

## Senate Concurrent Resolution No. 15

### RESOLUTION CHAPTER 28

Senate Concurrent Resolution No. 15—Relative to financial literacy.

[Filed with Secretary of State May 8, 2013.]

#### LEGISLATIVE COUNSEL'S DIGEST

SCR 15, Lieu. Financial Aid and Literacy Month.

This measure would declare April 2013 as Financial Aid and Literacy Month to raise public awareness about the need for increased financial literacy.

WHEREAS, Studies reviewed by the Library of Congress indicate that United States retail investors lack basic financial literacy, including a weak grasp of elementary financial concepts and a critical lack of knowledge of ways to avoid investment fraud; and

WHEREAS, Sixty-two percent of women and 53 percent of men would have less trust in someone if they found out that the prospective partner was in serious debt; and

WHEREAS, Sixty-eight percent of adults believe that sharing the same attitudes toward managing money is the most important factor in a relationship; and

WHEREAS, Sixty-nine percent of parents expect their children to contribute financially to their college education, and the same percentage of parents expect that they or their children will be paying student loans off for at least five years after graduation; and

WHEREAS, More than one-half of teenagers state they want to learn more about how to manage their money, especially about basic personal finance topics such as budgeting, saving, checking accounts, and investing; and

WHEREAS, Fifty-six percent of United States adults admit that they do not have a budget, and 77 million American adults do not pay all of their bills on time; and

WHEREAS, Outstanding student loan balances increased to \$956 billion as of September 2012, and the size of the average student loan since 2005 has risen by 58 percent to \$27,253, with a delinquency rate of 15.1 percent; and

WHEREAS, As of September 2012 about \$1.01 trillion of American consumer debt is delinquent, with \$740 million seriously delinquent; and

WHEREAS, There are 382 million open credit card accounts and balances on these credit cards increased by approximately \$2 billion in the third quarter of 2012; and

WHEREAS, Forty percent of low- and middle-income households use credit cards to pay for basic living expenses such as rent or mortgage bills, groceries, utilities, or insurance because they did not have enough money in their checking or savings accounts; and

WHEREAS, Nearly one-half of low- and middle-income households carry debt from out-of-pocket medical expenses on their credit cards, with the average amount of medical credit card debt being \$1,678; and

WHEREAS, Approximately 11 percent of United States consumers are unbanked, and another 11 percent are underbanked, and these unbanked and underbanked individuals are more likely than fully banked consumers to have lower incomes and be younger, minority, female, unmarried, unemployed, and unwilling to take financial risks; and

WHEREAS, The State of California leads the nation in terms of personal debt per capita, and also leads the nation in the delinquency status of debt balance per capita; and

WHEREAS, One-quarter of those participating in 401(k) plans withdraw funds to cover nonretirement costs, such as school tuition, mortgages, and credit card payments; and

WHEREAS, Forty-four percent of retired worker beneficiaries who claimed social security benefits in 2011 were 62 years of age, thus severely diminishing their overall benefits through the remainder of their lives; and

WHEREAS, Nineteen percent of workers are not at all comfortable in their financial preparations for retirement; and

WHEREAS, Twenty percent of workers and 12 percent of retirees report their level of debt is a major problem; and

WHEREAS, In 2012, 62 percent of adults who were between the ages of 45 to 60 reported at least a 20-percent decline in the value of their financial assets since the start of the most recent recession, up from 42 percent in 2010; and

WHEREAS, Fifty-one percent of military families who have completed a financial literacy program are more likely to feel extremely or very financially confident when it comes to dealing with financial matters than those who never completed a financial literacy program; and

WHEREAS, Baby boomers who grew up in households where parents talked about money management and saving for retirement are significantly more likely to be financially prepared for retirement (42 percent) than unprepared financially (29 percent); and

WHEREAS, According to the 2012 Junior Achievement USA/Allstate Foundation “Teens and Personal Finance” survey, 86 percent of teenagers turn to their parents for money management advice, and yet just 56 percent of them think they will be as financially well-off or better than their parents; and

WHEREAS, Only 24 percent of teenagers learn how to manage money from teachers; now, therefore, be it

*Resolved by the Senate of the State of California, the Assembly thereof concurring,* That the Legislature hereby declares April 2013 as Financial

Aid and Literacy Month to raise public awareness about the need for increased financial literacy; and be it further

*Resolved*, That legislators, employers, schools, service groups, community organizations, libraries, financial institutions, and the media shall be encouraged to provide opportunities for financial literacy education for all Californians through a variety of means and to collaborate with members of the California Society of Certified Public Accountants, the California Jump\$tart Coalition, and others as they provide outreach and education; and be it further

*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the author for appropriate distribution.

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