



FINANCIAL
CAPABILITY
NETWORK

Understanding Family Financial Capability

A Financial Education Survey
of Parents and Kids

EVERFI

About the Authors

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At EverFi, Meg researches the interplay between education, financial institutions, and social factors in influencing financial capability. She also measures the impact of financial education courses on learners using assessment and survey data, providing reports of course impact to sponsors, districts, and schools around the country. Prior to EverFi, Meg held a similar role assessing the impact of online and offline educational programming for youth sports coaches. Meg holds a degree in economics from the University of Virginia and an MBA from San Diego State University.

About the Study

EverFi, Inc. partnered with third-party survey company ORC International to survey 500 parents between March 8 and March 14, 2016. All parents surveyed have children between the ages of 7 and 17 living in their household and agreed to answer questions about their experiences discussing money and personal finance in their family.

In addition to the parents surveyed, this study references student surveys which were conducted over the same time period in conjunction with EverFi's high school financial education courses. The number of student survey respondents was between 3,500 and 9,500, depending on the question.

About The Financial Capability Network

The Financial Capability Network is a nationwide coalition of 700+ financial institutions that are committed to financial wellness of students and adults of all ages and income levels. Members of the Financial Capability Network benefit from award-winning training, compliance and regulatory expertise, dynamic tracking and reporting, peer and executive networking, and groundbreaking financial capability research enabling organizations to drive lasting impact on the financial capability of its consumers and community.

About EverFi

EverFi is a leader in digital learning for critical skills. EverFi's financial education courses reach over a million learners per year, from elementary school students through adults.

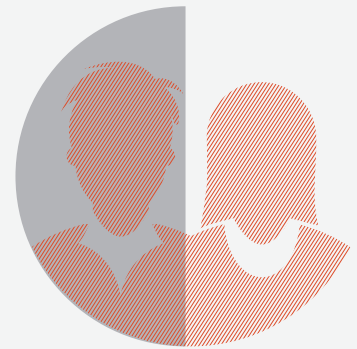
Learn More About EverFi and Family Financial Capability at
[EverFi.com/Financial-Capability-Network](https://everfi.com/financial-capability-network)

Summary of Findings

The majority of parents with kids at home discuss money and personal finance with their children at least once a month, according to a March 2016 survey of 500 parents. There are limits to what parents teach their children, though; schools, employers, and financial institutions also contribute to the development of family financial capability.

This paper discusses findings from the survey of parents and separate surveys of teens conducted concurrently. Among the key findings:

- **A substantial majority, 86 percent, of parents surveyed report that they talk to their kids aged 7 to 17 about money and personal finance.** Of those parents who talk to their kids about money, 85 percent discuss the topic at least once a month, and half report that they talk about money “often,” twice per month or more.
- **Parents report being more comfortable discussing money with their kids than bullying, drugs and alcohol, or sex, but fewer than half – 43 percent – describe themselves as “well prepared” for money conversations.** The share of parents who describe themselves as well prepared in 2016 is up substantially from 2003 when a consumer survey found that just 26 percent of parents considered themselves well prepared.
- **When parents talk to their children, they are most likely to cover foundational topics that address attitudes toward money,** such as the value of money, wants versus needs, and smart shopping. Parents are less likely to report that they discuss more technical aspects of personal finance like credit scores, emergency funds, and investing and growing wealth.
- **Teens agree that outside of school they are more likely to learn about money from their parents than any other source;** 79 percent report that they have learned about money from their parents. But just over half of teens, 55 percent, agree that they discuss their own financial decisions with their parents.
- **Support for financial education in school is almost universal among parents;** 95 percent agree that students should learn about money in school, even though only 30 percent of parents recall having access to financial education when they were in elementary, middle, or high school. Parents also see a role for employers in teaching their children about finances. The third most popular response to the question of where parents expect their children to learn about money was “through a job,” (after “from parents” or “from school”).



Fewer than half of parents describe themselves as “well prepared” for money conversations

9 in 10 parents talk to their kids about money



Starting Family Financial Conversations

Most parents are talking to their kids about money and personal finance, according to a March 2016 EverFi survey of 500 parents. In fact, parents ranked their comfort talking about money higher than other critical – and sometimes difficult – topics like drugs and alcohol, bullying, and sex. **Half of parents say that they first started talking to their kids about money when the children were eight years old or younger**, and by the time children are 14 more than 80 percent of parents have started talking about money. Among all parent surveyed by EverFi, 86 percent report talking to their kids aged seven to 17 about money and personal finance.

Moms report talking to their kids about money and finance in somewhat higher numbers than do dads – 91 percent of Moms compared to 82 percent of dads. This is contrary to what one might expect based on a 2012 FINRA Foundation survey¹ that found women have somewhat lower financial capability overall than men, and are less likely to take primary responsibility for household finances. Parents are, however, equally likely to discuss money and finances with boy and girl children.

