Credit-Wise Cats: College Students as Financial Educators

Fall, 2006 has been a busy semester for the Credit-Wise Cats (CWC). CWC is a team of college students at the University of Arizona, who give workshops and projects that focus on teaching fundamentals of personal finance. CWC is part of the University of Arizona Students in Free Enterprise (SIFE) and housed in the Take Charge America Institute for Consumer Financial Education and Research (TCAI) at the University. CWC teach basic budgeting, credit and debt management, and savings strategies. They have developed new workshops on topics such as student loans, 401(k)s, IRAs, home buying, and insurance. They have been recruited to do workshops for groups such as the Teen Outreach Pregnancy Center, the International Student’s Orientation, and the Center for Student Involvement. To date they have educated 707 people through 34 presentations. Pre- and post-tests have shown a cumulative 24% improvement in money management principles.

Perhaps one of the most exciting workshops was given at the National Association for Student Leaders this November in Orlando, Florida. Ty Kucera and Alma Peralta presented the Roadmap to Financial Success to over 75 student leaders from all over the country. Through evaluations, they received high marks from attendees and were invited to present again next year.

Individual members are working on some very important outreach projects. Alma Peralta is partnering with the International Rescue Committee (IRC) to execute after-school career development and personal financial education sessions. These high school age refugees come from war-torn regions such as Liberia, Somalia, Turkey, Iraq, and Afghanistan and need additional help to adjust to life in Tucson. CWC Viet Mai is developing business plans for refugee entrepreneurs who are looking for IRC micro-loans. Angela Crespo is using the FEFE curriculum to teach money management to middle school students at the newly chartered Wildcat School.

Duels: Learning Consumer Finance through Competitions

The value of applying what is learned in the classroom to everyday life is exemplified by the Duel in the Desert, a personal finance case study competition. There are now three such Duel events.
DUels (cont’d.)

University, Valdosta State University, California State University-East Bay, Regent University, California State University-Bakersfield, Metro State University, University of Wisconsin-Madison, and Boston College.

Each of these host teams invites six other Students in Free Enterprise (SIFE) schools to come to their campus for a 3-day event. College students receive the case study on Thursday and have 36 hours to solve the case about a hypothetical family in financial distress. They then present their solutions to a panel of expert judges who determine the team that best solves the case. The winner advances to the national DuEL in the Desert, which will be held on the University of Arizona campus March 1-4, 2007. This event is sponsored by Take Charge America, a credit counseling agency from Phoenix, AZ.

The Junior Duel in the Desert, sponsored by Hughes Federal Credit Union, Take Charge America, and Tucson Federal Credit Union, is scheduled for March 31, 2007 on the University of Arizona campus. This year, the competition will have both middle school and high school leagues. Prior to the competition, community instructors, SIFE students, and classroom teachers present information on topics such as budgeting, credit and debt management, insurance, and career development. Then, the participants receive the case study and “tips” on how to present their solutions to a judging panel. All participants receive monetary prizes and trophies.

FEFE: Financial Education for High School Students

The Family Economics & Financial Education Project, housed in the TCAI at the University of Arizona, continues to develop curriculum and professional development opportunities for educators throughout the United States and internationally.

• Newly Developed Curriculum: The FEFE project has a series of curriculum called Enhancement Tools. This project-based curriculum focuses on teaching students to apply what they are learning and to educate their peers, family members and communities. Two new Enhancement Tools have been developed:

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Credit-Wise Cats
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Angela Crespo, Pre-Business
Craig Heckman, Engineering Management
Ty Kucera, Finance
Viet Mai, Management Information Systems
Robert Moreno, Undeclared
Whitney Munroe, Pre-Business
Anniea Nellans, Pre-Business
Alma Peralta, Economics
Christopher Porter, Business Management
FEFE (cont’d.)

• **A Picture Is Worth a Thousand Words 6.0.10** teaches consumerism by comparing different digital cameras.

