



# April is Financial Literacy Month

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*When was the last time you learned about anything financial?*

April is National Financial Literacy Month – an entire month dedicated to underscoring the importance of learning, establishing and maintaining healthy financial habits.

But ask yourself this: what have you learned about anything financial lately? Do most of your neighbors keep a household budget or save for retirement? Does your cousin live hand-to-mouth? Do you understand compound interest? Or know what the Dow Jones Industrial Average is? Is gold worth its own weight?

Sadly, it is likely that you did not know that money habits of the average American reveal that:

- Only about 40% of adults use a budget and track spending;
- More than three out of four adults live paycheck to paycheck;
- About half of us maintain three months' expenses in an emergency fund; and
- More than a quarter of us have no savings at all.

Our collective debt best illustrates why we need to increase financial literacy in America. More than a third of U.S. adults worry they won't save enough by retirement, student-loan debt is measured in the trillions and almost half of American adults say they lack enough money for emergencies.

### Income and Age Drive Opinions

Savings and investing go together these days, as 401(k)s and other nest eggs rise and fall in value as the markets gyrate.

But according to a Gallup poll, Americans' opinions on long-term investments vary sharply – and reflect misconceptions – depending on income and age:

- Americans in households with less than \$30,000 in annual income are most likely to name gold as the best long-term investment choice. Upper-income Americans are least likely to name gold.
- Upper-income Americans are much more likely to name real estate and stocks as best investments, possibly because of good experiences with these types of holdings.
- Upper-income Americans are also most likely to own a home (87%). Homeowners are slightly more likely than renters to favor real estate as an investment.
- Stock investors more likely favor stocks: More than third of such investors (34%) say stocks are the best long-term option compared with 13% of Americans who don't own stocks. Upper-income Americans are, not surprisingly, most likely to own stocks (82%).
- More Americans rank real estate as the best long-term option today, more than in the past and ahead of gold and stocks.
- Americans 18 to 29 years old almost evenly split between favoring real estate, stocks, gold and savings accounts for long-term investments.

## At Least We're Honest About It

We seem frank about our financial shortcomings: Two out of five adults give themselves average or failing grades on personal finance. Moreover, only 33% of parents talk to their kids about money.

By understanding how to better manage money and make the most of limited resources, many Americans can improve personal financial situations. Where did you learn about personal finance – and do you keep trying to learn more?

We also appear ready and eager to inject financial literacy into formal education. More than half (52%) of teens want to learn more about handling money and are most interested in budgeting, saving, checking accounts and investing.

Most (85%) American parents also think high school graduation requirements need to include a course in personal finance.

The Internet offers a wealth of information on finance – but when you don't understand why you need to use it, you're unlikely to pursue this information on your own.

Do so anyway and lift yourself out of these grim statistics.

And talk to your financial advisor and ask for some help.