



Financial Literacy

Adult Learners

Dr. Daad A. Rizk

Presented on May 15, 2014, 10:00am

The 2014 Hendrick Best Practices for Adult Learners Conference

Hub-Roberson Center , University Park

Adult Learners face unique challenges in education and require unique financial literacy knowledge tailored specifically to meet their needs. In this session, we will explore:

- Unique characteristics and styles of adult learners
- Design and deliver financial literacy curriculum for adult learners
- Discuss strategies and best practices for transferring the knowledge

Commitment to Educating Adults

<https://www.youtube.com/watch?v=4u1zBcSXbhQ>



MoneyCounts: *A Financial Literacy Series*

Defining Financial Literacy for Adults



- *Mission:*
 - *To provide financial knowledge and skills to make informed decisions and take effective actions regarding money management*
- *Subliminal Mission for Adults*
 - *To alter people's core attitudes and beliefs as a prelude to changing their behavior*
 - *To boldly go where no one has gone before*
 - *Topic is personal*
 - *Topic is emotional*
 - *Adults are "VERY" busy people*



Adults in the Nation

- USA Population = 317 million
- Adults = 40% of total population (age 25-54)
- Taxpayers = 114 million
- Credit card debt = 855 billion
- Student loan debt = 1,129 trillion
- Mortgage debt = 13,277 trillion



Total Personal Debt = \$16,414 trillion

- ***Debt per Citizen = \$51,657***
- Citizen = man, woman, child
- <http://www.usdebtclock.org/>

Student Loan Data

- Total student loan debt = 1,129 Trillion
- # of students = 37 Million
- Average student debt = \$27,000
- Loan term = 10 years (min)
- National default rate 9.1% (2010)
 - Increasing each year



Office of Student Aid

Average loan debt for graduating students with loans		
	2011-2012	2012-2013
All Undergraduates	35,101	35,639
Adults Students	38,637	40,716
Adults Median Income		27,955

Commission for Adult Learners

Financial Literacy Coordinator Position in 2013



Adult Student Loan Debt at Grad, by Campus

\$50,647
\$45,025
\$44,616
\$44,179
\$43,374
\$42,815
\$40,829
\$40,644
\$40,433
\$39,898
\$39,434
\$38,993
\$38,318
\$37,899
\$37,712
\$37,603
\$37,573
\$37,299
\$36,766
\$36,688
\$33,596
\$40,716

Adult Learners Profile – Penn State



- Enrollment 2012-2013 = 17,177
- Student aid recipients = 13,010 (76%)
- Pell recipients = 6,759 (54%)
- Graduating with loans = 2,034
- Average loan debt (graduating)= \$40,716
- Aid recipient unmet need = 10,073

Office of Student Aid
2012-2013

Adult Learners

Above National Average student loan debt - \$40,716 (2012-2013)

Lack of Academic Progress – Degree Completion

Higher Default Rate – Repayment

43% of defaulters were adults (2009 National Stafford Cohort Default data)

Repayment risk – default aversion

Average median income (net per month) = \$1,650

Average loan re-payment (Standard) = \$460

Income based re-payment option =< \$160 (not necessarily a good option for the long term financial planning)

Financial Literacy Advisory Board



<u>Name</u>	<u>Title</u>	<u>Department</u>
Daad Rizk	Financial Literacy Coordinator	Adult Learner Advocacy
Cathy Bowen	Professor Ag & Extension Education	Prof. Econ, Sociology & Education
Amy Shuey	Marketing and member Education Coordinator	Penn State Federal Credit Union
Sarah Zipf	Student Aid Director - World Campus	C&DE Business and Finance
Leslie Laing	Assistant Director - Adult Learner Program Services	AVP Campus Student Services
Tammy Jo Irion	Enrollment Services Manager	Office of Student Aid
Anna Griswold	Asst. VP UE/Ex Dir. Student Aid	Dean/ Undergraduate Programs
Peter Khoury	Grad Student	Board of Trustees Member
Kristin Terrill	Public Relations Specialist	Marketing Strategy
Lauren Reiter	Business Liaison Librarian	Reference, Collect, & Research
Anand Ganjam	Undergraduate Student - UPUA/SFEC	Student Financial Education Center
Martha Jordan	Dir. Admi Svcs & Adult Learner Advocacy	Commission for Adult learners

Mission of the Advisory Board



Provide overall strategy, guidance and direction to the financial literacy program at Pennsylvania State University.