• **Don’t Get Sucked Into Financial Ruin 6.0.11** demonstrates the importance of making good financial decisions to successfully manage credit. One focus of the FEFE project is to ensure that the curriculum is up-to-date and that a wide variety of lessons focusing on current concepts are available. New and edited lesson plans include:
  - **Payday Lending 1.4.4 lesson plan** describes what a payday loan is, the fees associated with payday loans, trends in payday lending and alternatives to payday loans.
  - **Understanding Your Paycheck and Tax Forms 1.13.1 lesson plan** has been enhanced with additional payroll card information to educate students about the changes.
  - **Get Ready to Take Charge of Your Finances** now has all of the components to teach each lesson independently, as a unit, or a seven week course! This introductory curriculum includes fifteen lesson plans with fast-paced facilitation and scenario-based learning. Newly developed materials include a test bank of multiple-choice questions for each lesson, an overview trivia game, and a curriculum map providing guidance on how to teach the curriculum.

**National Training:** Mark your calendars and get ready to attend this year’s **FEFE National Training June 18-21, 2007** in Tucson, Arizona at the Westward Look Resort and Spa. This one-of-a-kind highly interactive training honors educators for their diligent work improving the life of individuals, families, and communities with financial education training. The subsidized registration package allows participants to revitalize while receiving an abundance of ready-to-teach curriculum materials and new ideas.

For more information about the FEFE project and to download curriculum go to: www.fefe.arizona.edu.

FEFE Trains Financial Educators

On October 28, 2006, the Family Economics and Financial Education Project (FEFE) partnered with Take Charge America Institute, CWC and SIFE programs in addition to Hughes Federal Credit Union to coordinate a one-day Train the Trainer workshop. Approximately 50 participants had the opportunity to experience several of FEFE’s financial education activities in addition to learning techniques for effective presentations to younger audiences.

Additionally, FEFE has developed several workshop guides providing instruction on how to use a 135-minute classroom lesson plan and modify it to be an interactive and effective 45-minute workshop. Multi-week workshop models have been designed to provide guidance on how to use FEFE’s ready-to-teach curriculum for many of the TCAI Credit-Wise Cats outreach programs.

For more information or to view the workshop models, contact Nicole Chinadle, FEFE Project Director at: chinadle@email.arizona.edu.

SSHW: Achieving Health and Financial Goals

The New Year is a time when many people resolve to make behavior changes to improve their health and personal finances. Typically, these resolutions are made separately, such as "lose 10 pounds" and "save $1,000." Small Steps to Health and Wealth™ (SSHW™) is a program that offers a better
way to set New Year’s resolutions—work on health and financial behavior changes together and use the same methods to improve both aspects of life.

SSHW was implemented during the Fall in Pima County, including the Dec. 2 kick-off event, 25 Days to Better Health and More Wealth. Attendees learned about SSHW™ and were encouraged to plan for a healthy 2007 in the next 25 days by selecting three or four SSHW™ strategies and planning their actions to ensure success in the New Year. Participants also had the opportunity to sample healthy and economical holiday treats and gifts, which offered a practical application of the philosophy of the SSHW™ program. This information was provided by Ardith Arnold and Marcia Lucas, Master Consumer Advisors at Pima County Cooperative Extension.

Other presentations on SSHW™ were given at the Women in Higher Education Conference and the College of Agriculture and Life Sciences In-service for staff. These conferences were attended by people from throughout Arizona.

SSHW staff Linda Block and Laurel Jacobs recently taped an educational segment for the Access Tucson television program, Tucson Vision. This half-hour program provided a wonderful opportunity to showcase the SSHW™ program in the community and give viewers a taste of all that SSHW™ has to offer to motivate consumers to improve their health and wealth. The program will air 25 times between December, 2006 and February, 2007 on channel 74 (Comcast) and 99 (Cox) and also will simulcast through their website at www.access Tucson.org/.

