REPORT OF THE JOINT BANKRUPTCY COURT AND BOSTON BAR ASSOCIATION

TASK FORCE ON FINANCIAL LITERACY FOR STUDENTS

MAY 2005

JOINT BANKRUPTCY COURT AND BOSTON BAR ASSOCIATION TASK FORCE ON FINANCIAL LITERACY FOR STUDENTS

Co-Chairs

The Honorable Joan N. Feeney
Chief Bankruptcy Judge
United States Bankruptcy Court for the District of Massachusetts

Janet E. Bostwick
Janet E. Bostwick, PC

Members

Paula K. Andrews
Hinckley, Allen & Snyder LLP

John J. Aquino
Anderson Aquino LLP

Frank J. Bailey
Sherin and Lodgen LLP

Carolyn A. Bankowski
Deutsch Williams Brooks
DeRensis & Holland, P.C.

Thomas O. Bean
McDermott Will & Emery

Tonomey A. Coleman
Law Offices of Tonomey A. Coleman

Jeanne P. Darcey
Palmer & Dodge LLP

Patrick P. Dinardo
Sullivan & Worcester LLP

Amy R. Doherty
Goodwin Procter LLP

Barbara D. Gilmore
United States Bankruptcy Court
for the District of Massachusetts

Jennifer L. Hertz
Duane Morris LLP

Ingrid M. Hillinger
Boston College Law School

Michael Hillinger
Southern New England School of Law

Rafael Klotz
Goulston & Storrs, PC

James Lynch
Clerk of the United States Bankruptcy Court
for the District of Massachusetts

Rachel Rivlin
Lexington Insurance Company

Neil D. Warrenbrand
Fitzpatrick & Warrenbrand, LLP

Gary M. Weiner
Weiner Law Firm, P.C.

I. OVERVIEW

In 2004, more than 18,000 individuals filed bankruptcy in Massachusetts.[1] For many of these debtors, credit card debt played a significant role in their financial problems. In their experiences with bankruptcy debtors, both the bench and the bar have found that many lack a basic understanding of credit and financial issues, including the cost of credit, which contributes to the problem.

The lack of a financial education, especially among the younger members of our society, can pose a considerable handicap, particularly in light of the overwhelming pressures to borrow and spend in our society. Congress recognized the importance of such education in the recent legislation, urging the states to develop financial literacy programs for elementary and secondary schools.[2]

Bankruptcy judges and lawyers can play a valuable role in financial literacy education. The same skills and knowledge required to assist a financially troubled individual can provide a valuable resource for those seeking to understand credit, its costs, and the consequences of its mismanagement. With a long history of pro bono activities and cooperation between the bankruptcy bench and the bar in Massachusetts, Chief Judge Joan N. Feeney, on behalf of the Bankruptcy Court for the District of Massachusetts, enlisted the support of the Boston Bar Association in addressing this issue.

In October, 2004, the Bankruptcy Court and the Boston Bar Association established the Joint Task Force on Financial Literacy for Students with a two-part agenda. The first task was to identify the underlying reasons for financial problems among young adults, and the need for

---

[1] American Bankruptcy Institute, *Annual Total Bankruptcy Filings by District for 1990-2004, available at* http://www.abiworld.org/Template.cfm?Section=Annual_U_S_Filings1&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=62&ContentID=5233 (last visited Apr. 29, 2005).

[2] Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109-8, Sec. 222.

financial literacy education. The second task was to develop a program to draw upon the expertise of the bankruptcy bench and the bar that would provide students in Massachusetts with a financial literacy education.

II. IDENTIFYING THE PROBLEM

Financial literacy is essential to functioning in a society in which credit has become increasingly complicated and all too easy to obtain. To achieve independence, ownership and access to wealth, or to simply avoid financial difficulties, today's young adults need to learn how to make sound financial decisions because those decisions may affect their financial well-being and life-style choices for life.

Recent studies and surveys indicate that young adults are either not getting the information that they need to make intelligent choices about financial matters,[3] or the information that is available is not presented in a format that allows them to understand the implications of the data being disclosed. This Report will identify four key reasons why young adults are getting into financial trouble in record numbers: (i) lack of understandable information, (ii) free availability of, and easy access to, credit, (iii) student loan debt that often exceeds the ability to repay, and (iv) use of credit cards as safety nets.

The focus of this Report is to document the need for education designed to assist young adults (high school seniors, in particular) in meeting their financial goals by teaching them to understand and use credit responsibly. Credit is both a convenience and a necessity in modern society, and young adults need to be taught how to navigate successfully the complicated financial world in which they live.

[3] United States Department of the Treasury, Office of Financial Education, *Integrating Financial Education into School Curricula: Giving America's Youth the Educational Foundation for Making Effective Financial Decisions Throughout Their Lives by Teaching Financial Concepts as Part of Math and Reading Curricula in Elementary, Middle, and High Schools* (Oct. 2002), *available at* http://www.treas.gov/press/releases/docs/white.pdf (last visited Mar. 8, 2005).

A. LACK OF UNDERSTANDABLE INFORMATION

The United States boasts one of the world's most powerful economies. From 1992-2000, the disposable income of American consumers rose by more than 47%.[4] Nevertheless, economists have long pointed to several indicators of financial distress among individuals, including low savings rates, high debt per household, and rising bankruptcy rates. For example, during the same period that disposable income was rising by nearly 50%, American consumers' spending increased by 61%. As a result, the personal savings rate fell from 8.7% of income in 1992 to zero in 2000.[5] Moreover, in households that held at least one credit card, the average "carry-over" balance was nearly $8,000, an increase of nearly 300% in a decade. Personal bankruptcy filings, perhaps the best indicator of financial distress, set a record in 2003, breaking the previous record established only one year earlier. Nearly 1.6 million individual bankruptcy petitions were filed in 2003, 99% higher than the number of personal bankruptcy filings only 10 years earlier and a figure equal to 1 of every 74 households in America.[6] In fact, 40% of adults living in the United States admit that they live beyond their means as a result of the misuse or misunderstanding of credit.[7] Simply put, a significant percentage of American adults lack adequate knowledge of the fundamentals of personal finance.

---

[4] National Endowment for Financial Education, *The Need for Financial Literacy Education* (2001), *citing* U.S. Commerce Department, as reported in The Washington Post National Weekly Edition, 5/21-5/27, 2001, *available at* http://nefe.nclweb.org/#theneed (last visited Feb. 23, 2005).

[5] Id.

