Financial Wellness FAQs

FINANCIAL WELLNESS
Education and Support Program

To assist state's with the passage of financial education course requirements this list of Frequently Asked Questions answers the basic questions you may receive as you introduce and seek passage of a bill.

What does the new financial wellness legislation propose?

Establishment of a program for financial wellness in state public primary and secondary schools, requiring instruction in financial wellness as a prerequisite for students to graduate and receive a diploma.

Establishment of the Office of Financial Wellness within the executive branch, which will offer regular, free seminars on key topics of financial wellness throughout the state. The seminars will be tailored to different demographic groups, including, but not limited to, low-income households, senior citizens, young adults, historically economically-disadvantaged groups, women, Veterans, communities of color, residents of rural areas, and small business owners.

Why are new financial wellness requirements needed?

Provide Important Guidance and Support on an Ongoing Basis

Less than half of U.S. adults (47%) say they have a budget and keep close track of how much they spend (source: NFCC), and more than half (54%) don't have enough money set aside to cover three months of unexpected expenses (source: SLGE).

Yet, 54% rank financial or money matters/challenges as causing them the most stress (source: PwC), 61% can't answer more than three of five questions correctly on a financial literacy quiz (source: SLGE), and 0% say they seek financial help or guidance on an ongoing basis (source: PwC).

New financial wellness requirement would provide positive intervention that aims to encourage healthy financial practices on an ongoing basis — not only in times of need or emergency — and increase preparedness for unexpected expenses and important financial decisions ahead.

Discourage Early Withdrawal from Retirement Funds by Providing Access to Resources for Planning and Managing Unexpected Expenses

More than one-third of full-time employed Millennials, Gen Xers, and Baby Boomers have less than $1,000 saved to deal with unexpected expenses, and more than half of Millennial and GenX employees look to their retirement funds for relief, saying they would use money held in their retirement plans to cover unexpected expenses (source: PwC).

Financial Crisis Management/Navigate Challenging Times and the COVID-19 Crisis

New requirements can support recovery from the impact of COVID-19. The pandemic is posing significant short- and long-term economic threats that could have a lasting effect on personal financial well-being (source: PwC).

New financial wellness requirements can be an important force for helping to navigate emergency financial situations.

More Free Financial Wellness Tools Can Be Downloaded at nast.org/financialwellness

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What are some of the benefits of state-mandated K–12 financial education?

"Financial education in states with state-mandated personal finance graduation requirements causes students to make better decisions about how to pay for college. It increases applications for aid, federal aid taken, and grants — all while decreasing credit card balances. Put simply, financial education makes better borrowers." (Source: NEFE)

State-mandated financial education graduation requirements:

- Increase the likelihood that students will apply for financial aid
- Increase the acceptance of both grants and subsidized federal loans
- Decrease private loan amount for borrowers
- Decrease the likelihood of carrying a credit card balance

On average, exposure to financial education:

- Increases applications for aid by 3.5%
- Increases the likelihood of being awarded a grant by 1.4%
- Decreases the likelihood of carrying a credit card balance by 21%
- Reduces private loan balances by roughly $1,300 for borrowers
- Increases likelihood of having a checking account drastically, with 78% of attendees of one program reporting they had opened one 6 to 12 months after the program, up from 12% previously (source: FDIC)
- Increases likelihood of saving money, with 69% of attendees of one program reporting saving more money after the program, and just 3% reporting that they saved less money afterward (source: FDIC)

Source: NEFE

What information and support will financial wellness programs offer?

Employees and their families should have access to the resources and support needed to understand basic principles of financial wellness, which include:

- The ability to craft a realistic household budget and life plan for one's self, partner, and/or family
- The ability to undertake reasonable debt in pursuit of realistic and achievable financial goals
- Access to reasonable and affordable advice on how to improve one's finances
- That all persons, regardless of income or education level, can achieve financial wellness
- Ability to understand the usefulness of investing and the importance of following a life plan

Financial wellness topics will include:

- Personal and household budgeting
- Consumer credit building
- Consumer debt reduction
- Student loan repayment management
- Emergency and short-term savings
- Spending behaviors and consumer attitudes
- Financial goal setting
- Financial crisis management (dealing with collections, extended unemployment, etc.)
- Retirement planning

Financial wellness programs will be complementary to any existing employee benefits programs, and will aim to provide information, training, and support for employees and their families to ensure that they have the resources and support necessary to understand the principles of financial wellness and to practice those principles.

Source: Money Fit