Jump$tarting a New Career

by Daniel Hebert
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Personal Financial Literacy

When I was asked to speak at a teachers conference in 1996 about the differences between credit cards and debit cards, I never imagined how that one presentation would not only change my career path, but also reveal my personal passion. It was the event that I like to say "knocked me over with a feather."

On that day, I discovered just how little many of the teachers in the room knew about credit cards, and how many didn't know the difference between credit cards, charge cards, and debit cards. I had been in consumer lending for almost 25 years, and in my role as a credit card administrator, I was responsible for the profitability of a growing credit card portfolio. I just naturally assumed that since I had a successful credit card program, my customers must know what they're doing with them.

I was even more surprised by how little some of these educators knew about basic financial matters such as balancing a checkbook, applying for credit, and saving for retirement. Even more alarming, I learned that their students were not exposed to personal financial information. The school curriculum did not support these concepts. Who was teaching kids about basic banking and financial matters?

Around the same time, I began to observe some trends in our consumer loan portfolios. An analysis revealed that the average age of our charged-off borrower was 30 years old. These young borrowers were more than six months behind in their monthly payments, and by regulation, my bank considered their debt non-collectible, treating the remaining loan balance as a total loss. The dots were beginning to connect.

Then the late 90s arrived, and with this period came many contradictions of former economic notions. Unemployment was trending downward to historic levels. We were approaching the ninth year of economic recovery. Interest rates were at all-time lows. The NASDAQ rose 85 percent in 1999 as money flowed into the stock market, yielding incredible returns. Consumers felt prosperous and bought everything in sight.

And yet, bankruptcy filings were at record levels and climbing each year–especially in New Hampshire. We ranked 8th in the country for the highest percentage of people filing bankruptcies linked to credit card debt. We were 6th for the highest percentage of bankruptcy filers that chose total debt liquidation over the option to repay their debt over time. These bankruptcy filings seriously affected the profitability of our credit card program–forcing us to follow the route of many other small credit card issuers at the time and sell our portfolio to a larger issuer who could absorb the expenses.

With the convergence of all of these events, I began to wonder about the next generation of borrowers–teenagers. How could we get information to them about the fundamentals of saving and prudent spending so they could avoid using bankruptcy as a means of financial management?

Through my bank's affiliation with Visa, I read one day that Visa is a financial supporter of the Jump$tart Coalition for Personal Financial Literacy, a Washington-based nonprofit association that addresses this very issue. Formed in 1995 and supported across the United States by 140 corporations, government agencies, education associations, and nonprofit providers of financial education, Jump$tart has a mission "to improve the personal financial literacy of young adults by promoting personal finance education at home and in school."

Through a survey conducted by the University of Buffalo School of Management, Jump$tart determined that the average student who graduates from high school lacks basic skills in personal financial management. Many are unable to balance a checkbook, and most simply have no insight into the basic survival principles of earning, spending, saving, and investing. Participants in the 2002 survey answered only 50.2 percent of the questions correctly, falling from 57.3 percent in 1997. Clearly, this is not a favorable trend.

Articulated by Jump$tart, "Many young people fail in the management of their first consumer credit experience, establish bad financial management habits, and stumble through their lives learning by trial and error. The Coalition's direct objective is to encourage curriculum enrichment to ensure that basic personal financial management skills are attained during the K-12 educational experience."

I approached Jump$tart and indicated that I would be interested in leading a state coalition for New Hampshire. With their assistance, an informational meeting was arranged with leaders from the financial services and education communities. At that meeting, it was agreed that personal financial literacy is an important issue to pursue for our children, and many attendees volunteered to assist in the effort. A few months later, in the summer of 2000, the New Hampshire Jump$tart Coalition was formed. We became a state affiliate of the national organization, creating a unique structure that allows us the independence to work on specific initiatives for our state, while benefiting from the brand awareness of the national organization.

Soon, I was speaking to high school students in the classroom and directing the activities of the coalition. After almost 25 years in consumer lending and collections, it became time for me to channel my experiences and knowledge to a new passion–helping young people avoid the pitfalls of poor money management. And I am pleased with the progress to date.

We developed a strategy of training teachers with the intent that they will share this information with their students. In partnership with the UNH Cooperative Extension, we conducted three successful conferences training teachers on how to use the High School Financial Planning Program, a curriculum designed to be integrated into their current lesson plans. As a result, more than 15,000 New Hampshire students have received in-class instruction in personal financial management since 2002.

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We are also striving to make Jump$tart a recognizable voice in New Hampshire. We have spoken to many civic and parent organizations to generate grassroots support of our mission and have targeted teenagers through a dozen public service announcements *12 Principles Every Young Person Should Know*. We facilitated a statewide multimedia contest, administered by a committee of high school students, that challenged students to address a personal finance topic in an essay, poster, or video. Additionally, we formed a speakers bureau of professionals from the financial services sector who volunteer their expertise in presentations to students; to date, they have reached 3,500 children.

NH Jump$tart is an organization made up of volunteers. There is no paid staff, and all of the activities and initiatives are done by members of the coalition with support from our sponsors and in-kind service providers. Some of the most extraordinary people have joined our group. What makes them extraordinary to me is their commitment and passion for personal financial literacy and their willingness to volunteer their time to support our quest. These individuals come from banks, credit unions, credit bureaus, credit counseling services, universities, and the education and financial planning worlds–all have busy jobs with limited time. Yet, everyone puts aside their agendas and competitive desires, and we work together as a group.

Never content with the status quo, this group is working on a number of important new initiatives. We are introducing the national LifeSmarts program to the Granite State. NH Jump$tart will serve as New Hampshire's first state coordinator for this exciting program that teaches teens to be smart and responsible consumers and citizens. Perhaps even more exciting, the NH Department of Education is in the process of revising school standards for all of the state's school districts, and NH Jump$tart is busy advocating for the inclusion of specific personal finance requirements in these standards. This represents our best opportunity to ensure that all students have access to information on personal financial management.

In my work, I have seen the complexity of the contemporary financial world, and I believe that the need for sound money management skills has never been greater. The stark reality is that today's teenagers are unprepared to take advantage of their wealth of options and, in fact, are more likely than ever to be victimized by their own lack of knowledge. I believe that we as a community have the power to request our education leaders to include personal finance in our children's curriculum, and we as parents have an obligation to talk to our kids about money matters. In this changing and complex financial world, there is no better way to ensure a viable financial future than to educate our children about financial matters.

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