The Small Steps to Health & Wealth ™ Workbook is now available from Cooperative Extension for $16.00 for pick up or $20.00 by mail. The book includes a discussion of similarities between health and personal finances and 25 behavior change strategies, all based on empirical research and expert recommendations. It concludes with a planning worksheet for readers to use to set personal goals and action plans and a list of online health and personal finance resources.

A companion piece is the Capacity Building Training DVD/CD, which is available for trainers to implement the SSHW™ program. This program was completed at the University of Arizona and is available for $35.00 plus shipping.

The SSHW™ program offers a website for consumers to register their participation in the program and to track their progress. This can be accessed through the Take Charge America Institute website at www.tcainstitute.org/sshw/.

For additional information on the SSHW™ program or to order the book or DVD, contact Laurel Jacobs (jacobsl@email.arizona.edu) or Linda Block (lblock@cals.arizona.edu). They can also be reached at (520) 626-5161.

How Young Adults Develop Financial Behaviors

What accounts for individual differences in young adults’ financial behaviors, economic aspirations, and work and family choices? How do educational experiences (high school and college) affect the development of financial attitudes, intentions, and behaviors during young adulthood? Ultimately, do positive financial behaviors influence an individual’s overall success in life and sense of identity? To this end, we propose to establish a landmark longitudinal study among emerging young adults through multiple waves of data collection.

We partnered with the University of Arizona Financial Aid Office and conducted a pilot study in Fall 2006 to develop an instrument that will be used in the proposed longitudinal study. We will begin collecting data from a cohort of freshmen at the University of Arizona in Fall 2007 and then follow them for six years or more. Our long-term goal is
How Young Adults Develop . . . (cont’d.)

to develop a new theory for predicting financial behavior and life-success outcomes, which will help researchers to better understand origins, development, socialization processes, socio-psychological factors, and pathways to adulthood that are related to individuals’ financial behaviors.

The findings from this research will provide useful knowledge to educators, public policy makers, and employers about how to improve the quality of life for young adults. This research project will be led by an interdisciplinary team from three universities with expertise in behavior theory, consumer behavior, developmental psychology, and financial education. Dr. Jing Jian Xiao, a consumer economist at the University of Arizona, has substantial experience in applying behavior change theories to consumer financial behavior in settings of financial education and money management. Dr. Soyeon Shim, a consumer behavior researcher at the University of Arizona, is a leading expert in consumer socialization and decision-making processes. Dr. Bonnie Barber, a developmental psychologist at the Murdoch University in Australia, has a wealth of experience in longitudinal studies. Dr. Angela Lyons, a family and consumer economist and financial education expert at the University of Illinois at Urbana-Champaign, has substantial experience in conducting research on the credit practices and financial behaviors of college students. For more information, please contact Dr. Xiao at: xiao@email.arizona.edu.

Consumer Finance Dissertation Proposal Competition

TCAI is calling for submissions to its second national consumer finance dissertation proposal competition. The purpose of the competition is to encourage young scholars in diverse disciplines to initiate and conduct research on topics of consumer finance. Submission deadline is February 1, 2007. Submission details can be found at: www.tcainstitute.org.

Last year’s winner with a $1000 cash award was Sarah Jiang, Economics, Ohio State University (Advisor: Lucia Dunn). The two honorable mentions with a $500 cash award each were Jeff Wang, Marketing, University of Arizona (Advisor: Melanie Wallendorf) and Samuel Chen, Consumer Science, Ohio State University (Advisor: Sherman Hanna). Dr. Wang is now an assistant professor of marketing at City University of Hong Kong and his research was reported in the Fall 2005 issue of ConsumerLink. Research summaries by Ms. Jiang and Mr. Chen follow.

Are Americans Paying Off or Accumulating Credit Card Debt?