[6] American Bankruptcy Institute, *Personal Bankruptcy Filings by Quarter*, *available at* http://www.abiworld.org/Template.cfm?Section=Quarterly_Filings&CONTENTID=12327&TEMPLATE=/ContentManagement/ContentDisplay.cfm (last visited Feb. 23, 2005).

[7] United States Department of the Treasury, Office of Financial Education, *Integrating Financial Education into School Curricula* (Oct. 2002).

If anything, financial literacy among high school students is even bleaker. Study after study reveals that high school students fare poorly when tested on the basics of personal finance. The Jump$tart Coalition For Personal Financial Literacy ("Jump$tart"), an organization started in 1995 to improve the financial literacy of our nation's youth, has conducted biennial surveys of high school seniors since 1997. The results of the surveys overwhelmingly find that, on average, high school graduates lack the basic skills needed to manage their personal finances**.** The surveys are divided into four areas: income, money management, savings and investment, and spending. While students perform marginally better in areas of income and spending than in money management and saving,[8] students as a whole receive a failing grade in all four areas. Jump$tart concludes that many high school students enter college or the workforce unable to balance a checkbook and most have little understanding of basic principles relating to earning, spending, saving and investing.[9] Moreover, the situation appears to be worsening. In its most recent survey, involving more than 4,000 students conducted in 2004, Jump$tart found that high school seniors were less informed about basic financial matters than their counterparts from seven years earlier.[10]

---

[8] Students correctly answered 62.9% of questions relating to income, 55.4% of questions on spending, 45.4% of money management questions, and only 41.0% of questions about saving. Casserly, David, *2004 Personal Financial Survey of High School Seniors –Executive Summary*, Sept. 21, 2004, Jump$tart Coalition for Personal Financial Literacy *available at* http://www.jumpstartcoalition.com/upload/Executive%20Summary.doc (last visited Feb. 23, 2005).

[9] Jump$tart Coalition Homepage, Jump$tart Coalition For Personal Financial Literacy, *available at* http://www.jumpstart.org/ (last visited Feb. 23, 2005).

[10] Collins, Larry, *Financial Literacy – What Are We Doing About It?* (Massachusetts Banker, First Quarter, 2004), *available at* http://www.wainwrightbank.com/site/Article-TonyR-MassBankers04.asp (last visited Feb. 23, 2005).

For reasons that may include a lack of financial literacy in the home and at school,[11] many students are not being taught how to use credit responsibly. The Honorable John C. Ninfo II, Chief Bankruptcy Judge for the Western District of New York, and founder of the Credit Abuse Resistance Education ("C.A.R.E.") outreach program, has stated that "our nation's high school students are financially illiterate in too many ways, especially about credit card matters."[12] Perhaps one of the more alarming statistics is that young adults (age 24 to 34) have the second highest rate of bankruptcy filings of any age group.[13]

What is financial literacy? Although opinions vary, most experts agree that financial literacy requires, at a minimum, an understanding of how money and credit work in order to make informed decisions about purchasing, budgeting and saving/investing. The Financial Literacy Repository, a joint venture of two not-for-profit agencies which collects programs and articles dedicated to improving financial literacy, suggests that financial literacy requires an understanding of basic money-management skills, including developing financial goals, building good credit, and managing the challenges associated with job loss, health problems, divorce, and other life events.[14] Until recently, very few high schools offered money management courses or

---

[11] Four in ten Americans admit that they are living beyond their means primarily because of their misuse and misunderstanding of credit. United States Department of the Treasury, Office of Financial Education, *Integrating Financial Education into School Curricula* (Oct. 2002).

[12] Ninfo, John C., *Credit Education for Young People Works* (American Bankruptcy Institute Journal, June 2004), p. 32-33, *available at* http://www.careprogram.us/media.php (last visited Feb. 23, 2005).

[13] Draut, Tamara and Silva, Javier, "Generation Broke: The Growth of Debt Among Young Americans," Borrowing to Make Ends Meet Briefing Paper #2, October 2004, *available at* http://www.demos-usa.org/pub295.cfm (last visited Feb. 23, 2005).

[14] National Endowment for Financial Education, *The Need for Financial Literacy Education* (2001), *citing* U.S. Commerce Department, as reported in The Washington Post National Weekly Edition, 5/21-5/27, 2001, *available at* http://nefe.nclweb.org/#theneed (last visited Feb. 23, 2005).

other financial literacy training for their students.[15] As a result, as many as 90% of high school students rely on their parents for financial advice.[16] Unfortunately, many parents are ill-equipped to deal with their own financial issues.

The impact of financial illiteracy is likely to worsen. High school students are frequently solicited by marketers of such products as cellular telephones and credit cards. Hampered by a lack of information regarding the true cost of credit,[17] the ease of access to credit cards, and replacement of the traditional value of "save now, buy later" with the more modern "buy now, pay later," students get caught in a web of financial mismanagement, or worse, become dependent on credit cards to support or maintain a lifestyle.

As of 2003, 11% of teenagers had at least one credit card in their own names. Another 10% had access to their parents' credit cards, and nearly one-third of high school students have an ATM card.[18] There is ample evidence that those figures are poised to grow. In 2004, credit card companies mailed an estimated five billion solicitations to U.S. households, an average of

---

[15] As of 2002, only four states required high school students to take a personal finance course prior to graduation. National Council on Economic Education, *Survey of the States: Economic and Personal Financial Education in Our Nation's Schools in 2002* (Apr. 2003), *available at* http://www.ncee.net/about/survey2002/ (last visited Feb. 23, 2005).

[16] United States Department of the Treasury, Office of Financial Education, *Integrating Financial Education into School Curricula* (Oct. 2002), *citing* Lutheran Brotherhood Survey conducted by Yankelovich Partners, *Debt: The American Way* (Jan. 2001), *available at* http://www.treas.gov/press/releases/docs/white.pdf (last visited Feb. 23, 2005).

[17] Although the credit card companies strongly deny it, critics of the industry assert that the credit card companies intentionally provide a scarcity of information to its cardholders, including, for example, the length of time and total costs associated with a purchase if only the minimum required payment is made. Becker, Andrew, *The Battle Over "Share of Wallet*" (Frontline: The Secret History of the Credit Card, Nov. 23, 2004), *available at* http://pbs.org/wgbh/pages/frontline/shows/credit/more/battle.html (last visited Feb. 23, 2005).

