

# WAY OR NO WAY

What do you really know about how Americans spend  
and save their money?



# LifeSmarts

*Learn it. Love it.*

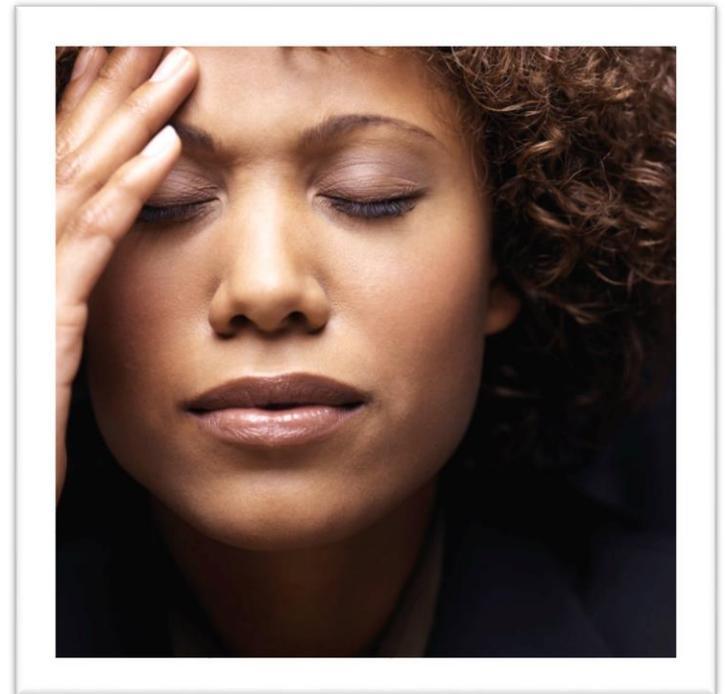


LifeSmarts is a program of the National Consumers League

# 1-Way or No Way?

3

Only twenty-five percent of Americans report they “always” or “sometimes” worry about money.



# 1-NO WAY

4



**Over 55% of Americans  
report they worry about  
money.**

— USA Today

# 2-Way or No Way?

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A recent survey of parents of high school students revealed that ninety percent of parents agree that their teenagers think “money grows on trees.”



# 2-NO WAY

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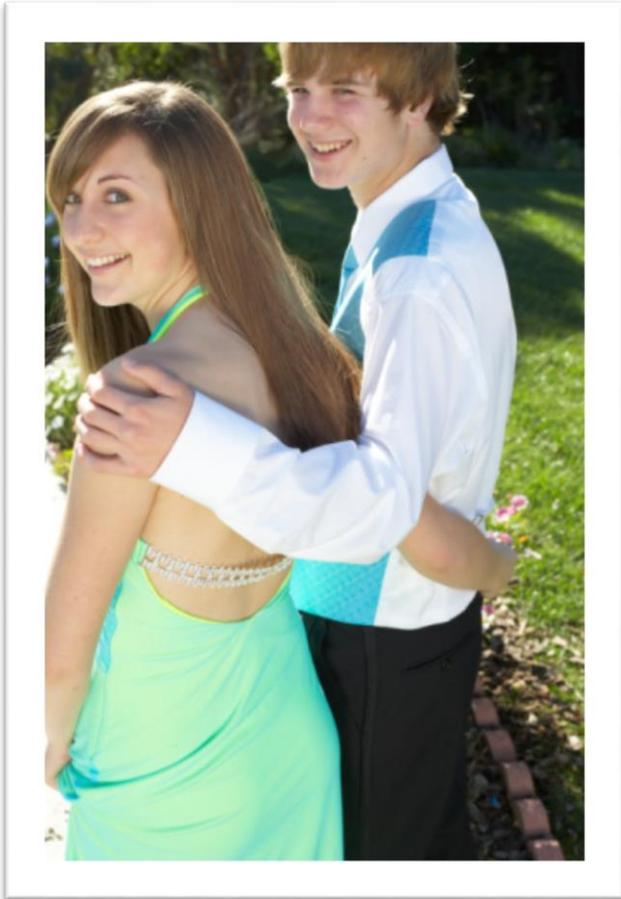
64% of teens report being grateful for what they have and over 55% report appreciating their parents' hard work.

