growing into more complex, yet still very practical, concepts of financial literacy. Elementary school students are taught the basic uses of money and why one should save. High school students learn the true cost of living, how it compares to real wages, and how to ensure a brighter financial future. Adults are taught to save money in an unusual way: by learning about, and taking advantage of, tax credits.

Keywords: financial literacy, business education curriculum

Dedicated to Daddy, who introduced me to accounting
and has helped me through it each step of the way

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VITA

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CHAPTER 1

INTRODUCTION

During 2009, the economy sank deeper and deeper into a recession. Prices in the housing market fell 30% from the prices of summer 2006 (Resmer 2009). According to the Bureau of Labor Statistics, 2009 unemployment was at the highest since the recession of 1982-1983. It was more than double the rate from just ten years prior. In the year 2009, the average American was more likely to file bankruptcy than graduate college. The bankruptcy rate had steadily increased since the 1980s, with 1.1 million personal cases in 2008 (Resmer 2009). How did we come to be in such a sorrowful state? How will we make it out? How can we prevent this from happening again? These questions inspired my thesis, *Growing up Financially Literate: A Lifelong Curriculum.*

The inability to manage money leads to poor choices. Prior to 2009, many people maxed out credit cards and failed to save. Even before the unemployment rate began to rise, nearly half of American families carried credit card debt, with an average balance of $7,000 ("Debt Trap," Dateline 2010). According to the Bureau of Economic Analysis, the national savings rate was two to four percent during the years of 2002 to 2006. Since 2007, the savings rate has progressively decreased, sometimes even falling below one percent.

Poor financial decisions cause more than just financial hardships. Financial stress also causes many other problems. People can develop unhealthy coping habits, such as drinking, smoking, or overeating. People in these situations also have less money for self-care and end up cutting corners on items like healthcare. Financial burdens can lead to loss of sleep and unhealthy emotions, such as anxiety, frustration, and hopelessness (Scott 2008). Financial illiteracy can impact all aspects of a person's life.

Education is a key to combating financial illiteracy and the many problems that accompany it. The Department of the Treasury has become a leader in promoting financial education (Office of Financial Education). It established the Office of Financial Education (OFE) in May of 2002, which works to promote access to the financial education tools that can help all Americans make wiser choices in all areas of personal financial management. The OFE has a special emphasis on saving, credit management, home ownership and retirement planning. It also coordinates the efforts of the Financial Literacy and Education Commission, a group chaired by the Secretary of Treasury and composed of representatives from twenty federal departments, agencies and commissions. The Commission works to improve financial literacy and education for people throughout the United States and was created under the Fair and Accurate Transactions Act of 2003 (Office of Financial Education).

My thesis is about trying to help close the curriculum gap. It is also about realizing this gap does not only exist in a single age group. All ages need to learn more and become more financially literate. The education cannot stop at any certain point; it must be a lifelong curriculum. My thesis is about starting out young with a strong foundation of basics and then growing into more complex, yet still very practical, concepts.

CHAPTER 2

PREVIOUS RESEARCH AND WORK IN FINANCIAL LITERACY

Mid-2009 estimates put total bailout costs at $23 trillion (Norris 2009). Alarming numbers like this, and the very fact that bailouts were becoming incredibly common, have really made people take notice of society's financial illiteracy. And, people *are* taking notice. From the American Institute of Certified Public Accountants (AICPA) to newfound organizations, such as the Jump$tart Coalition, people are taking a stand in an effort to save society from easily avoidable financial mishaps.

Financial Literacy and Adults

The net national savings rate in 2003 was 1.6%. This rate is below many other countries, including China (38.6%), India (15.2%), Japan (10.8%), and Mexico (8.2%). The personal savings rate, not including government savings, dropped to a negative rate in 2005. In 2006, Americans making up the lower-income half of the national population had a net worth of only $23,000. Those households in the bottom quartile of income had a negative net worth, meaning they spent more than they earned (Johnson et al. 2006).

In 2008, Harris Interactive conducted a nationwide survey of 1,026 adults for the AICPA ("American Institute" 2008). Twenty-five percent of the respondents said they were spending wisely or not spending as much as a means of saving money. This number was a sharp increase from only two percent the previous year. Spending wisely ranked second as a savings method, preceded only by investing in interest-bearing savings accounts (40%). Other savings strategies included participating in company-sponsored retirement plans (13%); stocks, bonds, and mutual funds (11%); IRAs (7%); and CDs (5%). Oddly, another strategy appeared: three percent started conserving energy as their savings plan. As a result of the newly popularized savings method, the AICPA has created the 360 Degrees of Financial Literacy program ("American Institute" 2008). The AICPA, state CPA societies, and individual CPAs work together to address financial literacy. The program addresses financial concerns for all stages of life, from getting married and starting a family to buying a home to retirement, and all the steps in between. Resources are made available to the public through the program's website (360financialliteracy.org) and through individual CPAs in communities around the country (aicpa.org). The materials are fairly in-depth but easy to understand.

Harris Interactive conducted another survey for the AICPA in 2009 (Heavy 2009). Results showed that 51% of participants employed full- or part-time were worried about losing their job. In fact, an overall 4% knew or expected they would lose their jobs soon. Four percent extrapolated to all of America's population is a stunning 5.5 million people. Forty-nine percent of the respondents also felt pessimistic about the economy over the next year. The AICPA's 360 Degrees of

Financial Literacy program took note and shifted focus to surviving the economic downturn. New resources, such as tips on spending less on groceries and eating out, have been added to the 360 website each week. A "Recessionary Survival" section has also been established, including information on coping with job loss, paying for college, saving, and related topics. The AICPA has also created mobilization kits to assist its members with volunteer efforts. The kits include the same information found on the website, but also includes presentations and speaker notes (Heavy 2009).

Employers are also beginning to notice a shortcoming in adult financial literacy. In the fall of 2009, SunTrust Bank began a financial literacy course for its employees (Brister 2009). Though these front-line employees deal with money everyday, many did not know how to manage their own finances. SunTrust realized the deficiency and developed a course that would focus on budgeting, balancing a checkbook, paying bills on time, saving, and investing. SunTrust said the program was worth the investment because studies show financially-secure employees are more productive. Officials even have hopes of expanding the program into a value-added option for its corporate clients. J. Scott Wilfong, president of SunTrust's greater Washington D.C. region, said the financial crisis of 2008-2009 was caused "by the fact that people just don't understand finance. That included a lot of bankers that were selling financial products." The bank hopes that employees who have completed the course will then be better able to advise customers. While this endeavor will not return short-term profits, SunTrust hopes it will help its future prospects. Part of the banks' motivation for implementing financial literacy programs was regaining customer trust, showing that they care about customer well-being (Brister 2009). While this financial program is partially profit-motivated, it nonetheless has the potential to increase financial literacy among adults, both the bank's employees and customers.

Financial Literacy and High School Students

A 2008 Jump$tart survey, in the form of a multiple choice test, asked graduating seniors about savings, investments, and basic money management. The average score was 50.3%, and only a total of 3% of the students made above a 75% (Resmer 2009). These are high school seniors. That means that many are about to begin paying bills and using credit cards, if they are not already.