- Focus on Adult Learners with built in room for expansion
 - Engaging
 - Interactive
 - Relevant
 - Accessible
 - Adaptable
 - Value add

Financial Literacy Core Concepts



<http://www.mymoney.gov/Pages/default.aspx>

MoneyCounts: *A Financial Literacy Series*

Core Concept #1 – Earn

- Gross versus net paycheck
- Understand your paycheck
- Verify and adjust your exemptions and deductions on your W4 (withholding)
- Benefits and taxes
- Learn about potential benefits and taxes
- Education is important
- Invest in your future, plan for your career through education
 - search the market

Knowledge

Action/Behavior

Core Concept #2 – Save & Invest

- Saved money grows
- Banking – saving and checking accounts
- Long-term financial planning
- Eliminate or reduce waste
- Start saving early, pay yourself first
- Comparison shopping for a financial institution – reconcile your accounts
- Plan for retirement, child education, renting versus owning a home
- Replace waste with saving

Knowledge

Action/Behavior

Core Concept #3 – Spend

- Difference between needs and wants
- Develop a quantitative awareness of your spending habits
- Get the most/best value for your money
- Develop a spending plan
- Track spending habits
- Live within your means
- Understand the social and environment impact of your spending decisions

Knowledge

Action/Behavior

Core Concept #4 – Borrow

- Distinguish net income from loans
- Cost of borrowing – Penalty, Interest, late fee, surcharge (PILS)
- Amortization schedules
- Credit Score – FICO (Fair Isaac & Company) Equifax, Experian, TransUnion
- Credit cards
- Borrow only what you need not want
- Avoid high cost loans, avoid penalties, late fees, and surcharge
- Minimize interest payments
- Get your free annual credit report, check your financial grade, review and correct if necessary
- Shop for low interest cards, use only in emergencies, avoid paying (PILs)

Knowledge

Action/Behavior

Core Concept #5 – Protect

- Risk management and insurance coverage
- Identity theft
- Fraud and scam
- Shop for insurance, review and update insurance, build up an emergency fund
- Watch for your social security number and card, your date of birth and your banking information
- If it is too good to be true, it most certainly is

Knowledge

Action/Behavior

Student Specific Topics

- Student Specific Topics <http://studentaid.psu.edu/understand-financial-debt>
 - Budgeting
 - Cost and Student Aid
 - Borrowing & Repayment of Student Loans

Understanding Adult Learners

Experience is something that happens to children

Experience is what makes adults who they are

Rejecting or devaluing adults' experiences is rejecting them as individuals

- Most adults did not receive financial literacy education at school
- Their financial experience is strictly life experience (good or bad)
- Change in belief system and values is a pre-requisite to change in behavior
- A great deal of apprehension about education in general

Characteristics of Adult Learners

- Adult Learners need to have autonomy over their learning
- Be self-directed in their learning process
- Adult experience (education, life, employment) should be the foundation for new knowledge and new skills
 - PLA is extremely important to adult learners



Malcom Knowles

Characteristics of Adult Learners

- Adult learners need motivation
 - Supportive and open environment
 - Their experiences recognized and validated
 - Topics should be relevant and practical
 - Programs should be clear and organized
 - Their time should be respected



Malcom Knowles

Experiential Learning Cycle

➤ How Adults learn?

- Adults identify a concrete experience
- Adults reflect and recall that experience
- Adults analyze and generalize
- Adults draw their own conclusions
- Adults develop rules of their own
- Adults add “NEW” knowledge to their existing

David Kolb

VAK Adult Learning Model

- Visual (Seeing)
- Auditory (Hearing)
- Kinesthetic/tactile (Touching/Experience)
- Not all adult learn in the same manner, it is critical to incorporate activities to foster learning through various styles

- Strategy of Collaboration and Partnerships
 - MoneyCounts: A Financial Literacy Series
 - Webinars, Workshops, Presentations
 - Student Financial Education Center
 - Peer-to-peer financial education
 - Making Ends Meet
 - Target budgeting and student aid loan borrowing and repayment - workshops

MoneyCounts: A Financial Literacy Series

PENNSTATE



- Webinars in collaboration with World Campus
 - Offered monthly 8:00-9:00pm
 - Recorded and Archived
 - <http://student.worldcampus.psu.edu/paying-for-your-education/financial-literacy-series>

Date	Year 2014	Webinar
January	23	Wage and Tax Fundamentals
February	20	Military Financial Challenges and Benefits
March	6	Financial Literacy for Women
April	24	Spring Clean Financial Clutter
May	29	Mortgages: Financial Process of Owning a Home
June	19	Debt Management
July	17	Budgeting Fundamentals
August	14	Getting Student Loans
September	18	Credit Cards, Statements, and Fees
October	9	Student Loan Repayment Strategies
November	13	What is Financial Literacy?
December	4	Identity Theft