Many teenagers are in the work force and understand that money and hard work go together.

2011 Charles Schwab Teens & Money Survey

# 3-Way or No Way?

7



A national survey revealed the average high school couple spends over \$1,000 on prom.

# 3-WAY

8

The average family of a high school student going to prom spends between \$700-\$1200. That means a couple spends between \$1400 and \$2400.



# 4-Way or No Way?

9

When dreaming about which car to buy, the most important factor for teens was the style or “cool factor.”



# 4-WAY

10

The most important factor for parents was safety and reliability.

Behavioral economists tell us that our buying decisions are not always rational, but do follow patterns.

— [autoextra.com](http://autoextra.com)

# 5-Way or No Way?

11



Workers with high school diplomas earn, on average, \$260,000 more over their working life than workers who have not graduated from high school.

In fact, high school dropouts cost society money. They are often the consumers of welfare and public health service. It is estimated that dropouts cost society more than \$500,000 over their lifetime.

Levin-CNBC 2012

# 6-Way or No Way?

13

Nineteen percent of bankruptcies are filed by people under the age of thirty-five.



“There is no short cut to any place worth going.”

— Beverly Sills

The majority of teens believe there is greater pressure to have things, like computers, cell phones and clothes...than in previous generations.”

2011 Charles Schwab Teens & Money Survey

# 7-Way or No Way?

15

Twenty-one percent of Americans say they are not saving enough, while over seventy-five percent feel their saving level is adequate.

“Now Mama said, ‘There is only so much fortune a man really needs, and the rest is just for showing off.’”

— Forrest Gump

# 7-NO WAY

16

Reverse those percentages and you have it right. Over 75% of Americans think they are not saving enough and 21% think they have an adequate savings plan.

29% of workers in one survey reported having less than \$1,000 in savings.

2013-Employee Benefit Research Institute

# 8-Way or No Way?

17

Research shows only eleven percent of Americans have an income of \$100,000 or more per year.



# 8-WAY

18

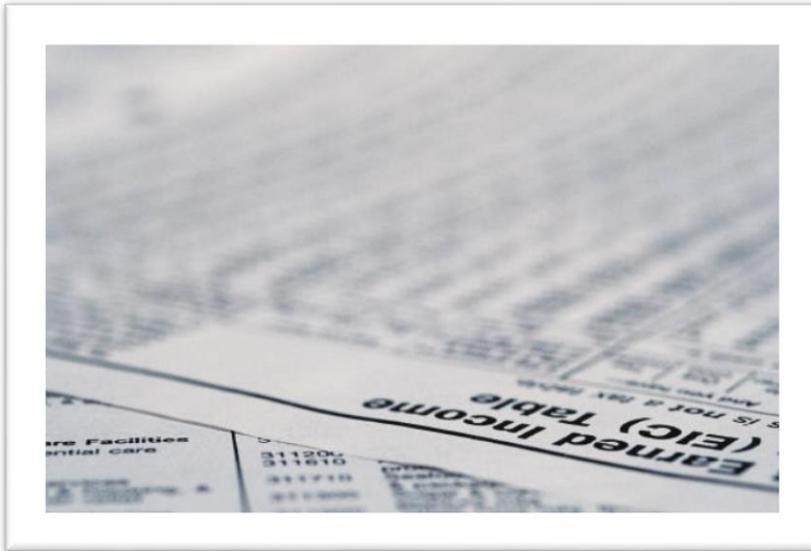
“Whoever said that money can’t buy happiness simply didn’t know where to go shopping.”

— Bo Derek

While movies and television present the lifestyles of the rich and famous, most Americans are not wealthy.

# 9-Way or No Way?

19



Middle class income for Americans is between \$30,000 and \$90,000 per year.

Even though this is a very wide range of income, Americans in this range consider themselves to be middle class.

— MIT Economist, Frank Levy

# 10-Way or No Way?

21

Over a lifetime of work, a college graduate earns about \$400,000 more than a worker with only a high school diploma.



# 10-NO WAY

22

The gap in earning potential is much greater. A college graduate often earns \$800,000 more during their lifetime than a high school graduate.

— collegeboard.com

# 11-Way or No Way?

23

The median household income in 2012 for all households in the United States was \$51,000.