[18] *Making The Case For Financial Literacy – 2004*, Jump$tart Coalition for Personal Financial Literacy (Aug. 2004), *citing* Teen Research Unlimited, *available at* http://www.jumpstartcoalition.com/upload/ACF2F0E.doc (last visited Mar. 2, 2005).

six solicitations per household *per month*.[19] Many solicitations contain pre-approved proposals. The response rate to the solicitations of households that already hold one or more credit cards has dropped to barely one third of one percent.[20] Although historically shunned by credit card issuers and relegated to the sub-prime category of borrowers due to their lack of credit history, college and even high school students are now actively recruited by the issuers.

Of course, we recognize that there is nothing wrong with credit: indeed it is a necessity of modern life. When used responsibly, it can be an effective tool for managing money, maximizing financial potential, and handling emergencies. Used unwisely, however, whether intentionally or negligently due to a lack of information, the ramifications extend well beyond the impaired relationship between the card holder and the issuer. Very few high school students are aware that poor credit can have lingering effects: it may cause the holder to lose out on obtaining an apartment, job or car loan, and almost always results in higher interest charges and insurance rates.[21] Studies also show that few students are even aware of the interest rate they are paying on their credit card, much less any of the multitude of methods used by credit card companies to extract additional fees from the card holder.

The "hidden costs of credit" include not only interest charges on unpaid balances but also additional charges such as annual fees, fees for cash advances, rebates, minimum finance charges, over limit fees and late payment charges. Even though a student may be aware of the need to pay on time to avoid a late payment charge, many students may be unaware of some of

---

[19] Becker, *The Battle Over "Share Of Wallet"*(2004).

[20] Id.

[21] MacDonald, Jay, *Life after high school –don't make money mistakes because now an F means empty pockets*, Bankrate.com (Aug. 2000), *available at* http://www.bankrate.com/brm/news/sav/20000809.asp (last visited Mar. 4, 2005).

the credit card companies' billing/posting policies. For example, credit card companies are increasingly shortening the length of time between the date the monthly statement is issued and the payment due date. While 30 days was once the industry standard, credit card companies now frequently reduce that number to 20.[22] Moreover, some companies have adopted early morning posting deadlines that require that consumers arrange for payments to arrive on the day preceding the payment date in order to avoid a late payment charge. Late payments may also trigger penalty interest rates and negative credit reports. Even interest calculations may vary from card to card, with some imposing interest charges from the date of purchase and others only on unpaid balances accruing after the payment date. It is not widely known that credit card companies offer different rates to different individuals determined largely by an individual's income and credit history. Because students have limited or no credit history and often no or only limited income, students are often offered credit cards with high interest rates.[23]

More people will file bankruptcy petitions this year than will graduate from college.[24] The consequences of financial illiteracy, together with a lack of responsibility, cannot be overstated.

B. THE FREE AVAILABILITY OF CREDIT

A generation ago, the standards for borrowing money and obtaining credit were simple: if a person could produce past tax returns, pay stubs, credit references, and a budget

---

[22] Fleitas, Amy C., *20 sneaky credit card tricks*, Bankrate.com (Mar. 2005), *available at* http://www.bankrate.com/brm/news/cc/20021106a.asp (last visited Mar. 4, 2005).

[23] United States General Accounting Office Report to Congressional Requesters (GAO-01-773), *Consumer Finance – College Students and Credit Cards* (June 2001), *available at* http://www.gpoaccess.gov/gaoreports/advanced.html (last visited Mar. 8, 2005).

[24] *Making The Case For Financial Literacy – 2004*, Jump$tart Coalition for Personal Financial Literacy (Aug. 2004), *citing* Nancy Ghiodotti, *In Too Deep*, Little Rock Family, p. 9 (Feb. 2004), *available at* http://www.jumpstartcoalition.com/upload/ACF2F0E.doc (last visited Mar. 4, 2005).

demonstrating an ability to repay, that person would likely have access to credit.[25] Credit cards were a luxury that only upper middle class families could obtain. Today, American households are inundated with credit card offers and there are no longer any income or other requirements. In fact, at least with respect to credit cards, the emphasis is not necessarily on repaying debt, but rather, on whether the credit card companies are able to "keep collecting fees."[26]

This change is directly related to deregulation of the banking industry.[27] Prior to 1978, usury laws prevented a bank from charging excessive interest on a loan which, in turn, resulted in relatively modest profit margins. As a result, banks were careful to whom they would lend and would require proof that the customer had the actual ability to repay the loan. In 1978, the United States Supreme Court issued an opinion permitting banks to "export" interest rates from one state to another.[28] Now, a South Dakota bank (where the interest rate ceiling is 24 percent) could issue a loan at 24 percent to a family living in New York (where interest rates on loans were capped at 12 percent).[29] In light of the higher interest rates, issuing credit became a highly profitable business by the mid-1980s. It no longer mattered that some borrowers would be unable to repay their debts; while lenders certainly lost money on some customers, they recouped those losses, and then some, from the profits obtained from charging higher interest rates.

---

[25] Warren, Elizabeth and Tyagi, Amelia Warren, *The Two Income Trap: Why Middle-Class Mothers and Fathers Are Going Broke* (Basic Books, 2003), *excerpts available at* http://www.pbs.org/wgbh/pages/frontline/shows/credit/more/cement.html (Frontline: The Secret History of the Credit Card, *The Cement Life Raft*, Nov. 23, 2004) (last visited Mar. 8, 2005).

[26] Feldheim, David, *Consumers to Tap Credit Cards in '05 as Standards Slide*, Smartmoney.com:NewsSearch:Consumers To Tap Credit Cards In '05 As Standards Slide, Jan. 20, 2005 (no longer available on-line).

[27] Warren and Tyagi, *The Cement Life Raft* (2003).

[28] Marquette Nat'l Bank of Minneapolis v. First Omaha Serv. Corp., 439 U.S. 299, 99 S.Ct. 540, 58 L.Ed.2d 534 (1978).

[29] Warren and Tyagi, *The Cement Life Raft* (2003).

There have been major changes in the mortgage industry as well. A generation ago, lenders typically required first-time home buyers to put down 20 percent of the purchase price and borrow only 80 percent of the price. Today, the same buyers may be borrowing up to 97 percent --- paying just 3 percent or less of the purchase price up front.[30] While a low down payment may allow more people to purchase homes, there are negative implications as well. The downside to small down payments are higher monthly mortgage payments, higher points and fees and credit insurance requirements.[31] Deregulation of the mortgage industry also led to the birth of subprime lenders that specialize in issuing high-interest mortgages to families with poor or no credit.[32] In many cases, middle-class families who would otherwise have access to lower-cost mortgages in a regulated market are taking on high-interest mortgages simply because they do not know that they could do better.[33]

It has also become increasingly easier for young adults to obtain credit. Prior to the late 1980's, extending credit to college students was uncommon.[34] Since then, however, credit card companies have campaigned to attract college students as customers.[35] Credit card solicitations of young people by mail and by telephone, and advertising over the internet are frequent. In addition, credit card companies often set up tables on campus (favorites spots appear to be college bookstores, cafeterias and student unions) offering t-shirts, music downloads, mugs,

---

[30] Id.