As of October 2009, seventeen states required a high school economics class. Twenty-eight states had some financial knowledge woven into their standards. Only ten states actually had a personal finance class listed as a graduation requirement (Tyre 2009). The Pennsylvania Institute of Certified Public Accountants (PICPA) spent much of 2009 pushing for financial literacy education. They partnered with the National Theatre for Children to bring an interactive performance, called *Mad Money*, into high schools across the states. PICPA members attended the shows and met with administrators to discuss the importance of financial education. The PICPA then developed a curriculum of eleven lesson plans for schools to use. Since then, there have been 180 requests for supplemental materials (CPAs Reaching Out 2009). The PICPA has proven that all it takes is an initiative. Through just a few members, they have reached thousands of students first-hand. However, their impact will not stop there as schools begin to incorporate the PICPA's lesson plans into high school curriculum across the state.

The Girl Scouts of the Green and White Mountains and the Vermont Commission on Women surveyed 100 girls from 42 different schools in 2008 (Resmer 2009). Nine in ten of the respondents reported getting most of their financial information from their parents. However, only one in five knew how to read a bank statement or balance a checkbook. Jump$tart has since taken several new initiatives, including 'financial fitness fairs' and game-show-style activities for students. Judy Branch, a family and youth development specialist from the Vermont Extension Program, speculated that some parents are too worried about their own finances to discuss it with their children: "It's almost like parents don't want to talk about money any more than they want to talk about sex. But it's a conversation absolutely necessary." Even if they are not completely comfortable with finances themselves, parents are not alone as there are many resources available to them. The AICPA, state CPA societies, the OFE, and other organizations and governmental agencies provide programs that progress with children's ages, even up through the teenage and college years (Resmer 2009). If parents do not teach their children about financial matters because they are either uncomfortable with it or unknowledgeable on the subject, society will simply enter into a vicious cycle. The children will grow up financially illiterate and then fail to teach their own children. The cycle must be broken.

Financial literacy among high school students is not a concern limited solely to schools and parents. Fifth Third Bank developed an ad campaign targeting high school and college students (Malakian 2009). The ads center around "that guy," the one that is completely financially illiterate, maxing out credit cards and never paying bills on time. Larry Magnesen, Chief Marketing Officer, said, "It made sense to target this group because the recent economic downturn [of 2008-2009] heightened students' awareness of financial matters." The bank wanted to compete with other media, like YouTube, for student's attention, so they made the ads funny and entertaining. Fifth Third has seen a significant increase in student accounts. The bank attributes the increase to a financial outreach program they started on campuses early in 2009, as well as the ad campaign. For the first six months of 2009, new student accounts were up 27% compared to the same time period in 2008. Since the ads began running on www.53.com/students, visits to the site have increased 30%. The ads are also run on Hulu and Facebook (Malakian 2009). This approach is possibly one of the most creative and, possibly, most effective. Students are not being forced to learn about finances in a classroom. The message is underlying in a funny video that they are hearing about from their friends, which makes it much more likely that the students will pay attention and actually be enthused.

Financial Literacy and Elementary School Students

Children may be surprisingly more aware of money than is perceived by adults. According to the 2006 "Weekly Reader" Research and AICPA survey, when asked what they would do with $100, 59% of tweens said they would save at least $50 (Mazur 2006). (Tweens are children ages nine to twelve.) Fifty-three percent have their own savings account. Almost 60% said they were saving for college. However, only 31% said their parents discuss finances with them (Mazur 2006). Just as mentioned above, it is hard for children to learn and be successful without the cooperation of parents.

The banking industry has taken on a large role in teaching children about financial matters. Many banks have placed branches in schools as a financial literacy teaching tool. Several of these school-based banks are even student-run. The American Banking Association (ABA) hosted "Teach Children to Save Day" and strongly encouraged members to reach one million children in one day. With over two million bank employees, they felt it was a very achievable goal. As a means of reaching this goal, the ABA also developed interactive lessons and made them available to its members (Connelly 2009). Other banks attempt to teach children the importance of saving with incentive-based form of banking. First Horizon Bank, a McLean, Virginia division of First Tennessee Bank NA, offers an incentive-based program for children opening savings accounts. An account may be opened with a deposit of $25 or more. At the time of the deposit, the bank will deposit another $25 into the account. Subsequently, the bank will deposit an additional $5 each month that a deposit is made in the first year, (Mazur 2009). Children who already understand the value of money are further motivated to save when offered a possibility of receiving an additional $85.00. However, this program would not be effective with children who have yet to understand the value of money. To them, the incentive from the bank would have no meaning.

There are many thoughts on financial literacy readily available, and even more programs and resources to guide you through it. However, very few span the entire life of an individual. Almost all are concentrated on one stage or age range in life. All ages are in desperate need of financial literacy, though. Regardless of age or stage in life, everyone has room to become a bit more financially literate.

CHAPTER THREE

STARTING WITH A STRONG FOUNDATION: ELEMENTARY SCHOOL

The goal of this project is that people will one day be masters of financial literacy. However, before one can master any subject, they must have a strong foundation. People must first have a clear understanding of the basics. There is nothing more basic in financial literacy than knowing three general ways in which money is used. While it is important to understand all three money uses, it is most important to understand the concept of saving. This is a concept that is easily, and perhaps best, learned at an early age. Therefore, that is where *Growing Up Financially Literate* begins: teaching elementary school students about the general ways money is used, focusing on saving in particular.

Curriculum

As already mentioned, the most basic of money concepts is the three general ways in which it can be used. The elementary school curriculum begins with an explanation of these concepts. I involve the students in listing the "three S's of money": saving, spending, and sharing. The students then help define the terms. This method helps to ensure the definitions are in terms the students understand and gives them ownership of the definitions. To help the students further understand this concept, we then create a "budget." The budget is not very in-depth and consists solely of the three money uses we are discussing. The students then discuss common items that could fall within each category (i.e. going to the movies would fall under spending).

After the students have a good grasp of money uses, we begin to focus on saving in particular. We begin by discussing things the students like to spend their money on. We talk about small things they may be able to buy right away, such as a snack. Then we talk about bigger, more expensive items, such as a video game, and how we typically have to save to purchase those items. The students then draw or write about a specific item they would like to save their money so they make the purchase later. This activity gives them a tangible item to look forward to and gives them a reason to save.

We then read *Alexander, Who Used to be Rich Last Sunday*, by Judith Viorst, aloud. After the story, I ask the students to list the ways Alexander lost his money. The students then talk about the ways Alexander tried to earn money and why they were unsuccessful. This discussion ends by talking about the tangible and intangible items Alexander received and how none of them were what he really wanted. I ask the class one final question: What should Alexander have done so that he could buy the walkie talkies he wanted?

The lesson ends with a short presentation on millionaires. The presentation, which comes in the form of an interactive, online quiz, is from themint.org, a partnership effort by the Northwestern Mutual Foundation and the National Council on Economic Education. The questions focus on several misconceptions about millionaires. It asks about how millionaires spend their money, how they earn their money, and how much they work. It ends by making the millionaire status seem very attainable for the students. Throughout the quiz, after reading each question, the class votes as to which answer should be selected. See Appendix A for a copy of the questions and answers.

As a final reminder to save, each child receives a piggy bank. The banks ensure that each student has a place to save. They also serve as a physical reminder that the students should save.

Methodology

Participants

A total of twenty-one fifth grade students participated in the class. All participants had parental consent prior to participation and are students in the Monroe County School District.

Instruments

Students completed a survey before participating in the class. They were then actively involved in the lesson as it was presented. They participated in handson activities and asked insightful questions. The students' growth was then measured by a post-survey. See Appendix A for both surveys.