# 11-WAY

24

The median income is the center, one-half of the households are below \$51,000 and the other half are above that figure.

— U.S. Census

# 12-Way or No Way?

25



Approximately seven percent of Americans live in poverty.

# 12-NO WAY

26

15% of Americans, 46.2 million people, live below the level of poverty. The 2012 poverty level for a family of four was \$23,050.

# 13-Way or No Way?

27

“Never spend  
money before  
you have it.”

— Thomas  
Jefferson

About 50 percent of Americans spend more money than they earn.

# 13-WAY

28

How does that work?

While 41% of Americans save regularly, 50% of Americans spend more than they make, using credit at least a few months out of the year.

# 1 4-Way or No Way?

29

Two-thirds of college students graduate from college in debt for their education.



# 14-WAY

30

The average student debt for a four year degree is \$25,250.

— [projectonstudentdebt.org](http://projectonstudentdebt.org)

# 15-Way or No Way?

31



Thirty-four percent of Americans said that several times in the past 12 months they paid only the minimum payment on their credit cards.

# 15-WAY

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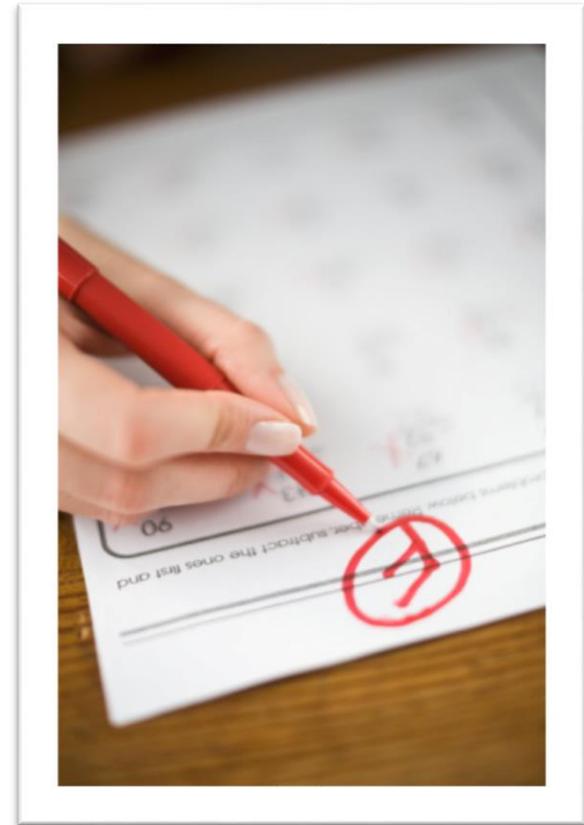
And for many families their credit card debt began with a wage earner losing their job or having a medical emergency.

— FINRA Investor Education Foundation 2013

# 16-Way or No Way?

33

University administrators say they lose more students to credit card debt than to academic failure.



# 16-WAY

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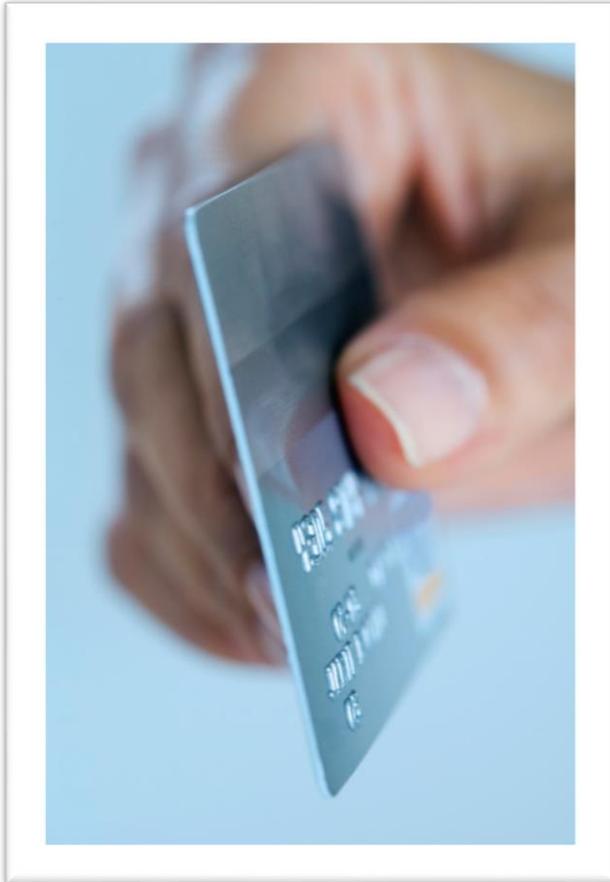
Only about 26% of college students report making and using a budget.