[31] Id.

[32] Feldheim, *Consumers to Tap Credit Cards in '05 as Standards Slide,* Jan. 20, 2005.

[33] Warren and Tyagi, *The Cement Life Raft* (2003).

[34] Hystad, Cheryl and Heavner, Brad, *Graduating Into Debt – Credit Card Marketing On Maryland College Campuses*, Maryland Consumer Rights Coalition and Maryland Public Interest Research Group (Feb. 2004), *available at* http://www.mdconsumers.org (last visited Mar. 8, 2005).

[35] Id.

pizzas, frisbees and other freebies just for filling out a credit card application. These representatives, who typically earn commissions based on the number of applications processed, frequently employ high pressure sales techniques. These representatives have been variously described by some students as creating a "hawking atmosphere," a "carnival atmosphere with loud music and games," being "out-of-control" and "in [our] face."[36]

Some credit card companies will typically suspend normal underwriting procedures for college students.[37] The reason is unclear. Research shows, however, that students are valuable customers because they tend to remain loyal to their first card and continue to make purchases for years to come.[38] Other reports conclude that offering credit aggressively to college students is prevalent because interest mounts until the debt is paid.[39] College students are less likely to pay their monthly balance in full which, in turn, results in additional revenue for the credit card companies from finance charges.[40]

State Public Interest Research Groups' surveys of credit card marketing have documented that students who apply for cards at campus tables have more cards, higher balances and worse

---

[36] United States General Accounting Office Report to Congressional Requesters (GAO-01-773),*Consumer Finance – College Students and Credit Cards* (Jun. 2001), p. 27.

[37] Id.

[38] Nellie Mae, *Credit Card Tips* (2004), *available at* http://www.nelliemae.com/managingmoney/cc_tips.html (last visited Mar. 8, 2005).

[39] National Consumer Law Center, Inc., *Balancing the Bankruptcy Laws: Credit Card Lending Protections for Consumers Will Help Curb High Bankruptcy Filing Rates*, *citing* U.S. PIRG, *The Campus Credit Card Trap: Results Of PIRG Survey Of College Students* (Sept. 1998), *available at* http://www.consumerlaw.org/initiatives/bankruptcy/balancing_bankruptcy.shtml (last visited Mar. 9, 2005).

[40] Nellie Mae, *When Credit Card Companies Charge: The armor students need against credit offers,* Articles for Consumers (2004), *available at* http://www.nelliemae.com/library/cc_companies.html (last visited Mar. 9, 2005).

over the limit and delinquency problems than other students.[41] The reason for the high credit card balances and delinquency problems cannot be linked to any one factor. One reason, however, may be students' inability to distinguish between needs and wants. Credit cards give students financial freedom to purchase clothes, electronics and exotic spring vacations.[42] One advertising campaign aimed at students promoted "Free from parental control at last. Now all you need is money. Cha-ching."[43] Another promoted "perfect for small purchases like pizza & CD's – and it's helpful for bigger things like tuition or a new futon."[44] Small purchases add up unnoticed, and most students undoubtedly believe that once they graduate and are working full-time, they will be able to pay their balances in full. This, however, is not always the case. As set forth *infra*, young adults (ages 24-34) have the second highest rate of bankruptcy filings of any group.[45]

Many college students fail to understand the importance of making more than the minimum monthly payment on their credit card balances.[46] It can take years to payoff even relatively small balances if only the minimum monthly payments are made. For example, a student with a $1,500 credit card balance who makes only the minimum payment of $30.00 per month, will take ten years to payoff the card and will have paid a total of $2,096.00 in interest.[47]

---

[41] King, Tracey and Bannon, Ellynne, *The Burden of Borrowing: A Report on the Rising Rates of Student Loan Debt*, The State PIRGs' Higher Education Project (Mar. 2002), *available at* www.pirg.org/highered/BurdenofBorrowing.pdf (last visited Mar. 9, 2005).

[42] Hystad and Heavner, *Graduating Into Debt* (Feb. 2004).

[43] Id.

[44] Id.

[45] Draut and Silva, *Generation Broke* (Oct. 2004).

[46] Hystad and Heavner, *Graduating Into Debt* (Feb. 2004).

[47] Id.

By the time many students leave college, they have already sunk so far into debt that a large amount of their income is used to re-pay it. Teaching high school students financial literacy is imperative to provide students with the skills and knowledge needed to resist credit card marketing campaigns and the promise of easy credit.

C. STUDENT LOAN DEBT OFTEN EXCEEDS ABILITY TO REPAY

Over the course of their working lives, college graduates can expect to earn $1.3 million more than those with only a high school degree.[48] The earnings gap is even greater – $1.7 million – when those with a high school degree are compared to the lifetime earnings of those with a master's degree.[49] College costs, however, can be extraordinary. Students are increasingly turning to the federal student loan program as a source for funding their college education.[50] As the cost of a college education continues to balloon, so too are the amount of student loans and the number of student loan borrowers.[51] In 1993, 49% of bachelor degree recipients borrowed to finance their education; the number increased to 65% in 2000.[52] The average undergraduate student loan debt was $18,900 in 2002, up 66% from $11,400 in 1997.[53]

---

[48] Sveensson, Peter, *After years of schooling, an advanced degree of debt; The rising cost of education leaves many in over their heads,* Houston Chronicle.com (Jan. 10, 2005), a*vailable at* http://www.uh.edu/ednews/2005/hc/200501/20050110tuitiondebt.html (last visited Mar. 9, 2005).

[49] Id.

[50] U.S. Department of Education, American Counsel on Education, *Debt Burden: Repaying Student Debt* (Sept. 2004).

[51] King and Bannon, *The Burden of Borrowing* (Mar. 2002).

[52] American Counsel on Education, *Debt Burden: Repaying Student Debt* (Sept. 2004), *available at* http://www.acenet.edu/resources/HigherEdFacts/issue-briefs/2004DebtBurden.pdf (last visited Mar. 9, 2005).

