

*Parents, Youth and Money* Press Conference – April 12, 2001

Remarks by Madeleine d'Ambrosio, Executive Director, TIAA-CREF Institute

Thank you for your introduction and good morning everyone. On behalf of the TIAA-CREF Institute, I'd like to say how proud we are to have underwritten both the **2001 Parents, Youth and Money Survey** and its companion **1999 Youth and Money Survey**.

The TIAA-CREF Institute is concerned about the financial health of Americans and believe that education is a key to financial fitness. We are devoted to learning more about issues that have a significant impact on lifelong financial security and we hope these important research initiatives will help parents, children, and others recognize the enormous value of understanding everyday financial basics.

The various findings highlighted earlier do indicate that there is room for improvement in the financial behaviors, acumen and attitudes of both adults and young people. And parents can be more effective in providing their children with financial guidance. I'd like to focus now on positive steps that can be taken to strengthen financial literacy.

The 1999 Youth and Money Survey showed that more than 94% of children turn to their parents as a primary resource for financial information. And, the sequel

survey indicates that most parents see it as their responsibility, alone or with schools, to play this role. But parents need not feel alone in helping their children grow into informed consumers and investors. Many groups are in positions to be helpful. I'll mention a few.

The survey showed that 36% of parents work with a financial advisor to guide their savings and investment decisions. Advisors have an opportunity to provide clients who are parents with tools and information they can use to teach their children about monetary issues. And perhaps advisors can invite parents to include older children in their financial planning sessions. This would be a winning situation all around. Advisors stand to deepen client relationships simply by recognizing the difficulty and importance of teaching children about finances, and by providing parents with support. Parents benefit because they receive an unanticipated and important service from their advisors while, at the same time become more effective role models and teachers. And, of course, the children win because of the critical lessons learned.

Employers can make a difference. The survey shows that 45% of parents utilize employer-supplied resources to learn about personal finance. They don't, apparently, use these materials to teach their children. That's understandable. Much of the material is difficult even for an adult to comprehend. But if employers and their benefit plan providers or consultants were to develop and distribute materials written and designed specifically for children, parents would probably

take advantage of them. Take it a step further. If such tools were provided along with a lesson plan or guidelines for parents telling them how to effectively use the tools with their children, parents would undoubtedly be receptive and appreciative. This might be an effective way for employees to maximize the return on their financial education programs while building employee satisfaction and loyalty.

The media can also support the effort of parents. Many financial publications provide articles and on-line resources that provide tips for teaching children about finances. Money.com, for example, has a whole section devoted to youth and money and Jean Chatzky provides a wealth of information in easy to manage bites that parents can share with their children.

Parents, financial advisors, employers, the media...who else? Certainly youth group leaders, teachers, teachers working in partnership with parents, and financial services companies are other potential influencers. Many companies, for instance, have begun to develop materials geared toward young people. They are particularly effective if generic – presenting financial concepts objectively.

When can financial lessons be introduced to children by their parents? Many parents may be missing day-to-day opportunities to teach their children about money. Parents need to be encouraged to turn everyday activities into financial

learning moments. Children learn by doing. Shopping at the mall, making menu choices when dining out, planning a family vacation – simple things like these offer openings to engage children in conversations about comparison shopping, the value of money and what things are worth, budgeting and setting financial goals. When children receive financial gifts or an allowance, parents can introduce concepts like saving versus investing, the time value of money, and charitable giving.

Learning can happen anywhere. Around the dinner table, at the store, watching T.V. The key is for parents to get in a regular habit of introducing financial topics into conversations with their children. Simply talking with kids has worked wonders in terms of helping to educate children about the dangers of smoking or drug use. Money needs to become a comfortable topic for frequent and ongoing discussion in the home as well.

Let me wrap up by addressing why this is all so important. At the TIAA-CREF Institute, our goal is to support long-term financial well-being of all individuals and families. We believe that proactive financial education plays a vital role in guiding individuals of all ages to financial fitness. As our research shows, children get their first insights into the fundamentals of saving, spending, and borrowing at home. The lessons should begin early on. We also believe that parents need and would welcome help in serving as financial educators for their children. The TIAA-CREF Institute encourages financial service providers, K-12 teachers,

financial advisors, and youth leaders to develop, provide and employ tools and resources to strengthen family financial literacy.

ASEC and the TIAA-CREF Institute have created a number of such tools.

Samples of a few have been distributed to you. These include a guide for parents to use to introduce the concept of compound interest and the importance of starting to save early to their children between the ages of 14 and 17. *Creating an Interest in Interest* is part of a Money Talk series of tools under development. For younger children, *Bringing Up a Nation of Savers* presents an activity to convert a coffee can into a savings bank. The wrapper invites children to write down and draw pictures of a savings goal they may be working toward. A colorful poster highlighting how much money can grow over time with the bonus of compound interest is another way to reinforce the value of saving.

All of the tools are free and available on the TIAA-CREF Institute Web site at [www.tiaa-crefinstitute.org](http://www.tiaa-crefinstitute.org) and on ASEC's Web site at [www.asec.org](http://www.asec.org). I hope you will help us spread the word about these tools and about the research initiatives that prompted their development. Thank you. We'll be happy to take your questions now.