



NEWS RELEASE

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Financial Literacy Still Declining among High School Seniors, Jump\$Start Coalition's 2008 Survey Shows

Michigan Scored Higher Than National Average

First-Ever Jump\$Start Survey of College Students Shows Higher Scores

Detroit, Michigan, 2008 – While the financial literacy scores of the 2008 high school senior class rank lower than their 2006 peers measured in a national survey, financial literacy scores are higher among college students, the Jump\$Start Coalition® for Personal Financial Literacy 2008 survey showed.

In the Jump\$Start Coalition's biennial survey, funded by the Merrill Lynch Foundation, high school seniors correctly answered only 48.3 percent of the questions. This mean score is a decrease from those posted by the senior class of 2006, which correctly answered 52.4 percent of the questions. Michigan students correctly answered 54.5 percent of the questions.

"The survey demonstrates that graduating high school seniors continue to struggle with financial literacy basics," said Lewis Mandell, Ph.D., professor of finance and managerial economics at SUNY Buffalo School of Management. Mandell conducts the surveys for Jump\$Start, and the Merrill Lynch Foundation not only funded this year's high school and college surveys but also the previous high school surveys in 2004 and 2006.

"Perceptions of current economic conditions, particularly the housing market, may have contributed to the decreases," added Mandell.

This year marked the first-ever college students' survey. Results indicated higher scores than their high school peers with 62 percent of the questions correctly answered. Scores among college students increased with their rank in school. College freshman, for example, recorded a 59 percent score, while college seniors correctly answered 65 percent of the questions.

"At Merrill Lynch, we believe that an early and sustained investment in financial education lays the groundwork for individual prosperity and economic independence," said Eddy Bayardelle, president of Merrill Lynch Foundation. "It is even more critical in tough economic times, and that is why we are calling on our colleagues across the sectors to continue to invest in youth financial education. Together, we can equip

our young people to be active participants in the global economy and benefit from its inherent opportunities and rewards.”

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Among high school students, those who scored 27 and above on their ACT college entrance exam correctly answered 59 percent of the questions, while seniors with ACT scores 20 and answered just 43 percent of the survey questions correctly.

“The data suggest that not only age, but problem-solving ability are important factors in students’ abilities to grasp and apply financial information,” said Laura Levine, executive director of the national coalition. “This year’s survey underscores that while we must continue teaching personal finance to high school students, reinforcing and repeating financial literacy efforts at the college level yields positive results.”

The 31-question survey revealed that high school seniors have a lot to learn about important financial concepts. Among the findings in the survey:

- Forty eight percent correctly said that a credit card holder who only pays the minimum amount on monthly card balances will pay more in annual finance charges than a card holder who pays their balance in full;
- Seventeen percent correctly answered that stocks are likely to yield higher returns than savings bonds, savings accounts and checking accounts over the next 18 years even though there has never been an 18-year period where this wasn’t true; and
- Forty percent correctly answered that they could lose their health insurance if their parents become unemployed.
- Thirty six percent think a house financed with a fixed-rate mortgage is a good hedge against a sudden increase in inflation, compared with 45 percent in 2006.

In the high school survey, certain demographic trends continued. Caucasian students, for example, correctly answered 52.5 percent of the questions, while Hispanic students correctly answered 45 percent and African Americans correctly answered 41.3 percent of the questions. In Michigan, Caucasian students correctly answered 58.7 percent, and African American students correctly answered 46.8 percent.

Kathleen Straus, President, State Board of Education, said “We want to continue to stress the importance of financial literacy and while we compare favorably to the national results, we still have a long way to go.”

Among the college students, Caucasian college students scored 63.3 percent while Hispanics answered 59.8 percent and African Americans answered 55.3 percent of the questions correctly. In addition to the college senior and freshman findings, juniors correctly answered 62.1 percent of the questions while sophomores trailed their upperclassman with a score of 61 percent.

The high school survey was given to 6,856 high school 12th graders in 40 states. The college survey was given to 1,030 full time students nationwide.

Financial education is a critically important. The Jump\$tart Coalition is working to make it a required class in all of our schools. We ask you to join us in encouraging our legislators to make it a state mandate.

About Jump\$tart

The Jump\$tart Coalition[®] has grown to include more than 180 national partners and 48 affiliated state coalitions. The Jump\$tart Clearinghouse, which lists more than 700 titles of financial literacy materials available for all, can be found at www.jumpstartclearinghouse.org. A map of state-by-state financial education requirements can be found at www.jumpstart.org under “Legislation.” More information about Jump\$tart and its biennial survey can be found at www.jumpstart.org, including a media press kit in the “News” section.

About Merrill Lynch's Philanthropy

Merrill Lynch was founded on the idea that the world is full of opportunity. Opening the door to that opportunity for underserved children and youth is the focus of the firm's global philanthropy. In 2007, Merrill Lynch giving totaled almost \$44 million, with education receiving nearly half of that support. Around the world, Merrill Lynch programs are providing better access to educational opportunities for those who need them most, specifically in the areas of youth financial education, entrepreneurship and global citizenship. Through the dedication of our employee volunteers, free educational resources at <http://philanthropy.ml.com>, and financial support, we are leveling the playing field for millions of young people to compete and succeed in the global marketplace.

Press Note: Copies of both the 2008 high school and college survey questionnaires, showing detailed responses, are posted on the Jump\$tart Web site at www.jumpstart.org in the "Downloads" section.

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