Ms. Jiang’s research is about credit card debts. The widespread use of credit cards as a non-secured financing instrument with flexible repayment has challenged the traditional lifecycle hypothesis and introduced growing uncertainty into U.S. financial markets. Based on a set of new survey data, this study tracks the changing behavior of credit card borrowing and payoff in a lifecycle framework for different birth cohorts.

The results suggest that young American consumers are borrowing more heavily and repaying at slower rates on credit cards than older generations. If the current trend persists, the limited payments are not likely to recover the substantial buildup of credit card debt by the end of the lifecycle. To take effective policy measures, it is important to understand the underlying determinants of credit card debt and payoff rates. It was found that increasing the minimum required payment will increase the actual payoff rate more than proportionately and will also greatly shorten the timeframe necessary to achieve a total payoff of the running balance for any given account. For more information, contact Ms. Jiang at: jiang.103@osu.edu.
Consumer Finance Dissertation Proposal (cont’d.)

Changes in Retirement Adequacy, 1995-2004: Accounting for Retirement Savings

Mr. Chen’s research is about retirement savings using data from Surveys of Consumer Finances. Feasible levels of retirement spending are projected for households with a non-retired head age 35 to 70. An innovation of this study is the careful analysis of projected retirement stages, defined in terms of projected changes in real household income based on eligibility for Social Security and other pensions, plans to work part-time after retirement from full-time employment, and differing retirement plans of spouses. In 1995, only 46.6% of households had a projected replacement rate 80% or higher of current household income, and the proportion dropped to 46.1% in 1998, increased to 54.1% in 2001, and increased to 57.9% in 2004. With retirement stage partition, the adequacy proportions of stage 1 from year 1995 to year 2004 are: 47.63%, 47.15%, 53.43% and 57.78%, respectively. Adequacy proportions of stage 2 are: 48.34%, 54.78%, 62.23% and 64.22% respectively. This evidence shows that retirement adequacy is not constant across retirement life, but is volatile depending on when retirement income plugs in. Logistic regressions showed that planned retirement ages, having a defined benefit pension, having a defined contribution pension, and having more than one stage were important factors related to retirement adequacy for each survey year. Higher income households were less likely than lower income households to have a projected replacement rate of 80% or higher. For more information, contact Mr. Chen at: chensaml1@hotmail.com.

Multidisciplinary Research on Consumer Finance

TCAI sponsors a multidisciplinary research program and funds consumer finance research up to $5,000 for researchers from diverse disciplines. This year’s proposal submission deadline is September 1, 2007. More details about this program can be found at: www.tacinstitute.org. Last year, four research proposals were funded by TCAI; their summaries follow.

Financial instability, health, and marital risk

The research by Dr. Melissa Curran, Division of Family Studies and Human Development at University of Arizona, is about effects of family and other supports on family finance, health and marriage. If you were asked to describe your finances, what would you say? That sometimes it is difficult to pay monthly bills or that you need just a little more money? And what would you say about your finances 10 years ago compared to now, and how would you predict your finances 10 years from now?

We are interested in people for whom financial instability is a concern. We know that financial instability is related to having mental and physical health problems as well as marital problems. We also know that support from others can make an important difference in health, marriage, and finances.

In our current study, we are examining 2,059 people across the United States and trying to understand better the relationships among financial instability, health, and marital risk, and how support from family and others can have a positive influence for those experiencing financial worries. For more information, contact Dr. Curran at: macurran@email.arizona.edu.

