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The features and effectiveness of the *Keys to Financial Success* curriculum☆

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A B S T R A C T

The global financial crisis of 2007–2009 generated a renewed interest in including personal finance in the secondary curriculum in the United States and in many countries around the world. This paper explains the features of a successful and unique high school personal finance curriculum, *Keys to Financial Success*, which is offered by a consortium of partners in Delaware, Pennsylvania, and New Jersey, and is available to teachers from the Federal Reserve Bank of Philadelphia. Using the *Financial Fitness for Life High School Test* (*FFFL-HS Test*), pre- and posttest results are reported for 967 students who participated in a one-semester *Keys* course during the 2011–2012 and 2012–2013 academic years. The survey results indicate that the training of teachers in the *Keys* curriculum, and the implementation of a one-semester *Keys* course, significantly improve the average personal finance knowledge of students in each of the standards and concept areas of the *FFFL-HS Test*. These results contribute to the growing literature showing the positive effects of a well-designed personal finance course, taught by properly trained teachers, on the financial knowledge of high school students, and should be of interest to an international audience.

☆ The views expressed in this paper are those of the authors and do not necessarily represent those of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

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1. Introduction

The global financial crisis of 2007–2009, and the ensuing fiscal instability in many parts of the world, brought renewed attention by policymakers in many countries to the need for a more financially literate society. Part of the responsibility to ensure that this goal is reached rests in secondary schools. Students leaving high school should be grounded in the fundamentals of personal finance to be prepared for their roles as consumers, savers, and investors. Yet, several recent studies have reported discouraging findings. For example, Mandell (2008) reports that the financial literacy of high school seniors was at its lowest level since the first Jump$tart survey was administered in 1997. Lusardi et al. (2009) showed that young adults lack even the most basic knowledge of personal finance topics such as interest rates or risk diversification. Butters et al. (2012) reported that students struggled in many concept areas of the *Financial Fitness for Life High School Test* (*FFFL-HS*) during the 2011 National Personal Finance Challenge competition. And Atkinson and Messy (2012) analyzed survey data from the Organization for Economic Co-operation and Development's (OECD) International Network on Financial Education and found a general lack of financial knowledge for large portions of adults in the 14 countries examined.

The U.S. is not alone in believing that financial education in the K-12 curriculum is necessary to prepare tomorrow's citizens for the financial opportunities and challenges they will face. More and more policy makers throughout the world have come to the same conclusion. International organizations, such as Child and Youth Finance International (CYFI) and its partner organizations in 120 countries, reach out to youth throughout the world. CYFI's goals are clear: every child will have access to financial services, financial awareness through education, a reliable source of income, and the will to save and build assets to promote their future stability. Individual countries are also focusing energy and financial support on training young adults and school-age children in personal finance. For example, financial illiteracy is of growing concern in Russia. In 2011, the Russian Finance Ministry launched a $113 million program to improve financial understanding among students (Filatova, 2013). And, students from 18 countries, including the United States, recently participated in the OECD's first large-scale international study to assess the financial knowledge and capabilities of 15 year olds.

As the demand for personal finance education has increased, so has the availability of instructional materials. In recent years, there has been a proliferation of nonprofit organizations, financial institutions, and governmental agencies, both in the United States and internationally, promoting financial literacy. In the United States, the Jump$tart Coalition website lists over 800 financial education resources including print and online materials, videos, DVDs, and games. Additionally, based on a recommendation from the President's Advisory Council on Financial Capability, the website Money As You Learn was created to offer teachers personal finance lessons that can be integrated into existing math and English courses. Internationally, CYFI's website lists programs and initiatives taking place in its partner countries, and OECD's International Gateway for Financial Education serves as a global clearing house that allows one to search for K-12 instructional materials using any or all of the following criteria: country, theme, target groups, and sector. Some of these materials focus on a specific age group; others on very specific content areas such as credit, budgeting or retirement, and still others offer isolated lessons that can easily be integrated across the curricula. While educators worldwide have a wealth of materials available to them, very few curricula offer a well-articulated plan for a semester course in personal finance. Too often, individual teachers are left with the daunting task of assembling sometimes disjointed lessons into a course. Most teachers lack the time to review materials and, in some cases, the content knowledge to design their own personal finance curriculum. The curriculum presented in this paper was designed to address these challenges by offering teachers a longer and more intensive intervention for their students, using a semester-long curriculum already assembled by trained economic education experts.

One of the most discouraging aspects of financial education, both in the United States and internationally, is the lack of adequate assessment of program effectiveness. In fact, Hathaway and Khatiwada (2008) found that most research has not proven the effectiveness of financial education programs, concluding that there are two likely reasons for this finding. First, the programs may not be effective in transferring knowledge because of either their design or how they are administered.