— CUNA



# 17-Way or No Way?

35



When making the minimum payment it takes eleven years to pay off a \$2,000 debt on a credit card with an 18.5% interest rate.

# 17-WAY

36

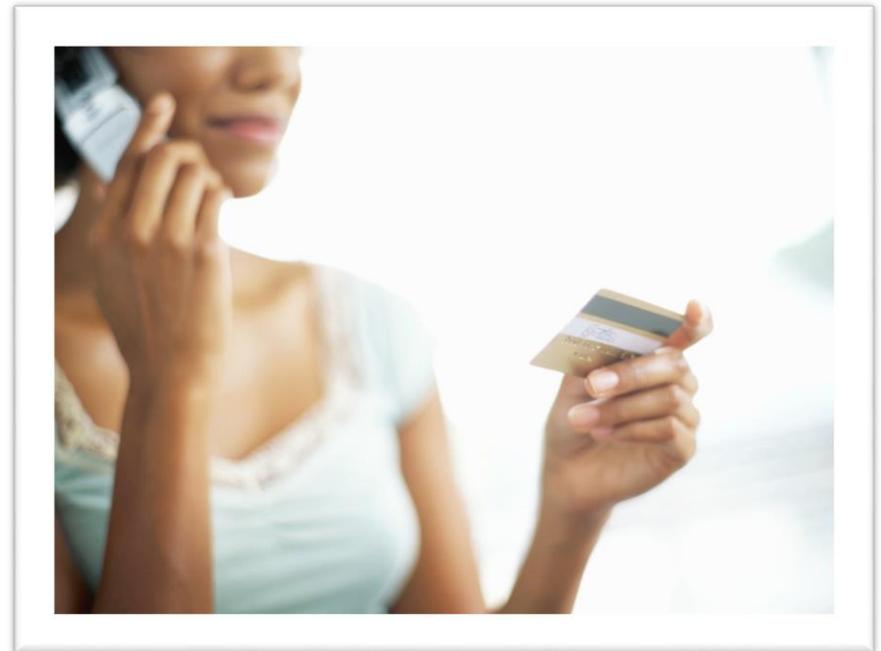
When you make the minimum payment it takes 11 years to pay off a \$2,000 balance and the interest charges will be almost \$1,900. Paying only the minimum payment almost doubles the cost.

— Sallie Mae

# 18-Way or No Way?

37

More than 54% of college freshmen carry a credit card.



# 18-WAY

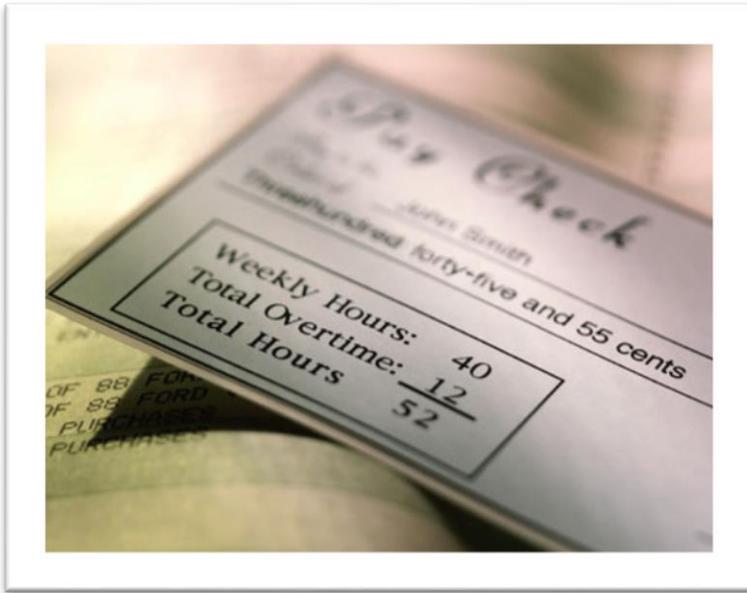
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Most teenagers access credit cards with help from their parents and often use them for school expenses or online purchases.