Analysis

As we began our discussion of the three S's, a few members were quick to list both spending and saving. However, no one could list the third, sharing. Per the pre-survey, the class collectively only knew an average of .52 of the three S's, with no one knowing all three and fourteen not knowing any. The post-survey results showed vast improvement. Twenty of the students listed all three, and one student listed only two, bringing the average up to 2.95. The increase in the means was significant (t=1.21764E-11, df=20, p<.05).

As we shifted the focus to saving, the students had no trouble in indentifying an item they would like to save for. Items included iPod Touches, cell phones, four-wheelers, and even a new house. When we began to read the book, the students informed me they had read it the previous year. Despite this fact, they continued to participate and thoroughly answered all of my questions. When I asked my final question, about what Alexander should have done so that he could have bought the walkie talkies he wanted, the entire class unanimously, and very enthusiastically, answered, "Save!"

Since the main focus of this curriculum was saving, both the pre- and post-surveys largely dealt with that concept. The pre-survey showed that eighteen of the twenty-one students were already saving their money. Conversely, the post-survey showed that all twenty-one students planned to save from now on. The survey also asked whether the students spent all of their allowance/monetary gift at once or saved some for later. Prior to the lesson, five students said they spend all of it at once. After the lesson, only three said they would do so in the future.

The students were very involved in the millionaire quiz. They were surprised at the correct answers. Many had previously believed a person must be a celebrity or come from a wealthy family in order to become a millionaire. They were shocked to find that most millionaires do not lead flashy lifestyles nor have people do all the work for them. The best part was seeing the students' faces after the last answer appeared, which said they could become a millionaire if they saved their money. This revelation brought the entire lesson together and made it seem more relevant for them.

The students were most excited when I told them they would each receive a piggy bank. According to the pre-survey, the students kept their savings in a variety of places: a bank account, a piggy bank, a sock, and under the bed. On the post-survey, many specified they would now be using their new piggy bank.

The classroom teacher seemed impressed by the curriculum. She was appreciative that her students had the opportunity to benefit from it and said she would like to use it in her future classes. She also planned to use some of the resources I had found, such as themint.org.

CHAPTER FOUR

BUILDING ON THE BASICS: HIGH SCHOOL

High school students are at a crossroads in their lives. Many are looking towards the future, trying to figure out what to do. There are several options facing students. However, some students don't see the options. Some think that going directly into the workforce is the only choice they have because they think higher education is unattainable. Other students just don't see how higher education is beneficial. There is also a misconception among these students about how much money is actually needed to live a stable, comfortable life. The next portion of *Growing Up Financially Literate* addresses both of these situations.

Curriculum

This curriculum begins by concentrating on the second of the above scenarios: understanding the cost of living. We begin by discussing what a decent wage is in today's times. The students decide what wage would be sufficient to live on. To put a $10/hour job into perspective, we then calculate how much money that job will provide per month. To keep the calculation simple, we ignore taxes. After getting a per-month income number, we look at what that amount of money could buy, first looking at common items high school students would be interested in purchasing. Then we take the same number and try to see how it would be to live off just that amount. I give them a list of living expenses, such as insurance, food, and gas, and the students make suggestions of how much they think each one would cost on a per month basis. We then total all of their estimates and compare it to the per month income we are working with. Then I reveal how much each expense is estimated to cost in Kentucky. The students see that there is a significant difference in the total cost of living and the income from a $10/hour job. Next, I show a graph demonstrating the correlation between the level of education a person completes and the amount of money they earn. The graph also shows the correlation between levels of education and unemployment rates.

We close the lesson with a discussion of the numerous higher education options available and even more ways to pay for those opportunities. The students are given a worksheet to fill out during the discussion to ensure they are engaged and listening. We discuss the most well-known options, public and private universities, but also include community/technical college and proprietary/trade schools. It is important that students are aware of all the options. Using information provided by GoHigher Kentucky, I explain what each type of higher education entails and give some basic statistics on each, such as average enrollment and tuition costs. Next we discuss the numerous financial aid opportunities for students looking at higher education. We confer about all available financial aid opportunities, and what they involve, so each student can see that there is a way to pay for higher education, which gives them hope of a brighter financial future. See Appendix B for the entire presentation and worksheet.

Methodology

Participants

A total of nineteen high school students, ranging from freshmen to seniors, participated in the class. All participants had parental consent prior to participation and are students in the Monroe County School District.

Instruments

Students completed a survey before participating in the class. They were then actively involved in the lesson as it was presented. They participated in critical thinking situations and asked questions. The students' growth was then measured by a post-survey. See Appendix B for both surveys.

Analysis

The students were most actively participating and interested during the beginning discussion about living wages and expenses. Although they all agreed they would prefer to work for $20/hour, they did not think $10/hour would be a bad wage. As they witnessed the per month income $10/hour would provide, and how many iPod Touches or copies of *Twilight* it could subsequently purchase, they still did not seem worried. Even when they began estimating living expenses, they continued to think it was a solid wage. They did not realize how little $10/hour is until we totaled up their estimated living expenses. Their estimates totaled exactly $2,000, which surpassed the monthly income of $1,733 we had calculated. I then reminded them that these numbers did not account for taxes. When I exposed the estimated amounts provided by the government, they were even more shocked, as those estimates totaled up to over $2,300. I explained that the nearly $600 deficit was typically covered by creating debt.

When we viewed the graph showing levels of education versus annual salaries and unemployment rates, the students were surprised more by the unemployment rates than the respective salaries. The students were curious and asked several questions, such as what constituted each education level. The graph, coupled with the previous activity, emphasized the benefit of higher education.

Based on pre-survey results, all twenty students intend to pursue higher education of some sort. However, of the four types I discussed, the students were collectively familiar with an average of only 2.1 forms, with seven specifying only one form and three specifying all four. The post-survey showed an increase to an average of 3.5 forms, with twelve of the students feeling familiar with all four. There was a significant difference between the means of the two groups of results (t=.000863, df=18, p<.05).

Pre-surveys results showed the students planned to pay for higher education using a combination of grants, scholarships, loans, family help, and work study.

Post-surveys revealed that the same combination would be used. However, there were some significant changes. There was a significant increase in the areas of work study and grants. There was also a small increase in scholarships and service awards. Perhaps most significant was that there was no change in the number planning to use loans. This fact shows that the students found new funding possibilities without going into more debt. Prior to the lesson, the class planned to use an average combination of 3.17 financial aid items. After the lesson, that average increased to 3.63. The increase was mildly significant (t=.1197, df=18, p<.05).

CHAPTER FIVE

MAINTAINING FINANCIAL LITERACY: ADULTHOOD

Under a lifelong financial literacy curriculum, by adulthood, participants would have learned how to save and how to ensure a better financial stance in life. Therefore, the adult curriculum is designed to fine tune a person's financial literacy.

Curriculum

This curriculum is focused on teaching adults how to be more aware of ways to spend less. It takes a unique approach, though, by teaching them about tax credits. While paying taxes is mandatory, there are still ways in which people can spend less. This curriculum first teaches participants the difference between deductions and credits because they are very often confused. It is important for taxpayers to understand this difference, and the impact each item has on the tax liability, so that the maximum amount of money is saved. I also go over a few terms, such as filing statuses and adjusted gross income, so that participants will more fully understand the rest of the presentation.