[53] Baum, Sandy and O'Malley, Marie, *College on Credit: How Borrowers Perceive their Education Deb*, Nellie Mae 2002 National Student Loan Survey (Feb. 6, 2003), *available at* http://www.nelliemae.com/library/research_10.html (last visited Mar. 9, 2005).

In 2002, students attending graduate school borrowed on average an additional $31,700.[54] The average monthly amount paid to service undergraduate student loan debt was $182, and $261 on average for all student loans.[55]

Despite benefits such as increased earning potential enjoyed by those with a college degree, many borrowers find themselves experiencing financial hardship after graduation with an unmanageable debt burden.[56] Industry standards suggest that student loan debt burden should not be greater than 8% of a borrower's monthly income to be manageable.[57] Of student loan borrowers who graduate with student loan debt, 39% have debt burden levels that are unmanageable.[58] Moreover, 55% of borrowers polled in a 2002 Nellie Mae National Student Loan Survey (the "Nellie Mae Survey") reported that they felt burdened by their student loan payments.[59] This is a sizeable amount considering approximately 1.3 million borrowers' federally sponsored loans entered repayment in 2002.[60]

In addition to the federal student loan program, a large percentage of student borrowers finance their college education from alternative sources, including credit cards and private loans. The average credit card balance for those using them to finance their education was $3,400 in

---

[54] Id.

[55] Id.

[56] King and Bannon, *The Burden of Borrowing* (Mar. 2002). Debt burden is the percentage of monthly income needed to service monthly loan payments. American Counsel on Education, *Debt Burden: Repaying Student Debt* (Sept. 2004).

[57]Id.

[58] King and Bannon, *The Burden of Borrowing* (Mar. 2002).

[59] Baum and O'Malley, *College on Credit* (Feb. 6, 2003).

[60] U.S. Department of Education, *National Student Loan Default Rates (*Sept. 2004), *available at* http://www.ifap.ed.gov/eannouncements/attachments/0914NationalDefaultRatesBriefingAtt.pdf (last visited Mar. 9, 2004).

2002. Of this group, 40% had credit card balances exceeding $5,000 upon their departure from school.[61]

Student loan repayment generally commences six months after graduation and the standard repayment term is ten years.[62] As a result, repayment begins at a time when the borrower's income is at the low point of his or her working life. The student loan debt burden is greater for the borrower at this time resulting in financial hardship. In 2002, the national student loan default rate was 5.2%.[63] This relatively (and historically) low figure is attributed to the current low rate of interest and borrowers' participation in alternative repayment schemes such as forbearance or extended terms which aid in staving off default. Despite such alternative repayment schemes, borrowers are struggling to service their student loan obligations. Based upon the 8% debt burden manageability threshold, in 2002, 39% of graduated students had unmanageable student loan debt obligations.[64] Any increase in interest rates and/or wage decreases will necessarily result in higher debt burden[65] and a corresponding higher default rate.

Excessive or unmanageable student loan debt has varying implications which go beyond the understandable financial impact. For example, the Nellie Mae Survey reports that due to their student loans, 38% of responding graduates delayed purchasing a home, 17% significantly changed their career plans, 21% put off having children, 30% postponed buying a car and 13%

---

[61] Baum and O'Malley, *College on Credit* (Feb. 6, 2003).

[62] American Counsel on Education, *Debt Burden: Repaying Student Debt* (Sept. 2004).

[63] U.S. Department of Education, *National Student Loan Cohort Default Rates* (2004), *available at* http://www.ed.gov/offices/OSFAP/defaultmanagement/defaultrates.html.

[64] Id.

[65] American Counsel on Education, *Debt Burden: Repaying Student Debt* (Sept. 2004).

delayed getting married.[66] Indeed, a full 54% responding to the Nellie Mae Survey said they would borrow less if they had to do it again.

All is not bleak, however. Students with an increased financial literacy responding to the Nellie Mae Survey reported feeling less burdened by their student loans compared to their less informed counterparts.[67] This group of students was better able to understand their student loans, monitored their borrowing and the amounts borrowed, and received repayment counseling upon exiting school. What is clear from this study is that those students who are better able to understand their student loans are better able to manage them post graduation.

D. CREDIT CARDS HAVE BECOME SAFETY NETS

In 1990, one-half of college students had at least one credit card.[68] By 2001, at least 83% of college students had at least one credit card.[69] The average credit card balance for a college student today is $2,327 and 21% have balances between $3,000 - $7,000.[70] As students progress through college, there is a steady increase in usage rates. By graduation, most students have more than doubled their average debt and almost tripled the number of cards they hold.[71] Clearly, today's high school and college seniors are graduating at a time when rising costs for housing, childcare and healthcare coupled with rising under or unemployment are making it difficult to enjoy even a modest quality of life without increasing reliance on credit.

---

[66] Baum and O'Malley, *College on Credit* (Feb. 6, 2003).

[67] Id.

[68] Hystad and Heavner, *Graduating Into Debt* (Feb. 2004).

[69] Id.

[70] Id.

[71] Nellie Mae, *Undergraduate Students and Credit Cards: An Analysis of Usage Rates and Trends* (Apr. 2002), *available at* http://www.nelliemae.com/library/research_9.html (last visited Mar. 9, 2005).

Indeed, the average young adult between 18 and 24 years of age is spending 30% of his or her income to service debt (including mortgage and student loan debt but not including rent), and 13% of this age group with incomes between $10,000 and $75,000 are spending 40% of their income to service debt.[72] In the past, young adults looked to family members for support. Now, family members may be experiencing their own financial difficulties. As a result, today's young adults are increasingly using credit cards to cover basic living expenses (food, clothing, utilities, car repair, gasoline, household goods) and quality-of-life expenditures (internet access charges, entertainment, travel, hobbies and other leisure time expenditures). In a time of high credit card rates and even higher fees, this segment of our population more than ever needs to be financially literate if they are to avoid becoming increasingly mired in unmanageable debt.

Unlike college students in previous generations who often relied upon telephone calls or letters to mom and dad or other family members when low on cash followed by trips to the nearest Western Union or perhaps even home itself, today's college students often attempt to cover gaps between their income and expenses, including necessary living expenses, with credit cards. Even high school students are obtaining credit cards. While close to 50% of today's students obtain their first credit card during their freshman year in college, a reported 14% to 25% obtain their first credit card in high school.[73] In addition to the traditional bank-type credit cards, students, not unlike their families, may also obtain credit through the use of other types of credit cards, such as store cards (or charge accounts), gasoline company cards and so-called travel and entertainment cards. In 2001, of the approximately 76% of families in the United States who reported having credit cards of one type or another, 72.7% of those families had

---

[72] Draut and Silva, *Generation Broke* (Oct. 2004).