MoneyCounts: A Financial Literacy Series

Webinars



Date	2013	Webinars	Clicked	Registered	Attended
June	27	Budgeting 101: Making Dollars with Sense	449	168	43
September	5	The Plastic Dilemma: Credit Cards, Statements, and Fees	331	106	16
October	1	Strategy for Success: Student Loan Repayment	317	117	21
November	13	Identity Theft: Protecting Yourself	149	37	10
	2014				
January	22	Wage and Tax Fundamentals	279	99	31
February	20	Military Financial Challenges and Benefits	81	15	5
March	5	Financial Literacy for Women	111	38	13
April	23	Spring Clean Financial Clutter	69	12	5
May	28	Mortgages: Financial Process of Owning a Home			
June	18	Debt Management			
July	16	Budgeting Fundamentals			
August	13	Getting Student Loans			
September	17	Credit Cards, Statements, and Fees			
October	8	Student Loan Repayment Strategies			
November	12	What is Financial Literacy?			
December	3	Identity Theft			

Total Count	1786	592	144
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MoneyCounts: A Financial Literacy Series

MoneyCounts: A Financial Literacy Series

PENNSTATE



- Workshops in collaboration with University Libraries
 - Offered monthly 5:30-7:00pm at Foster Auditorium
 - Ability to view live – recorded and archived
 - <http://www.libraries.psu.edu/psul/researchguides/business/financialliteracy.html#moneycounts>

Date	Year 2014	Workshop
January	22	Wage and Tax Fundamentals
February	5	Military Financial Challenges and Benefits
March	5	Financial Literacy for Women
April	23	Spring Clean Financial Clutter
May	28	Mortgages: Financial Process of Owning a Home
June	25	Debt Management
July	16	Budgeting Fundamentals
August	13	Getting Student Loans
September	17	Credit Cards, Statements, and Fees
October	8	Student Loan Repayment Strategies
November	12	What is Financial Literacy?
December	3	Identity Theft

MoneyCounts: *A Financial Literacy Series*

Workshops



Date	2013	Workshop	Registered	Attended
April	17	Budgeting 101: Making Dollars with Sense	32	45
June	20	Look Before You Leap: Getting Student Loans	12	18
July	25	The Plastic Dilemma: Credit Cards, Statements, and Fees	18	20
September	26	Strategy for Success: Student Loan Repayment	16	14
November	14	Identity Theft: Protecting Yourself	5	13
	2014			
January	22	Wage and Tax Fundamentals	5	12
February	5	Military Financial Challenges and Benefits (cancelled-storm)	0	0
March	5	Financial Literacy for Women	4	15
April	23	Spring Clean Financial Clutter	10	23
May	28	Mortgages: Financial Process of Owning a Home		
June	18	Debt Management		
July	16	Budgeting Fundamentals		
August	13	Getting Student Loans		
September	17	Credit Cards, Statements, and Fees		
October	8	Student Loan Repayment Strategies		
November	12	What is Financial Literacy?		
December	3	Identity Theft		

Total Count

102

160

MoneyCounts: A Financial Literacy Series

- Created a partnership between University Libraries and UPUA to offer a peer-to-peer financial education program
 - Created curriculum of budgeting, credit cards, student loans (borrowing and repayment)
 - Offer training and advising
 - Includes an adult component to application
 - Adult will be referred to FLC

Making Ends Meet

- In Collaboration with Office of Student Aid (World Campus)
 - Continuing Education
 - Transition Program
 - On site budgeting and financial aid training workshops
 - Lewistown (Pilot)

Initiatives and Best Practices Financial Literacy

<http://cal.psu.edu/>

World Campus Facebook page

- Teasers & Tips on Financial Literacy

- Blogging – The Corner of College and Allen

- Promotion for webinars

World Campus Office of Student Aid

- Include Budget worksheet in Student Aid Brochure

New & transfer Student Orientation

- Include a financial literacy component to orientation

Assessment of the Outcomes



Decrease in the average borrowing loan debt

Stabilize/decrease default rate

Increase Adults' engagement and awareness of initiatives

Set a Penn State "TREND" in a sustainable financial literacy for students and graduates

Moving Forward



- Reach and engage adults in other campuses – clusters
- Create a “Penn State” Financial Literacy website landing page
- Research & survey adults and finances
- Engage Faculty and Staff & create partnerships
- Promote a cultural change of consumer behavior
- Increase awareness of and access to financial literacy information

The Mission continues.....



Financial Literacy

Thank You!
Comments and Questions

Dr. Daad Rizk

MoneyCounts: A Financial Literacy Series

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