I then present a wide variety of tax credits. The most common credits, such as the elderly/disabled and child care expense credits, are included because they are widely applicable to many of the participants. I include many credits from the

Economic Recovery Act, such as the energy and homebuyer credits, because several people are either unaware of the credits or are unsure of how they work. Other credits, such as the adoption and education credits, are included because, though the requirements are very specific and therefore greatly limit users, they are great ways to help people who do fall under those specific circumstances.

For each credit, I talk about the amount of the credit, who qualifies, and any specific information about the credit. Each participant receives a handout to use as an easy-reference overview of the tax credits. See Appendix C for both the handout and the presentation.

Since every possible situation cannot be covered in the presentation, participants have the opportunity to ask questions about more specific situations at the conclusion of the presentation. They ask me and, in the case that I do not know the answer, my advisor. The opportunity to ask questions gives participants even more insight to ways to spend less on taxes.

Methodology

Participants

A total of twenty-four adults participated in the class. The class was presented in partnership with the Monroe County Homemakers and the Monroe County Chamber of Commerce. However, there was an open invitation to the community. There were no minor participants, and each participant willingly agreed to participate.

Instruments

Participants completed a survey before participating in the class. They actively listened during the lesson and asked questions throughout the presentation. The participants' growth was then measured by a post-survey.

Analysis

Most participants were not comfortable in preparing their own tax return. The pre-surveys collectively averaged 2.1 when participants answered whether or not they were able to prepare their tax return. The question was asked on a scale of one to five, with one being strongly disagree and five being strongly agree. Post-surveys showed a significant increase to 3.05 using the same scale (t=.028326, df=21, p<.05). Some participants listed lack of knowledge or experience and changing tax laws as a reason for not preparing their own return. Others listed such emotional reasons as being overwhelmed or a fear of making mistakes.

Pre-surveys asked how many tax credits participants currently use. For those participants who chose to answer that question, the average number used was 2.1. Though many were already using credits, participants were eager to learn about more credits they could benefit from. Although, using the above scale, the pre-surveys averaged 2.43 in response to whether or not the participants keep up-to-date on tax credits, several people listed credits they were interested in learning about. Many of these credits were discussed in the presentation. The others were mentioned in the question and answer segment.

A significant area of increase was distinguishing between a deduction and a credit (t=.0007603, df=21, p<.05). Prior to the presentation, the participants averaged 3.05 when asked if they knew the difference between a deduction and credit. (Answers were based on above scale.) Afterwards, the average response increased to 4.62. Also based on the above scale, participants averaged 4.2 when asked both if they felt more informed about tax credits and if they learned of available credits they could use. These results show that participants are at least more aware of credits they could use. They can, in turn, provide that information to their tax preparer and ensure they benefit from all the savings they are entitled to receive.

CHAPTER 6

CONCLUSION

As an accounting major, I originally set out on my thesis journey with the intent to teach people about what I love: accounting. While attempting to make depreciation, taxes, and cash flow statements sound even mildly exciting to the non-accounting-minded, I realized a few things. First, those items are best left for my accounting colleagues and me. Most people will never enjoy them, and that is fine. If they did enjoy them, I may be out of a job. Secondly, I realized that I could teach people useful knowledge, even if it was not directly related to accounting. While pursuing my degree, I have been exposed to many different sorts of course material, which gives me a solid basis for teaching financial literacy. I felt enabled to help others. Finally, I had the realization, or perhaps breakthrough, that this is what accountants do. The accounting field is not solely about sitting at a desk, running numbers.

While I have never been a fan of the "pencil pusher" stereotype, I had somehow imagined my career taking place in much that manner. After completing this thesis, though, I cannot fathom how I once thought that way. While researching, I found story after story of certified public accountants (CPAs) giving back, helping those around them. In fact, the AICPA is pushing the profession to give back, especially in areas like financial literacy. As a part of their Feed the Pig Tween Program, the AICPA set a goal that its members would distribute 35,000 packets over the course of a year. They were astounded when that goal was met in a matter of just two months (CPAs Reaching Out 2009). I have found that I can devote myself to both of my passions, accounting and giving back, at the same time.

As my thought process continued, I realized that I did not file bankruptcy nor have a home foreclosure, but I *am* having trouble finding a job. I have concluded that financial illiteracy not only affects the illiterate; it affects everyone. Therefore, shouldn't it be everyone's problem?

I do not mean to blame people with financial difficulties for our economic state. I do not believe they are either stupid or selfish. I believe they are unknowledgeable. I do not understand biochemistry. However, I cannot be blamed for that as I have never been taught the subject. Financial literacy is the same way. How can society expect people to make good, sound financial decisions without teaching them? I do not believe people are generally able to become money savvy on their own. People must help one another understand. In turn, we will all live a more prosperous life.

With *Growing Up Financially Literate*, I have endeavored to help those around me understand financial matters, and, I believe, I have met some success. While everything has not gone completely according to my original plan, my analysis of participant surveys shows that each person, regardless of which age group or lesson, has left more knowledgeable than they were prior to completing the curriculum. This increase in knowledge was my goal for this project.

I know this one project will not change the world. It has, however, changed the way some people think and brightened their financial future. The lessons are not stopping with those who were direct participants. I have encountered a few non-participants who also learned something from the curricula. The next challenge will be to implement these curricula on a wide-spread basis. I would like to achieve wide-spread utilization by encouraging my future employers and other employers to sponsor these programs in different areas. Granted, it is likely that changes would need to be made, and the program should possibly even be expanded, but, overall, the basics are all here. When these curricula on financial literacy become staples of the education system, the likely outcomes are an improved economy, increased financial well-being, and a more prosperous standard of life. It can happen, and hopefully will, within a matter of a few years.

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APPENDIX A

The Truth About Millionaires Quiz

1. Most millionaires inherit their money. True or false?
   a. False. Only 19% of millionaires were given any money or wealth from family.
2. Millionaires don't actually work. They have people work for them.
   a. False. Most work more than 45 hour a week.
3. Millionaires shop in very exclusive stores, not where ordinary people shop.
   a. False. Forty-three percent of millionaires have a Sears card.
4. Millionaires drive impressive cars.
   a. False. Only 23% of millionaires drive a new car.
5. Most millionaires make their money in glamorous ways- they are basketball players, musicians, or other celebrities.
   a. False. Most millionaires work in very ordinary jobs. They are paving contractors or have a pest control business.
6. Millionaires have lots of credit cards.
   a. False. Many keep just one credit card and most pay it off in full each month. They do not like paying interest on debt.
7. Most millionaires own their own business.
   a. True. Most millionaires consider themselves to be entrepreneurs. This may explain why they work more hours than you would think. They are decision-makers for their companies.
8. Many poor people become millionaires by winning the lottery.
   a. False. The chances of winning the Powerball Lottery are 1 in 17 billion. You have a better chance of being struck by lightning. Your chances of that are 1 in 9 million.
9. Most millionaires are college graduates.
   a. True. Four out of 5 millionaires are college graduates. Twenty-four percent have earned masters or doctoral degrees. Another 14% have earned medical or law degrees. They are well educated.
10. There is a good possibility that you can be a millionaire.

a. True. It is not that hard if you stick to a savings plan. Let's say you invest $3,000 each year and earn 8%. You do this every year from the age 21 to age 64, the age you want to retire. You will retire with a million bucks!

Saving for Tomorrow
Pre-Survey

1. Do you save your money? Yes No
   If you do, where do you put your money to save it? (a bank account, a piggy bank, etc.)