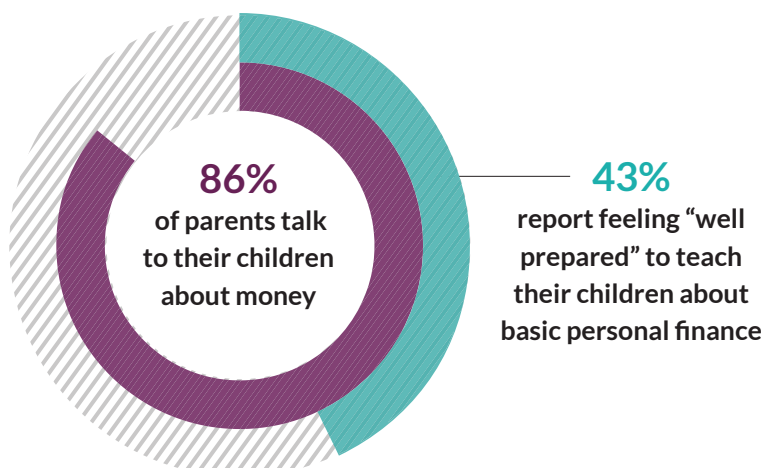
Not surprisingly, parents who rate their own financial capability as high are more likely to talk to their kids about money than those who rate it low. Three quarters of parents give their own financial capability a high ranking (those who score themselves a five, six, or seven out of seven). These parents are seven percent more likely to talk to their kids about finances than parents who rate their financial capability as moderate or low (18 percent more likely than those who rate themselves low).

According to the 2012 FINRA Foundation survey¹, though, **adults are not particularly good at assessing their own financial capability, and may be over-estimating their abilities**. The study found that, since 2009 the share of American adults who rate themselves as highly financially capable has increased (from 69 percent in 2009 to 73 percent in 2012, now 75 percent in the EverFi survey), but performance on a short financial literacy knowledge quiz has declined over the same period. Further, the study found that even adults who rate their financial capability as very high, nearly a third report costly credit card behaviors.

The disconnect between self-assessment and knowledge and behavior may be evident in parents' assessment of their readiness to teach their children about financial topics. While 86 percent of parents talk to their children about money, just 43 percent report feeling “well prepared” to teach their children about basic personal finance. This is up from 26 percent in a 2003 survey², perhaps as a result of hard lessons learned during the economic downturn in 2008.

Half of parents say that they first started talking to their kids about money when the children were eight years old or younger

Adults are not particularly good at assessing their own financial capability, and may be over-estimating their abilities



What Parents Talk About When They Talk About Money

With 86 percent of parents talking to their kids about personal finance (and 79 percent of teens agreeing that they've learned about money from their parents), parents are clearly the single most important influence on their children's attitudes and behaviors toward money. This role in their kids' financial socialization is evident in the topics that parents discuss with their children, and the lessons that they hope their children will take with them as they leave home.

When asked, in an open-ended question, to list the one most important thing that they hope their child will learn before graduating from high school, parent responses centered around three main themes:

- **Saving.** Thirty-one percent of all open-ended responses included the words 'save' or 'saving'. For example, "Saving is very important. Always spend wisely."
- **Appreciating the value of money.** For example, "That the value of a dollar has to be recognized and cherished."
- **Living within their means and avoiding debt.** For example, "To not over extend yourself. Don't rely on credit cards to buy things. Save the money first and then buy it."

These are foundational financial concepts, which inform life-long financial beliefs and habits. Children pick up these values from their parents, whether through explicit conversation or by example.

Similar concepts are reflected in parents' most-talked-about financial topics. When asked to select up to five financial topics they discuss with their children, the top-ranked topics for all ages are:

- **Value of money and deciding what you can afford (64%)**
- **Wants versus needs (57%)**
- **Comparing prices and smart shopping (54%)**

What is missing from this list of much-discussed topics are more technical aspects of money and financial management; the "how to" that allows children to develop the skills to confidently manage money. The least-discussed topics include:

- **Credit scores and reports (9%)**
- **Emergency funds and a financial safety net (13%)**
- **Investing and growing wealth (13%)**

79% of teens agree that they've learned about money from their parents

The Family Financial Capability Ecosystem

The difference between the number of parents talking to their children about finances and the number who report they feel well prepared to do so and the lack of technical topics covered by parents point to an opportunity to improve overall family financial capability with resources and support from outside of the household.

Support for financial education in schools is all but universal among parents. Just two percent of parents disagreed that financial education should be taught in schools. Students agree, too. **Seventy-one percent of teens surveyed agreed that all students should receive financial education in schools**, and more than two-thirds of students agree that financial education helps them to make better choices when it comes to money.

Family financial conversations and school-based financial education also enforce one another. An analysis of student performance on financial literacy assessments issued before and after students completed the school-based online course (*EverFi – Financial Literacy™*) show that students who report they talk to their parents about money score higher on pre-course assessments. These students also get more out of the course, increasing their scores from pre- to post-course more than their peers who do not report talking to their parents about money. **Further, after taking the course in school, more students report talking to their parents about their financial decisions (65 percent) than did before the course (55 percent).**

Beyond school and home, employers and financial institutions play a role in developing family financial capability. While just 16 percent of parents surveyed report that they have been offered financial education through their employers, **34 percent of parents expect that their children will learn about finances through a job**. Parents who have been offered financial education at work were also slightly more likely to talk to their children about money than parents who were not.

In addition, nearly one in five parents expect that their child will learn about finances and acquire financial skills through a bank or credit union. When they were preparing to talk to their children about money, ten percent of parents looked for resources from their own bank or credit union, and 17 percent researched financial topics for children online.

71% of teens agreed that students should receive financial education in schools

34% of parents expect that their children will learn about finances through a job

1 in 5

parents expect that their child will learn about finances and acquire financial skills through a bank or credit union



References

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2. FleetBoston, Smarter Decisions with Fleet National Survey, September 2003.