[73] United States General Accounting Office Report to Congressional Requesters (GAO-01-773),*Consumer Finance – College Students and Credit Cards* (Jun. 2001), p. 20.

bank-type accounts, 45.2% retail store accounts, 16.1% gasoline company accounts and 10.5% travel and entertainment accounts.[74]

The potential long-term consequences that result from using credit irresponsibly can have an enormous negative impact on an individual's quality of life. Consistently making late payments or exceeding credit lines leads to negative credit reports which, in turn, may lead to credit denials; a bad credit report may even adversely affect an individual's ability to get or maintain a job as employers often review credit reports as part of the hiring, promotion and retention process.[75] Profligate spending, struggling to make minimum payments, "maxing out" on all accounts and borrowing from one credit card to pay another, and working overtime just to keep with debt payments can lead to overwhelming feelings of insecurity, stress, and humiliation and general feelings of low self-esteem. We need to teach our young adults to avoid unmanageable debt and its negative consequences. They need to understand credit and use it wisely as an effective tool for managing money and handling emergencies.

III. DEVELOPING A PROGRAM

The bankruptcy bench and bar possess skills and an expertise that can serve as a valuable resource for educating students on financial literacy. Moreover, the bench and the bar have historically demonstrated a willingness to volunteer time and effort to pro bono and other activities, as evidenced by the success of the partnership between the Boston Bar Association and the Boston Public Schools. Although such a program is not the exclusive way to teach

---

74 Aizcorbe, Ana M., Kennickell, Arthur B., and Moore, Kevin B., *Recent Changes in U.S. Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances*, Federal Reserve Bulletin, Vol. 89 (Jan. 2003), p. 25, *available at* www.federalreserve.gov/pubs/bulletin/2000/0100lead.pdf (last visited Mar. 9, 2005).

75 Federal Trade Commission for the Consumer, *Negative Credit Can Squeeze a Job Search*, FTC Consumer Alert (Sept. 1999), *available at* http://www.ftc.gov/bcp/conline/pubs/alerts/ngcrdtalrt.htm (last visited Mar. 9, 2005).

financial literacy, a voluntary program would be an effective vehicle to draw upon the expertise of the bench and bar and their desire to volunteer.

In designing the program, the Task Force has drawn inspiration and guidance from the C.A.R.E. program. The goal was to design a program that could be used in school districts throughout Massachusetts each year. The three most important considerations in developing a program were determining the audience, the scope and the structure of the program.

The Task Force has determined that high school seniors are the most appropriate audience. Seniors are poised to enter the financial world in the near future--whether they attend college or enter the work force--and they can expect credit card solicitations as they approach the age when they can obtain a credit card in their own name. By targeting seniors, the program would reach the audience with the most immediate impact.

The Task Force has decided that a broad approach to personal financing would be more useful than a program focused solely on credit card issues. By developing and implementing a program that combines credit card issues with basic personal finance matters (such as understanding payroll deductions and balancing a checkbook), budgeting, and the consequences of misusing credit, the Task Force is giving students more tools to help them succeed in the increasingly complicated financial world. The Task Force understands, however, that individual schools have differing needs and goals. Therefore, although the complete program would include a module on several topics, schools could choose among the modules to create a program that suited their individual curriculum.

Finally, the program must be structured in such a way to meet the constraints of a volunteer base. Recruiting volunteers for the program is not expected to be a problem, given the history of other successful programs run by the Boston Bar Association. Furthermore, each of the five Massachusetts Bankruptcy Judges has expressed a willingness to participate in the program and the Task Force has already received unsolicited inquiries from several interested attorneys. Because time is often the key constraint, however, the Task Force decided to create a program with manageable time limits for volunteers, not only in the teaching segment, but also in the preparation.

After considering the foregoing issues, the Task Force has concluded that the program should be comprised of five approximately one-hour modules, each of which could be taught on a stand alone basis. Each module would focus on a particular topic, including personal finance, budgeting, credit and credit cards, financing a car, and the consequences of mismanagement of credit. Such a structure would provide the most flexibility for schools and volunteers.

A. THE MODULES

The program will consist of the following modules:

1. Personal Finances. Many students need basic financial information on bank accounts and understanding paychecks. This module will include information about checking accounts, how to shop for a checking account (evaluating the costs and bank fees involved), how to write a check, how to use an ATM card or a debit card, and how to balance a checkbook. It is expected to also address the issue of paychecks and taxes, including how to read an earnings statement, what deductions are customary for taxes and other employee benefits, and how to complete a W-4 tax form for calculating deductions.

2. Budgeting. The budgeting module focuses on the need to make choices in managing money. The discussion will include what a budget is and why having one is a good idea, basic terms such as income (gross and net) and expenses (both variable and fixed), identifying short-term and long-term goals, and recognizing your money values (what you want to spend your money on). As part of the module, students will learn about creating a budget and planning for spending.

3. Using Credit and Credit Cards. Since credit cards are a fact of financial life, the issue is not one of foregoing credit cards, but rather understanding the true costs involved. This module is intended to discuss credit in general and what it means and focus on credit cards and how they work. The session will provide context and explanation for credit card terms, such as Annual Percentage Rate, grace period, and minimum payments, and discuss the costs of credit, such as interests

and fees, and the effect of making only minimum payments. Finally, it will include a discussion of about using credit cards wisely, such as tips for their use and questions to ask when making a purchase on credit.

4. Financing a Car. In addition to the general credit issues, financing for a large ticket item often involves other considerations. For many students, buying a car and financing it will be their first major purchase and financial transaction. Consequently, financing a car was chosen to illustrate not only the special considerations, but also reinforce the early discussion of credit in general. The module includes discussions on calculating how much a buyer can afford to finance, the actual and hidden costs of a car (such as taxes and fees, insurance, repair and maintenance), and how to shop for a car loan. The materials will provide resources, including references to Internet sites (available in English and Spanish) that offer guidance to first-time car buyers for choosing safe and reliable cars as well as on-line car loan calculators.