2. Do you know the three S's of money? Yes No
   If yes, what are they?

3. When you receive your allowance or a gift of money, do you spend it all at once instead of keeping some for later? Yes No

Saving for Tomorrow
Post-Survey

1. Do you think you will save your money from now on? Yes No
   If yes, where will you put your savings?

2. What are the three S's of money?

3. When you receive your allowance or a gift of money, do you think you will spend it all at once instead of keeping some for later? Yes No

APPENDIX B

Higher Education

Planning, Budgeting, and Paying for It

What's a decent wage today?

$10 per hour?
$12 per hour?
$15 per hour?
$20 per hour?

LET'S LOOK AT A $10/HOUR WAGE.

(We will ignore taxes to simplify things a bit.)

$10/hour wage x 40 hours per week = $400

$400 per week x 52 weeks in a year = $20,800

$20,800 per year / 12 months in a year = $1,733

WHAT WILL $1,733 BUY?

5: 32 GB iPod Touches
17: low-end Coach purses
28: PS3 games
22: pairs of Sperry boat shoes
35: single day passes to Disney World
108: hardback copies of *Twilight*
693: 12-pack cases of Coke

HOW MUCH DOES IT COST TO LIVE?

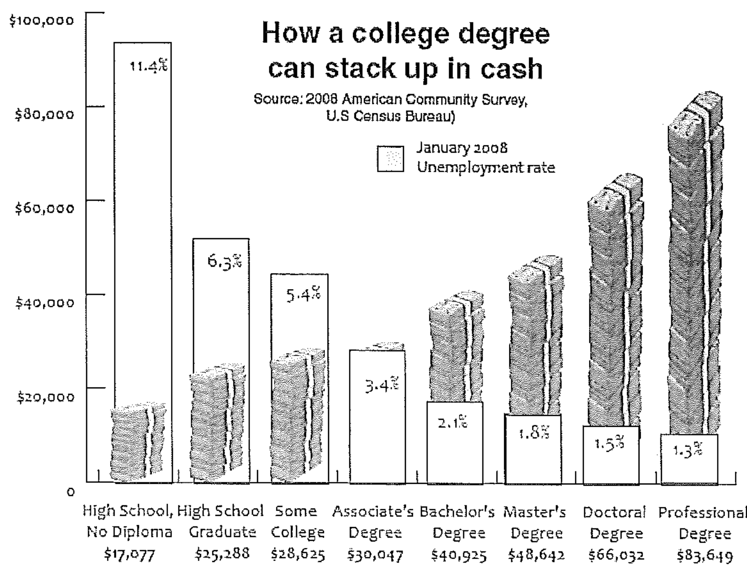
- Rent?
- Utility bills?
- Phone/internet/cable?
- Car payment?
- Car insurance?
- Food?
- Gas?
- Health insurance?
- Entertainment?
- Clothes?

- Total?

HOW MUCH DOES IT COST TO LIVE?

Rent	$755
Utility bills	238
Phone/internet/cable	172
Car payment	251
Car insurance	123
Food	374
Gas	194
Health insurance	119
Entertainment	102
Clothes	59
Total	$2,387

WHY HIGHER EDUCATION?



THE DIFFERENT OPTIONS

Public Universities
Private Colleges and Universities
Community and Technical College
Proprietary/Trade School

PUBLIC UNIVERSITIES

- Offer undergraduate and graduate degrees
- Some offer professional and associate's degrees
- Greater variety of programs/majors
- Tend to have larger classes
- Usually greater social/leadership opportunities
- Tend to cost less

PUBLIC UNIVERSITIES

Average enrollment: 15,263
Range of enrollment: 2,500-27,000
Average ACT requirement: 18
Average high school GPA requirement: 2.25

Average tuition cost: $6,852
Range of tuition costs: $5,976-$8,240
Average room & board costs: $6,725
Range of room & board costs: $5,698-$9,100
Average percent of students receiving financial aid from the university: 82%

Number in Kentucky: 8

Private Colleges & Universities

- Offer bachelor's degrees
- Some offer associate's and professional degrees
- Some may partner with larger schools for specialized programs
- Tend to have smaller classes
- Tend to be more expensive
- May have a better chance of participating in select programs

Private Colleges & Universities

Average enrollment: 1,283
Range of enrollment: 80-2,770
Average ACT requirement: 19
Average high school GPA requirement: 2.4

Average tuition cost: $16,967
Range of tuition costs: $4,305-$39,000
Average room & board costs: $6,457
Range of room & board costs: $3,900-$8,400
Average percent of students receiving financial aid from the university: 86%

Number in Kentucky: 26

Community & Technical Colleges

- Offers associate's degrees
- Programs available to help you enter the work force without getting a degree
- Shorter time for completion (between six months and two years)

Community & Technical Colleges

Average enrollment: 5,528

Range of enrollment: 2,000-15,000

Generally no ACT or GPA requirement

Average tuition cost: $3,000

Room & Board is not available

Average percent of students receiving financial aid from the university: 74%

Number in Kentucky: 16

Proprietary/Trade Schools

- Schools are privately owned and licensed
- Only offer programs in specialized areas
- Some schools offer only one area of study
- Prepare you directly for the work force

Private Colleges & Universities

Average enrollment: 1,015
Range of enrollment: 250-4,800
Generally no ACT or GPA requirement

Average tuition cost: $13,358
Range of tuition costs: $6,360-$20,500
Average room & board costs: $5,377
Range of room & board costs: $3,384-$11,964
Average percent of students receiving financial aid from the university: 76%

Number in Kentucky: 15

How can you pay for higher education?

- It'll take some research, but you can afford higher education.
- The best resource is the financial aid office at the school of your choice.
- You may qualify for financial aid for a variety of reasons:
  - Academic achievement
  - Athletic skill
  - Musical ability
  - Financial need

Types of Financial Aid

- Grants
- Scholarships
- Work Study
- Student Loans
- Conversion Scholarships
- Waivers
- Military Benefits
- National Service Award
- Tax Credits/Deductions

Grants

Awards based on need that do not have to repaid

- Academic Competitiveness Grant
  - Eligibility: first- or second-year undergraduate, Pell grant eligible, rigorous high school curriculum
  - Amount: first year- $750, second year- $1,300
- Chafee Independent Program Education Training Voucher
  - Eligibility: students who left foster care after age 18 or was adopted after age 16
  - Amount: up to $5,000 per year
- College Access Program Grant
  - Eligibility: financial need
  - Amount: up to $1,900 for full-time students

Grants, Continued

- Federal Pell Grant
  - Eligibility: undergraduate enrolled in an eligible school with financial need
  - Amount: up to $5,350 per year
- Federal Supplemental Education Opportunity Grant
  - Eligibility: undergraduate enrolled in an eligible school with financial need
  - Amount: up to $4,000
- Kentucky Tuition Grant
  - Eligibility: undergraduate with financial need enrolled at a Kentucky private university
  - Amount: up to $2,964

Scholarships

Awards based on a special achievement that do not have to be repaid

- Local Scholarships- Check the guidance office!
- Byrd Honors Scholarship
  - Eligibility: 3.5 GPA, 23 ACT, high school counselor recommendation
  - Amount: up to $1,500 per year
- Commonwealth Scholars Program
  - Eligibility: academically talented students attending a public college or university in Kentucky
  - Amount: varies by school

Scholarships, Continued

- Kentucky Educational Excellence Scholarship (KEES)
  - Eligibility: high school students with at least a 2.5 GPA
  - Amount: amounts vary based on GPA and ACT scores
    - Each high school semester's GPA earns the coordinating amount.
    - The bonus ACT money is added to the total of the eight semesters.
    - The maximum is $2,500 per year.

