

Financial literacy is for everyone



What is financial literacy?

Financial literacy means having the skills, knowledge and confidence to make responsible financial decisions in all areas of life. In an uncertain economic climate, the need for Americans to understand how money works in the world has never been greater, yet in a recent survey, 60% of Americans could answer only 2 questions correctly on a 5-question financial literacy quiz.¹ Having the knowledge to make daily and long-term financial decisions with confidence can be a key part of family well-being.

Did you know?



76% of American households are living paycheck to paycheck²

When a person is financially literate, they:

- Understand basic financial concepts like compound interest
- Feel comfortable discussing money with family members
- Understand financial products like mortgages and life insurance
- Have confidence in their ability to make financial decisions
- Are able to plan for their financial future
- Can respond to unanticipated life events like economic downturns and job loss

Why is financial literacy important?

Recent research³ suggests that Americans could benefit from stronger financial literacy

71%

of Americans worry about their finances

32%

of Americans are not saving for retirement

39%

of Americans keep a budget and track their spending

73%

of American adults say they could benefit from professional financial advice

5 steps to financial literacy

Achieving financial literacy is a life-long endeavor but you can become more savvy right away by changing your approach and making just a few small changes.



1. Organize your finances

Know the renewal or expiration dates on mortgages, insurance policies, loans and lines of credit.



2. Keep track of your money

Know how much you have at all times, how much is coming in, versus how much is going out. Track what you spend weekly, monthly and annually and create and stick to a household budget.



3. Increase your knowledge

Develop a basic understanding of common savings plans such as tax-free savings accounts, 401(k), 529 savings, etc. as well as life insurance products and annuities.



4. Understand credit and debt

Know how interest accrues on your savings and adds to your debt load. If using credit cards is unavoidable, be aware of the long-term consequences of servicing debt.



5. Plan for your future

Think about how much money you will need to retire comfortably and what sacrifices may need to be made today to achieve it. Products like life insurance may be included as part of your future plan.

Financial literacy is a family affair

Help your kids develop positive lifelong financial habits by talking to them regularly about money and encouraging them to save for things they want.

Did you know?



85% of American parents believe a course in personal finance should be a high school graduation requirement but only 33% talk to their kids about money regularly⁴

Plan now for a better tomorrow

Regardless of your current age and circumstances, decide when you would like to retire, how much income you will need to continue your lifestyle and what steps you should take today to make it happen.

All Americans, regardless of gender, age or income bracket, can benefit from enhanced financial literacy and the peace of mind it can bring. The good news – you don't have to do it on your own. There are many resources online to get you started. For information on life insurance products or to speak with an agent, visit foresters.com

Helpful resources

- Jump\$tart Coalition
- Council for Economic Education
- National Endowment for Financial Education
- National Foundation for Credit Counseling
- Consumer Financial Protection Bureau

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¹ FINRA Investor Education Foundation: Financial Capability in the United States, May 2013

² The Conference Board: Trapped on the Worker Treadmill, August 2012

³ NFCC: The 2014 Consumer Financial Literacy Survey

⁴ Visa Inc: Financial Education Survey, March 2011