5. Consequences. Understanding the consequences of mismanagement of finances is an important part of financial literacy education. This module provides a potential opportunity for a field trip to the Bankruptcy Court, where a sitting bankruptcy judge and practitioners would present the module in the courtroom setting. The discussion includes what happens when you get into financial trouble, highlighting penalties such as increased interest rates on credit cards and late fees, the impact of bad credit (and how to obtain and read a credit report), and the risk of repossession of purchased items. It also includes a description and brief overview of bankruptcy. For those classes taught in the courtroom, the module will include one or more brief mock hearings designed to highlight the consequences and risks, such as a relief from stay hearing regarding repossession of a car, or the initial meeting with creditors.

Each module will include a package of materials for the volunteer instructor (with additional resources and guidance) and a package of materials for the students. The student materials will include handouts, worksheets, and a summary of practical advice and tips as well as a glossary of financial terms that can serve as a further reference. The modules are intended to be the subject of continuing evolution, with the specific aspects being updated, revised and refined based on feedback from the students, educators, and volunteers.

B. DEVELOPMENT OF THE PROGRAM AND THE PILOT PROGRAM

The Task Force understood that the best way to develop a program would be to seek input from the schools and students it intended to benefit. Consequently, members of the Task

Force met with administrators and teachers at the Academy of Public Service at Dorchester High (a Boston public school) on several occasions to discuss the format and content of a program. The Task Force also presented a portion of the personal finance module to 12-15 student volunteers from the City of Boston Mayor's Youth Council. Both meetings provided the Task Force with invaluable insights into fashioning a program that would be informative, interesting and beneficial to the target audience.

As a final step, the Task Force intends to conduct pilot programs of the modules at the Academy of Public Service (May, 2005) and in enrichment sessions of the Boston Bar Association Summer Jobs Program (June and July, 2005), both staffed by volunteer members of the Task Force. The program at the Academy of Public Service will include segments on credit cards and buying an automobile, as well as a segment on consequences which will be taught by The Honorable Joan N. Feeney at the United States Bankruptcy Court.

C. IMPLEMENTATION AND THE FUTURE

After conducting the pilot programs, the Task Force will have completed the initial phase of its task – identifying the problem and creating a program to address it. The final phase will be launching and implementing the program, including soliciting schools, soliciting volunteers, training volunteers, and conducting the program. The Task Force expects that it should continue in place for a period of time to assist with these tasks. Having participated in the pilot programs, members of the Task Force will provide valuable experience and advice in fine-tuning the materials and training the volunteers.

Coordinating volunteers, schools and classes will require a major administrative component. As an initial matter, the Task Force would ask that the Boston Bar Association include the Financial Literacy Education program as a permanent program under the umbrella of the BBA Children's Outreach Task Force, which currently handles similar programs such as the Law Day in the Schools and the Summer Jobs Program. The program would benefit from the relationships of this group with the Boston Public Schools, as well as their experience and expertise in administering similar programs.

Since the goal is to reach schools throughout Massachusetts, the expectation is that other bar associations would be similarly responsible for conducting the program in their areas. While the Boston Bar Association would be the initial contact, it is expected that part of its role would be to help liaison with other bar and professional organizations throughout Massachusetts. Similar cooperative efforts have arisen when dealing with pro bono bankruptcy matters, with much success.

A crucial piece of the program is the partnership between the bench and the bar, and the cooperation and continued involvement of the Bankruptcy Court. The Task Force would ask that the Bankruptcy Court continue to participate through a liaison to assist in the coordination of the participation of the bench in programs. The Task Force was fortunate to have both the Chief Bankruptcy Judge and the Clerk of the Court participate in designing the program, and expects that they can best determine which office should be the initial contact.

The Task Force envisions that the program will also benefit from the continued cooperation and coordination with the C.A.R.E. program, and similar programs throughout the country. The benefits of the experiences and resources of C.A.R.E. which were invaluable in the design of the program will continue to provide support and resources as the program is refined and implemented. In addition, the Task Force would hope that the Massachusetts program could also benefit others as they begin their own process. The Task Force would encourage the inclusion of the program as an affiliate on the C.A.R.E. website, and continued coordination of the programs as appropriate.

The Task Force believes that the program should move gradually into the schools, expecting to undertake the program initially with a few schools, then expanding to additional schools. It is expected that the program will be one which continues from year to year, so that each year the program will be continued in existing schools, and expanded to new schools. Such a process will enable the program to be adapted as it grows, but avoid overwhelming the program immediately with administrative headaches.

The Task Force has already received inquiry from interested schools. It recommends proceeding with those schools for the Fall of 2005, and continuing the program with those who participated in the pilot program -- the Academy of Public Service and the Boston Bar Association Summer Jobs Program. After establishing several programs, a formal outreach to schools may be appropriate. In the interim, the Task Force would expect that information on the program could be included on the website of the Bankruptcy Court and the website of the Boston Bar Association, including a general description of the programs and a contact person for interested schools or volunteers to learn more about becoming involved in the program. The posted information could also include the appendix, which lists certain key websites which provide more extensive listing of other resources available on the topic.

The Task Force envisions an initial volunteer attorney training during the summer and early fall of 2005 which will include a discussion of the modules, and provide feedback from those who participated in the pilot program. Although the program is open to all attorneys, the Task Force expects that an initial solicitation would be conducted through the Bankruptcy Law Section of the Boston Bar Association, given the natural nexus.

IV. CONCLUSION

With proper education, young adults can acquire the tools that they need to make sound financial decisions that will carry them well into adulthood. Given their expertise and experience with financial roles, the bankruptcy bench and bar can play a valuable role in this education process. The proposed financial literacy education program, designed with classroom modules to be taught by volunteer judges and attorneys, provides a way to draw upon the skills and resources of the bench and bar. The establishment and continuation of the program should proceed, through the continued coordination of the Bankruptcy Court, the Boston Bar Association, and other professional and bar associations throughout Massachusetts.

ACKNOWLEDGEMENTS

As co-chairs of the Joint Bankruptcy Court/Boston Bar Association Task Force on Financial Literacy Education For Students, we would like to take this opportunity to express our appreciation for all who provided assistance in the preparation of this report and the development of the program.

We thank the teachers and administrators at the Academy of Public Service at Dorchester High School, who provided advice and feedback in the development of the program, and in particular, Dionne McLaughlin, the Headmaster, Rudy Weekes, the Assistant Headmaster, and Robert Oliver, who assisted in setting up the pilot programs as part of Mr. Oliver's personal finance class.

We thank Patty McMahon and the members of the City of Boston Mayor's Youth Council, who volunteered their time to participate in a focus group regarding the program and its content.