GPA	Base Amount	ACT Score	Bonus Amount
2.50	$125	15	$36
2.60	150	16	71
2.70	175	17	107
2.75	187	18	143
2.80	200	19	179
2.90	225	20	214
3.00	250	21	250
3.10	275	22	286
3.20	300	23	321
3.25	312	24	357
3.30	325	25	393
3.40	350	26	428
3.50	375	27	464
3.60	400	28 or higher	500
3.70	425		
3.75	437		
3.80	450		
3.90	475		
4.00	500		

Work Study

Part-time employment that allows a student to earn money towards an education

- Federal Work Study
  - Eligibility: student with financial need enrolled in eligible school
  - Amount: Student must be paid at least minimum wage
- KHEAA Work Study
  - Eligibility: Kentucky student attending participating school and working in a career-related area
  - Amount: Student must be paid at least minimum wage

Student Loans

Money borrowed from a bank, the government, or a school that must be repaid; has lower interest rates; repayment starts after leaving school

- Federal Perkins Loan
  - Eligibility: exceptional financial need
  - Amount: up to $5,500 per year for undergraduates
- Federal Stafford Loan
  - Eligibility: financial need
  - Amount: up to the cost of attendance less the estimated family contribution
- Other loans are available from private parties (i.e. banks, etc.).

Conversion Scholarships

Scholarships that require a time period of service

- Environmental and Public Protection Cabinet Scholarship
  - Eligibility: junior or senior at a Kentucky university pursuing a degree in an area of critical need
  - Service: must work at the Department for Environmental Protection after graduation
  - Amount: varies
- Federal TEACH Grant
  - Eligibility: student in teacher education program with 3.25 GPA
  - Service: must teach full-time for four years in a high-need field at an elementary or secondary school that serves low-income students
  - Amount: up to $4,000 per year

Conversion Scholarships, Continued

- Kentucky Nursing Incentive Scholarship
  - Eligibility: Kentucky resident enrolled in approved nursing program
  - Service: must work full-time as a Kentucky nurse for a full year per year funded
  - Amount: varies
- Kentucky Transportation Cabinet Civil Engineering Scholarship
  - Eligibility: student with a 24 ACT attending eligible school and enrolled in civil engineering
  - Services: must work for the Kentucky Transportation Cabinet a full year per year funded
  - Amount: varies

Waivers

An arrangement offered by some schools to eliminate certain costs for qualified students

- Adopted and Foster Children
  - Amount: up to tuition and mandatory fees at any public school for up to five years
- Dependents of Deceased Employees Participating in State-Administrated Retirement Systems
  - Amount: enrollment or tuition fees at a state-supported school
- Dependents of Deceased or Disabled Kentucky Law Enforcement Officers and Firefighters
  - Amount: enrollment or tuition fees at a state-supported school for no more than 36 months

Waivers, Continued

- Dependents of Deceased or Totally Disabled Kentucky Veterans
  - Amount: tuition at any state-supported school

Military Benefits

Financial aid offered to people (or their dependents) who were, are, or will be serving in the U.S. Armed Forces

- Kentucky Air National Guard
  - $317 per month for 36 months
  - Additional $350 each month for critical careers
- Kentucky Army National Guard
  - Tuition up to $250 per credit hour
  - Guard members with a six year obligation can receive $317 per month for 36 months.
  - Newly enlisted Guard members, current members with three years, and active duty members can receive $200 per month and $350 per month if enrolled in an officer-commissioning program (ROTC).
  - Active members can receive full tuition at public universities.

Military Benefits, Continued

- Reserve Officers Training Corps (ROTC)
  - Air Force
    - 4- or 5-year scholarships of varying amounts
  - Army
    - Full tuition and on-campus fees, $1,200 yearly allowance, up to $5,000 per year as spending money
  - Navy
    - Tuition, fees, book allowance, uniforms, and monthly allowance

National Service Award

An award received for education expenses in return for national or community service

- Americorps
  - Student performs national community service before, during, or after college
  - Amount: up to $4,725 for each year of service to pay current or future expenses, or to repay student loans

Higher Education

1. Name the four types of higher education.

2. Name at least one fact about one type of school listed above.

3. What is the difference between grants and loans?

4. Describe two methods of paying for higher education (besides grants and loans).

Higher Education
Pre-Survey

1. What are your post-graduation plans?

    __ post-secondary education

    __work force

    __other: ______________________

2. If you are not planning on furthering your education, why not? (Please check all that apply.)

    __further education is not necessary for my chosen career field

    __further education is too expensive

    __not familiar with post-secondary education options

    __other: ______________________

3. If you are planning to seek higher education, how do you plan on paying for it? (Please check all that apply.)

    __grants

    __scholarships

    __loans

    __family help

    __work-study

    __military

    __other: ______________________

4. What types of post-secondary education are you familiar with?

    __university

    __community college

    __technical college

    __vocational programs

Higher Education

Post-Survey

1. Are you considering post-secondary education? Yes No
2. If no, why not? (Please check all that apply.)

   ___further education is not necessary for my chosen career field

   ___further education is too expensive

   ___not familiar with post-secondary education options

   ___other: ______________________________
3. If yes, how are you planning on paying for your education? (Please check all that apply.)

   ___grants

   ___scholarships

   ___loans

   ___family help

   ___work-study

   ___military

   ___other: ______________________________
4. What types of post-secondary education are you familiar with?

   ___university

   ___community college

   ___technical college

   ___vocational programs

APPENDIX C

Federal Tax Credits

HOW CAN YOU SAVE?

Credits versus Deductions

- Deductions
  - Represent an expense incurred by the taxpayer
  - Lowers taxable income
  - Exact amount of savings depends on the taxpayer's tax rate

Credits versus Deductions

- Credits
  - Similar concept
  - Lowers amount of taxes owed
  - Exact amount of savings does not depend on tax rates

The Basic Tax Computation

Income
- Deductions for AGI
Adjusted Gross Income
-Deductions from AGI
-Exemptions
Taxable Income
x Appropriate Tax Rate
Income Tax
-Tax Credits
Income Tax Payable

Glossary of Frequent Terms

- **Nonrefundable credit:** credits that can only reduce tax liability to zero
- **Refundable credit:** credits that can be refunded in the event that the tax liability falls below zero
- **Earned Income:** income resulting from activities in which the taxpayer was actively involved

Glossary of Filing Statuses

- **MFS:** married filing separately status
- **MFJ:** married filing jointly status
- **HOH:** head of household filing status
- **AGI:** Adjusted Gross Income

A Few Tax Credits to Consider

- Adoption Credit
- American Opportunity Credit
- Lifetime Learning Credit
- Child/Dependent Care Expenses Credit
- Child Tax Credit
- Credit for Retirement Plan Savers
- Earned Income Credit
- Elderly/Disabled Credit
- Energy Credits
- Homebuyer Credit
- Mortgage Interest Credit
- Saver's Tax Credit