# 19-Way or No Way?

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Seventy-seven percent of Americans occasionally live paycheck to paycheck.

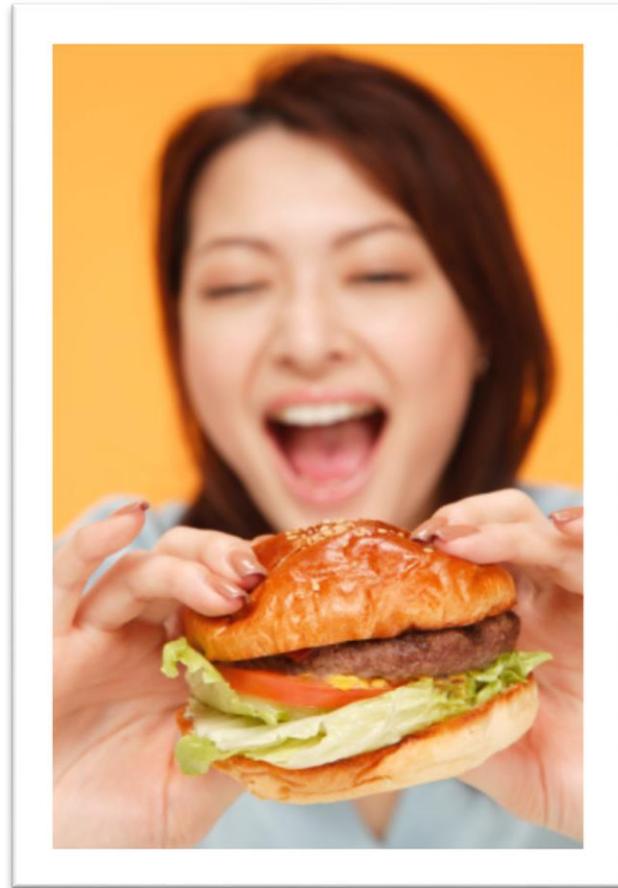
Not only do Americans live paycheck to paycheck, but many have no money left after paying basic monthly expenses.

— 2012 CareerBuilder survey

# 20-Way or No Way?

41

There are more  
payday lending stores  
in the United States  
than McDonalds and  
Starbuck stores  
combined.



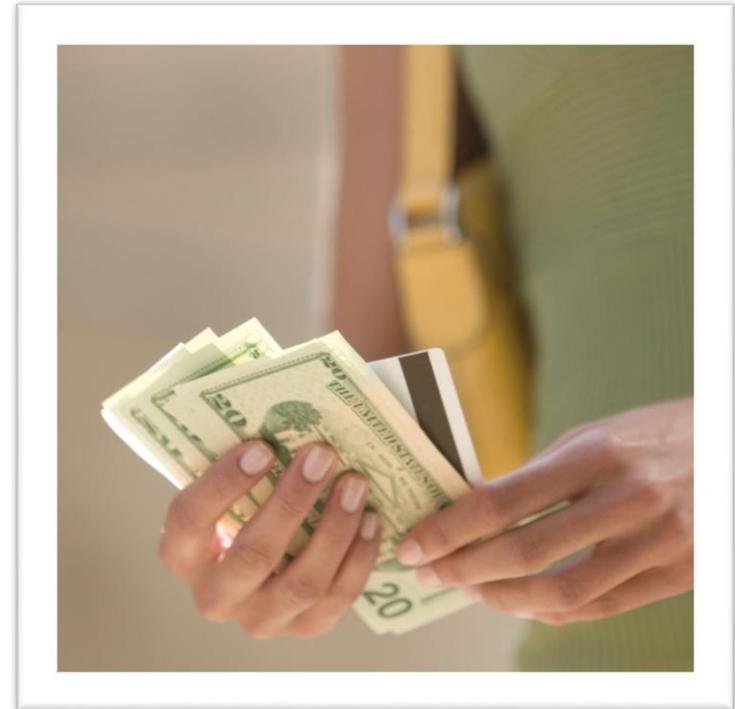
12 million Americans used a payday lender in 2010.