We thank the Honorable John C. Ninfo, II, Chief Bankruptcy Judge for the Western District of New York and founder of the C.A.R.E. program, for the valuable advice and benefit of his experience with the C.A.R.E. program.

We thank each of the members of our Task Force who volunteered their time and effort on the report and the program. As individuals with busy professional and personal lives, we recognize and appreciate the commitment from each of them. While each member played a role, we do want to recognize the particular contributions of the following individuals:

> Paula Andrews, who did an exceptional job taking the segments of the report and weaving them into the single coherent and consistent voice of this report;
>
> Frank Bailey, who as chair of the Resources Committee, spent considerable time and effort with the members of his committee coordinating the wealth of information available for use by the Report and Program Committee;
>
> Jeanne Darcey, who as chair of the Program Committee, coordinated and oversaw the development of the components of the program;
>
> Amy Doherty, who as chair of the Report Committee, played an integral role in overseeing the coordination and writing of this report; and
>
> Jennifer Hertz, who as chair of the Schools and Implementation Committee, provided the coordination between her committee and the schools for valuable information necessary to the formation of the program.

We also thank the staff of the Boston Bar Association, in particular Paul Dullea, who played an invaluable role in coordinating with the schools and the students, and Bonnie Sashin, who played a critical role in communicating the message of the Task Force.

Finally, we thank M. Ellen Carpenter, President of the Boston Bar Association, who responded to the request of Judge Feeney and the Bankruptcy Court with leadership and vision by establishing this Joint Task Force.

We appreciate the efforts of all, and look forward to the next phase and the implementation of the program in schools throughout Massachusetts.

Joan N. Feeney
Chief Bankruptcy Judge
United States Bankruptcy Court for the
District of Massachusetts,
Co-Chair

Janet E. Bostwick
Janet E. Bostwick, PC
Co-Chair

APPENDIX

FINANCIAL LITERACY RESOURCES

http://careprogram.us

The Credit Abuse Resistance Education Program ("C.A.R.E.") was developed by Judge John Ninfo, II, Chief Bankruptcy Judge for the Western District of New York. The program's purpose is to provide high school and college educators easy access to local volunteer professionals who teach students how to use consumer credit wisely and about the consequences of failing to do so. The C.A.R.E. program website contains links to news and other media presentations about the financial literacy problem and the efforts to address the problem. There is information about how to start a financial literacy program and articles describing the issues presented by imprudent use of consumer credit. There are even reports from college freshman who have graduated from the C.A.R.E. program and are living its messages by avoiding unnecessary debt.

http://demos-usa.org

Demos is an organization committed to, among other things, addressing the problems associated with economic insecurity and lack of opportunity for low and lower middle income people in the United States. The Economic Opportunity Program studies the causes of economic insecurity and proposes initiatives to reverse the troubling trends of high consumer debt and lack of savings. The Demos study report *Generation Broke: The Growth of Debt Among Young Adults* is posted on the web site and provides a comprehensive study of the economic and social reasons for out of control use of credit by young people, particularly students. The study also proposes policy changes needed to address the issue. The web site also posts a variety of other reports and studies that relate to personal spending and credit, including credit card use, the use of home equity borrowing , and the relationship between the high cost of healthcare and the growth of personal debt in America.

http://www.jumpstart.org

Organized in 1995, the Jumpstart Coalition for Personal Financial Literacy seeks to improve the financial literacy of young adults. Its website maintains an exhaustive and searchable listing of resources, including a clearinghouse of materials that includes books, textbooks, audiotapes, lesson plans, periodicals, posters, teaching guides, student workbooks, Spanish language materials, videos and software. In addition, the site includes a listing, by specialty, of guest speakers and experts who are available to make presentations about financial literacy issues. Finally, the site includes an online database of national teacher training programs and materials.

http://www.nefe.org

The National Endowment for Financial Education ("NEFE") is an organization that is dedicated to helping people acquire the skills needed to take control of their personal finances. NEFE maintains a website that includes links to the NEFE High School Financial Planning Program, the NEFE Teen Resource Bureau, and a variety of other financial education programs. The programs include teaching guides, student workshop materials and other teaching aids. There are also links to research studies, white papers and conference materials of interest to financial literacy advocates and teachers. There is also information regarding the sources of funding for financial literacy programs and grant guidelines, including the NEFE grant program. Finally, the NEFE presents information regarding their collaborative programs that involve projects geared toward financial education of young people, the elderly, and special situations such as the handicapped or people suffering from a broad range of physical or emotional disabilities.

http://practicalmoneyskills.com

The Practical Money Skills Program provides free access to a broad range of materials that can be used to teach children of all ages basic financial literacy skills. The site includes teacher training modules, budgeting guidelines, games, information about basic banking skills (ATM use, reading statements), and related information. The lesson plans are geared toward a variety of age groups, from young children through high school and college. There is an intuitive budget calculator that can be used to determine the amount of savings required to achieve such basic things as planning for holiday gift giving and buying a car.

http://www.abiworld.org

This site, maintained by the American Bankruptcy Institute, includes links to resources and articles concerning credit education and financial literacy. There are links to the C.A.R.E. program and related materials.

http://www.ncee.net

The National Council on Economic Education, which is a nationwide network that promotes economic literacy for students and resources for their teachers, maintains a website that includes an extension list of NCEE materials. Included are free NCEE On Line Lesson Plans (K-12), an online activity program that teaches about budgeting, credit, decision making, and paying for college, and links to the Journal of Economic Education.

http://www.financial-education-icfe.org

The Institute of Consumer Financial Education (the "ICFE") maintains a web site that includes resources geared toward children and money. The materials include a series of educational materials for parents, grandparents, and children. Among the materials are "Money Skills Kits," personal finance materials and a library of children's books and videos.

Corporate Web Sites with Financial Education Resources:

The following websites offer a variety of interactive teaching devices, games, teaching materials, guidebooks, and other creative resources useful in educating children about finances, budgeting, investing and related activities.

A.G. Edwards	**www.agedwards.com**
Ernst & Young	**www.moneyopolis.com**
Fleet Bank	**www.fleetkids.com**
IngDirect	**www.orangekids.com**
Merrill Lynch	**http://philanthropy.worldnet.ml.com/ipo**
Northwest Mutual	**www.themint.org**
Solomon Smith Barney	**www.smithbarney.com/yin/home.htm**
Sovereign Bank	**www.kidsbank.com**
State Farm	**www.statefarm.com/kidstuf/commoncents**
Wall Street Journal	**www.wsjclassroomedition.com**
Zion Bank	**www.bankjr.com**