Adoption Credit

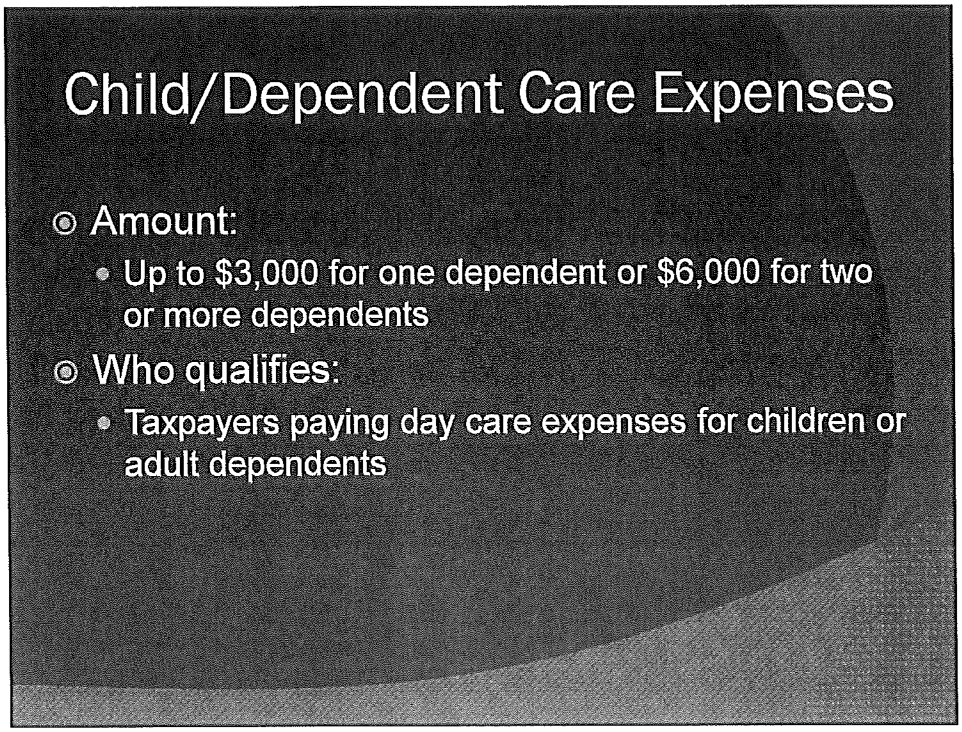
- Amount:
  - The amount of qualified expenses up to $10,000, which is adjusted for inflation
- Who qualifies:
  - parents attempting to adopt an eligible child

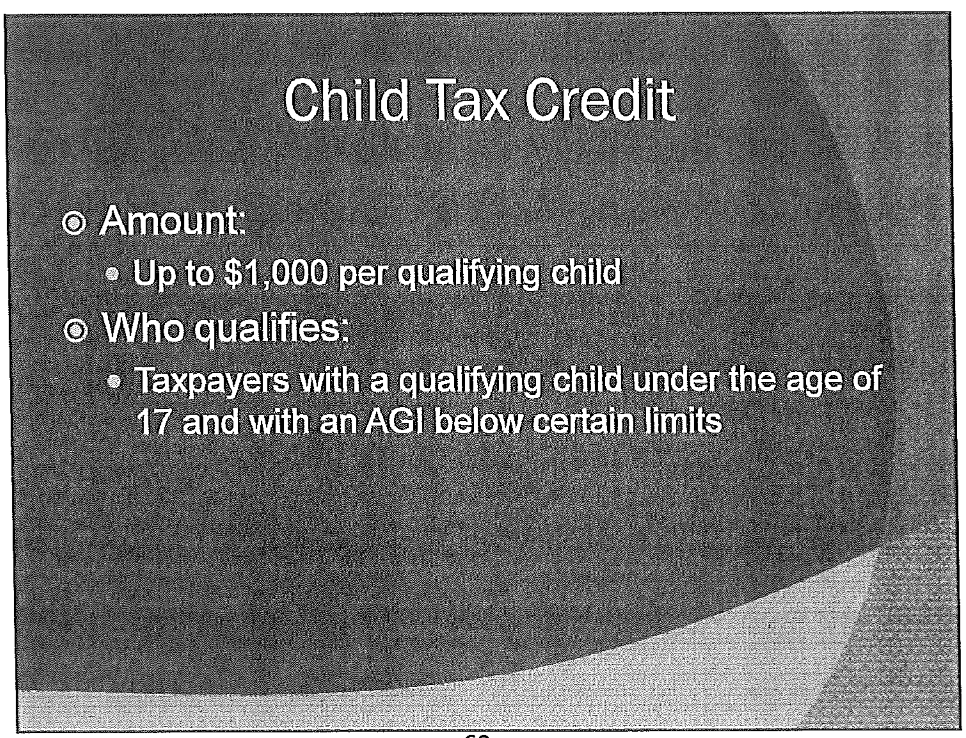
American Opportunity Credit

- Amount:
  - up to $2,500 per student
- Who qualifies:
  - Undergraduate students

Lifetime Learning Credit

- Amount:
  - $2,000 per tax return
- Who qualifies:
  - Taxpayers taking college classes, also if spouse or dependent is taking classes


Child/Dependent Care Expenses
Amount:
Up to $3,000 for one dependent or $6,000 for two or more dependents
Who qualifies:
Taxpayers paying day care expenses for children or adult dependents


Child Tax Credit
Amount:
Up to $1,000 per qualifying child
Who qualifies:
Taxpayers with a qualifying child under the age of 17 and with an AGI below certain limits

Credit for Retirement Plan Savers (Saver's Credit)

- Amount:
  - 50% of amount contributed to qualified retirement fund, up to $1,000 [single filers] and $2,000 [married filers]
- Who qualifies:
  - Taxpayers who are over age 18, not a student and cannot be claimed as a dependent and contributed money to a retirement plan

Earned Income Credit

- Amount:
  - For 2009: $5,028 [two or more qualifying children], $3,043 [one qualifying child], $457 [no qualifying children]
- Who qualifies:
  - Taxpayers whose earned income and AGI are within certain ranges

Elderly/Disabled Credit

- Amount:
  - must be computed on Schedule R of Form 1040 or Schedule 3 of Form 1040A
- Who qualifies:
  - Taxpayers age 65 or older or who are retired on permanent disability and have taxable disability income

Homebuyer Credit (First-Time Buyer)

- Amount:
  - 10% of the purchase price up to $8,000
- Who qualifies:
  - First-time homebuyers purchasing a new or resale home from January 1, 2009 to April 30, 2010

Homebuyer Credit (Existing Home Owners)

- Amount:
  - 10% of the purchase price up to $6,500
- Who qualifies:
  - Repeat homebuyers purchasing a new or resale home from November 6, 2009 to April 30, 2010

Mortgage Interest Credit

- Amount:
  - varies
- Who qualifies:
  - First-time homebuyers whose income is below the median income for the area where they live

Nonbusiness Energy Property Credits

- Amount:
  - $500
- Who qualifies:
  - Taxpayers who made qualified energy-efficient purchases in 2006, 2007, or 2009

Residential Energy Efficient Property Credit

- Amount:
  - $2,000 [wind systems increase it to $4,000]
- Who qualifies:
  - Taxpayers who made qualified energy-efficient installations to their homes

Sources

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- "Any information on the mortgage interest tax credit?" real-estate-law.freeadvice.com