— Pew Charitable Trust, 2012

# 21-Way or No Way?

43

The annual percentage rate (APR) on a fourteen day payday loan ranges from 100 to 150%.



# 21-NO WAY

44

The interest rates on payday loans range from 390% to 780%.

This is sometimes termed “predatory” lending.

— [paydayloaninfo.org](http://paydayloaninfo.org)

# 22-Way or No Way?

45



The United States Department of Agriculture estimates that feeding a family of four at home for one month, using what they term the “low cost” plan, would cost \$479.

# 22-NO WAY

46

That is the estimate for only two people, add two children under the age of eleven and the “low cost” plan is \$828 per month.

But if you are on your own and are on the “liberal” plan the USDA estimates your food expenses will be \$362, and that is before you “dine out.”

— USDA Food Plans, 2013

# 23-Way or No Way?

47



Many experts agree that you should not worry about saving until you have financial security and want to buy your first home.

# 23-NO WAY

48

From your first paycheck you should PYF (pay yourself first) and begin to save for short- and long-terms goals.

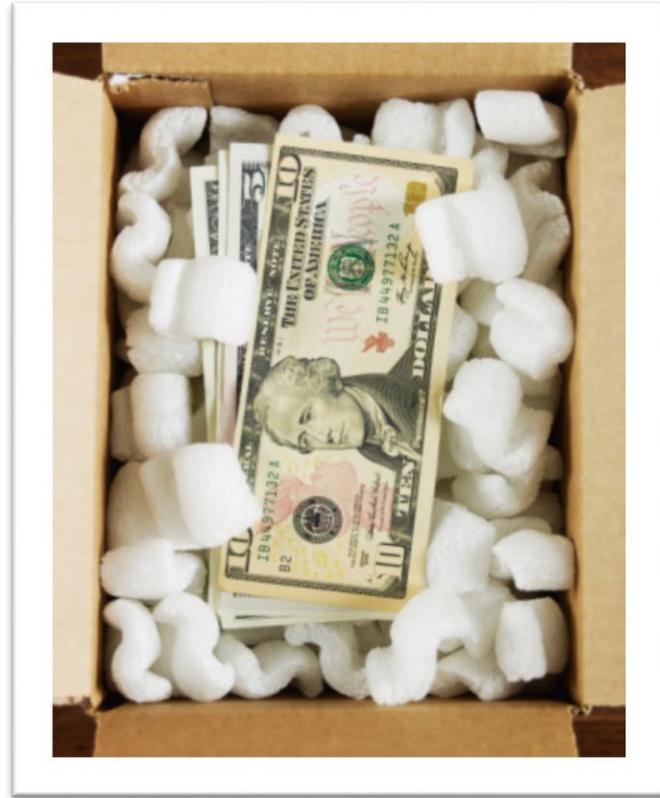
Experts recommend that you save between 10% and 15% of your income each month.

— choosetosave.org

# 24-Way or No Way?

49

Once you are on your own, you need about two months of income put away for emergencies or to pay living expenses should you lose your job or become ill.



# 24-NO WAY

50

You need to have at least 3-6 months of living expenses in an emergency savings account which you do not spend unless unexpected circumstances demand it. Repay the account as soon as possible.

— [consumeraction.org](http://consumeraction.org)

# 25-Way or No Way?

51

The average worker works 113-130 days each year to pay taxes, if one hundred percent of their paycheck went to pay federal, state and local taxes and fees.



That means Americans will work nearly four months of the year, from January 1 through mid-April, before they have earned enough money to pay their yearly tax obligations at the federal, state and local levels.

Tax Freedom Day is the day that American tax payers have finished paying their tax burden for the year.

# LifeSmarts is:

- An educational program teaching teens and tweens important real-life knowledge
- A competition – students compete online and in-person
- A teaching toolbox – check out our resources
- An opportunity for students to gain leadership skills, and fulfill community service requirements
- A chance to develop strong partnerships with national groups such as FBLA and FCCLA

Visit LifeSmarts at [lifesmarts.org](https://lifesmarts.org)