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## "Welcome to the Real World" Positively Affects Youth Financial Management Skills, Knowledge, and Attitudes

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## "Welcome to the Real World" Positively Affects Youth Financial Management Skills, Knowledge, and Attitudes

### Abstract

What skills do youth need to succeed in the "real world"? This article describes "Welcome to the Real World," an active, hands-on program where youth participants explore career opportunities and make lifestyle and budget choices similar to those faced by adults on a daily basis. Participants choose a career, save 10% of their take-home pay, learn skills needed to manage finances, write checks and balance a checkbook, and explore alternatives that would help balance a budget. This program positively influences the financial management skills, knowledge, and attitudes of youth as they prepare for success in the "real world."

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## Background

High school students lack financial knowledge and skills necessary to make wise financial decisions. The results of a nationwide survey measuring knowledge of personal finance basics of 12th grade students showed that only 50.2% of the questions were answered correctly (*Financial Literacy News*, 2002). According to the American Savings Education Council, only 15% of students surveyed reported that they understand savings, investing, credit, and budgeting very well. Even though personal financial courses are available, only 35% of students have taken them (American Savings Education Council, 1999).

Youth are not always aware of how their career choices may affect their earning power. Earning power has an effect on lifestyle choices. A census bureau survey conducted between March 1998 and March 2000 indicated the lifetime earnings from \$821,000 for a high school graduate to more than \$3 million for a professional degree-holder (U.S. Census Bureau). Sound financial decisions

and good financial management are imperative if youth are to be successful contributors to the well-being of the community in which they live.

Money management is one of the most important life skills to be learned. Learning by experience in this field can be very expensive. Even though youth may be employed and receive a salary, they lack the knowledge and ability to make the lifestyle choices necessary for successful money management. Area financial institutions report that many high school graduates do not have adequate training in financial management. They indicated a need for education in the areas of proper check writing, check book balancing, and making appropriate spending decisions. County advisory committees also identified financial management as a need for Extension programming.

## **Our Response**

To better prepare teens for financial decisions ahead, Family and Consumer Sciences/4-H Extension Educators in Idaho's Upper Snake River Valley chose a career choice/financial management program for youth from the University of Illinois, "Welcome to the Real World." They then adapted it to make it appropriate for Idaho. This program is an active, hands-on experience that gives teens a chance to explore career opportunities and make lifestyle and budget choices similar to those faced by adults on a daily basis.

In the simulation, participants assume they are 25 years old, single, and on their own and have completed basic education requirements. Students receive instruction and go through the process of putting money in a savings account, depositing money in a checking account, writing a check properly, and balancing a checkbook.

Students discuss factors that influence career choices and randomly select a career for this activity. When they have determined their net income, they begin to make choices for housing, transportation, insurance, groceries, etc. Each category has several options worth varying amounts of money based on prices in the local geographical location. For each category, students make a choice, write out a check, and balance their checkbook. At the end of the exercise, they draw a "chance card" that reflects emergency expenditures or unplanned income requiring budget adjustment.

Team members alternate between teaching the program and assisting students. Team members consist of Extension educators, 4-H program assistants, and community financial professionals. The program takes 2 1/2 to 3 hours to teach and can be taught in one or more sessions.

Goals of this program are to:

1. Determine how career choices can be influenced by education,
2. Learn skills needed to manage finances,
3. Learn to write checks and balance a checkbook,
4. Learn the importance of saving money, and
5. Explore alternatives that would help balance a budget.

## **Achievements**

Since 1998, 1,450 eighth grade to twelfth grade students in six Idaho counties and the Fort Hall Indian Reservation have participated in "Welcome to the Real World." Participants were surveyed to measure skills learned, knowledge gained, and attitudes changed in financial management and career choices. Results of the survey are:

- 96% agreed or strongly agreed that the program was interesting.
- 96% agreed or strongly agreed that the program was useful.
- 96% agreed or strongly agreed that the activities were helpful.
- 96% agreed or strongly agreed that participating in the program would be helpful in their future.

The survey also asked what skills participants learned that they did not have before taking the class. Results indicate that:

- 55% learned about career choices and educational needs.
- 30% learned how to write a check correctly.
- 50% learned how to balance a checkbook.
- 46% learned how to open a savings account.
- 55% learned how to keep track of savings.
- 70% learned how to balance income and expenses.

Students made comments about the program on their evaluation. Here are a few of the comments we received.

- "I learned that money doesn't grow on trees. When I see my parents stress about bills I

- understand why. I'm going to college before starting the real world."
- "It's important to choose a job that you enjoy and pays enough for your needs. Sometimes you will have to give up some wants. Money is good to have."
  - "I realized that more expenses could come up unexpectedly."
  - "Money doesn't go as far as you think it should, and you need to be careful and watch how you spend it."
  - "I learned you can't get the things you want with a dead-end job."
  - "I really never thought of insurance, food, and clothing. But with this program I got the whole picture of what the 'real world' is."

### Conclusion

"Welcome to the Real World" positively influences the financial management skills, knowledge, and attitudes of youth in Idaho's Upper Snake River Valley. Each year the program has been taught, it has reached an increasing number of students and classes in both traditional high schools and alternative settings. Family and Consumer Sciences Extension educators from throughout the state of Idaho are implementing the program. Through this program, Idaho youth have been taught financial skills necessary for success in the "real world."

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