A Longitudinal Path Model of Financial Behaviors among Young Adults

The research by Ms. Sun-A Lee, Mr. Jeong Jin Yu, Division of Family Studies and Human Development at University of Arizona, and Dr. Bonnie L. Barber at Murdoch University in Australia, is about young adults’ financial behaviors. Previous research has shown that adolescents’ positive relationships with their parents (e.g.,

Melissa Curran

Samuel Chen

Melissa Curran
parental advice on future plans and closeness to each other) are related to their future-oriented attitudes (e.g., aspiration for future success). It has also been found that adolescents’ future-oriented attitudes are related to their healthy psychosocial adjustment including financial behavior. However, very little is presently known about the dynamics among parental advice, adolescents’ future-oriented attitudes, and their later financial behaviors. Hence, this study examines how parental financial advice to their adolescent children (when children are in 10th grade) affects adolescents’ future-oriented attitudes (when children are in 12th grade), which, in turn, leads to their financial behaviors in young adulthood (21 and 24 years old). Structural equation modeling was used. Data for this study were from the 21-year, 9-wave longitudinal study, Michigan Study of Adolescent Life Transitions (MSALT), which began in 1983 with 6th grade students. For more information, contact Ms. Lee at: sunal@u.arizona.edu.

The Self-regulation Model of Goal Attainment on Consumer Debt Behavior

The research by Mr. Chuanyi Tang and Dr. Mary Ann Eastlick, Division of Retailing and Consumer Science at University of Arizona, is about consumer debt behavior. This research purports to put forward a goal-directed framework by incorporating motivation and conditional constraints in the context of consumer debt reduction behavior.

In the study, consumer debt reduction behavior is regarded as a two-step goal-directed behavior. Its first step is goal setting, which involves the establishment of goal intention. The second step is goal striving, which entails effort to attain and maintain goals. The model hypothesizes that attitudes toward success, failure, and the goal-striving process determine goal intention, and trying. The appraisal task which involves assessments of efficacy with respect to means, affect toward means, and instrumental beliefs, combined with the performance of instrumental acts, explains the relationship between the goal intention and goal attainment. The primary objective of the study is to explore the self-regulatory mechanisms and goal-driven debt reduction behavior. Its findings will benefit not only consumer researchers, but will also assist credit counseling agencies in improving their service and customer management efforts. For more information, contact Mr. Tang at: tang@email.arizona.edu.

Intergenerational Transmission of Savings Behavior and Family Communications

The research by Dr. Teresa A. Mauldin, Dr. Yoko Mimura, Dr. Joan Koonce, Mr. Michael Rupured, and Ms. Jenny Jordan, Department of Housing and Consumer Economics at University of Georgia, is about saving behavior of youth. Establishing the habit of regular savings at an early age will help everyone accomplish important goals and lead to long-term financial security. This study will explore the interrelationships among factors associated with savings of youths, their parents, and communications about savings within the family. The youths in our study are 14 to 18 years old. The researchers think that parents’ use of information related to savings affects their own self-efficacy, knowledge, and behavior, and the latter three affects those of the youths. In addition, communications about savings within the family should have a significant impact on youths’ financial knowledge and savings behavior. A better understanding of how and whether family communications about savings impact the savings behaviors of youth is beneficial for developing effective educational programs. For more information, contact Dr. Mauldin at: tmauldin@fcs.uga.edu.
Teaching Consumer Finance Online. This fall I added a new required book, *Strapped: Why America's 20- and 30-Somethings Can't Get Ahead*, 2005, by Tamara Draut. The book focuses on the great changes that have occurred in the economy and society for the young and early middle-aged. Assigned chapters discuss greatly decreased job security and the rise of independent contracting, piecemeal, and temp work which has contributed to 33% of 18- to 34-year olds being without health insurance. Also discussed is the explosion of debt weighing down young people today. Many students finishing graduate or professional school begin their careers with student loan debt in the six figures. Finally, the steep rise in housing cost, or housing spending, is discussed. I make the distinction between housing spending and housing cost because people do not have to spend as much as they often do on a home. Overspending on a home is a tremendous danger to financial security. The book describes well the great increase in risk and financial distress for young people today, but in the course I also show the positive, how students can protect themselves against these risks, and smart ways to deal with the pitfalls when they do occur. And, I show the power of saving. By Richard Serlin whose e-mail is: serlin@email.arizona.edu.

Richard Serlin