How Can You Save?
Federal Tax Credits

I. Adoption Credit
   a. Amount: the amount of qualified expenses up to $10,000, which is adjusted for inflation
   b. Who qualifies: parents attempting to adopt an eligible child
   c. The Specifics:
      i. Qualifying expenses include adoption fees, court costs, attorney fees, traveling expenses, and other expenses directly related to the adoption.
      ii. Qualifying children must be under the age of 18 or mentally or physically incapable of caring for themselves.
      iii. Those adopting special needs children may take the full $10,000 even if qualifying expenses are less than that.
II. American Opportunity Credit
   a. Amount: up to $2,500 per student
   b. Who qualifies: undergraduate students
   c. The Specifics:
      i. Qualifying expenses are tuition and course materials.
      ii. Calculation: 100% of the first $2,000 in expenses, 25% of the next $2,000
      iii. Available for the first four years of undergraduate
      iv. Credit phases out at $80,000-$90.000
      v. Up to 40% of the credit is refundable.
      vi. Credit is only available for 2009 and 2010.
III. Lifetime Learning Credit
   a. Amount: $2,000 per tax return
   b. Who qualifies: taxpayers taking post-secondary classes; also if spouse or dependent is taking classes
   c. The Specifics:
      i. Eligible institutions include all accredited colleges and universities, vocational schools, and other post-secondary institutions.
      ii. Qualifying expenses include tuition and mandatory fees.
      iii. Income limitations are $48,000 [single, HOH, qualifying widow] and $96,000 [MFJ].
IV. Child/Dependent Care Expenses
   a. Amount: up to $3,000 for one dependent or $6,000 for two or more dependents

b. Who qualifies: taxpayers paying day care expenses for children or adult dependents
c. The Specifics:
   i. Calculation: 20-35% of qualifying expenses (percentage depends on AGI)
   ii. Qualifying children must be 12 or younger. Older children and dependent adults must be unable to physically or mentally care for themselves.
   iii. Qualifying daycare providers cannot be another dependent.
   iv. To qualify, the taxpayer(s) must be working, looking for work, or going to school.

V. Child Tax Credit
a. Amount: up to $1,000 per qualifying child
b. Who qualifies: taxpayers with a qualifying child under the age of 17 and with an AGI below certain limits
c. The Specifics:
   i. Qualifying children are claimed as a dependent, under age 17, a U.S. citizen or resident alien, and related to taxpayer by birth, marriage, adoption or foster arrangement.
   ii. The credit phases out if AGI exceeds $75,000 [single, HOH, qualifying widow], $110,000 [MFJ], or $55,000 [MFS].

VI. Credit for Retirement Plan Savers (Saver's Credit)
a. Amount: 50% of amount contributed to qualified retirement fund, up to $1,000 [single filers] and $2,000 [married filers]
b. Who qualifies: taxpayers who are over age 18, not a student and cannot be claimed as a dependent and contributed money to a retirement plan
c. The Specifics:
   i. The credit is limited to those whose income does not exceed certain amounts.
   ii. The limitations are $26,500 [single, MFS, qualifying widow], $39,750 [HOH], and $53,000 [MFJ].

VII. Earned Income Credit
a. Amount: for 2009: $5,028 [two or more qualifying children], $3,043 [one qualifying child], $457 [no qualifying children]
b. Who qualifies: taxpayers whose earned income and AGI are within certain ranges
c. The Specifics:
   i. To see if you fall within the appropriated ranges and otherwise qualify, visit the Earned Income Tax Credit Assistant at irs.gov.

VIII. Elderly/Disabled Credit

a. Amount: must be computed on Schedule R of Form 1040 or Schedule 3 of Form 1040A
b. Who qualifies: taxpayers age 65 or older or who are retired on permanent disability and have taxable disability income
c. The Specifics:
    i. There are limitations on the AGI of credit recipients: less than $12,500 [MFS], $17,500 [single, HOH, qualifying widow], $20,000 [MFJ; one qualified spouse], and $25,000 [MFJ; both spouses are qualified].

IX. Homebuyer Credit (First-Time Buyer)
a. Amount: 10% of the purchase price up to $8,000
b. Who qualifies: first-time homebuyers purchasing a new/resale home from January 1, 2009 to April 30, 2010
c. The Specifics:
    i. For sales occurring from 1/1/09 to 11/6/09, income limits are $75,000 [single] and $150,000 [MFJ].
    ii. For sales between 11/7/09 and 4/30/10, income limits are $125,000 [single] and $225,000 [MFJ].
    iii. This credit is refundable.

X. Homebuyer Credit (Existing Home Owners)
a. Amount: 10% of the purchase price up to $6,500
b. Who qualifies: Repeat homebuyers purchasing a new/resale home from November 6, 2009 to April 30, 2010
c. The Specifics:
    i. Taxpayer must have used the home being sold/vacated as a principle residence five consecutive years of the within the last eight.
    ii. Income limits for this credit are $125,000 [single] and $225,000 [MFJ].
    iii. The credit is only useable on home purchases under $800,000.
    iv. This credit is refundable.

XI. Mortgage Interest Credit
a. Amount: varies
b. Who qualifies: first-time homebuyers whose income is below the median income for the area where they live
c. The Specifics:
    i. A mortgage credit certificate is required, which will show the percentage you are allowed as a credit.
    ii. A credit is allowed each year for a portion of the mortgage interest paid.
    iii. Any mortgage interest deduction taken is reduced by the amount of the credit.

XII. Nonbusiness Energy Property Credits

a. Amount: $500
b. Who qualifies: taxpayers who made qualified energy-efficient purchases in 2006, 2007, or 2009
c. The Specifics:
    i. Calculation: 10% of the purchase price of qualified energy-efficient products
    ii. A maximum of $200 of the credit can be related to the purchase of windows.
    iii. Qualifying products range from exterior doors and windows to metal roofs to insulation.
    iv. Visit energystar.gov for a complete list of products.

XIII. Residential Energy Efficient Property Credit

a. Amount: $2,000 [wind systems increase it to $4,000]
b. Who qualifies: taxpayers who made qualified energy-efficient installations to their homes
c. The Specifics:
    i. Calculation: 30% of the purchase price of qualified energy-efficient products
    ii. One credit is available for solar panels.
    iii. A second credit is available for a solar water heating system.
    iv. The credits are now available for wind systems and geothermal heat pumps.

How Can You Save?
Pre-Survey

1. I am able to prepare my own tax return. 1 2 3 4 5

   Strongly Disagree — Strongly Agree

   If you disagree, then why not?

2. I typically use tax credits when filing my taxes. Yes No

   If yes, how many do you typically use?

   1 2 3 4 More than 4

3. I stay updated on new tax credits. 1 2 3 4 5

   Strongly Disagree — Strongly Agree

4. What would you like to learn in regards to income taxes and tax credits?

5. I know the difference between a tax deduction and a tax credit.

   1 2 3 4 5

   Strongly Disagree — Strongly Agree

By completing this survey, you are agreeing to participate in this project. All surveys are anonymous.

How Can You Save?
Post-Survey

1. I feel more comfortable and better able to prepare my own tax return than I did prior to this presentation. 1 2 3 4 5

   Strongly Disagree … Strongly Agree

2. I feel more informed about tax credits than I did prior to this presentation.

   1 2 3 4 5

   Strongly Disagree … Strongly Agree

3. I know the difference between a tax deduction and a tax credit.

   1 2 3 4 5

   Strongly Disagree … Strongly Agree

4. As a result of this presentation, I have learned of available tax credits that I may be able to benefit from. 1 2 3 4 5

   Strongly Disagree … Strongly Agree

5. Please comment on any specific credits or tax changes from the presentation that you found helpful.

6. Other Comments:

By completing this survey, you are agreeing to participate in this project. All surveys are anonymous.