

# Should We Teach Personal Finance in HRI?

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The times, they are a changin'

Bob Dylan

# Generational Change

- Matures/ Veterans
- Boomers
- Gen X
- Gen Y

More Job Changes

More Risk

More Complexity

More Personal Decisions

More Consequences

# The Great Risk Shift

- By Jacob S. Hacker

➤ Jobs

➤ Families

➤ Retirement

➤ Health Care

...and all of these impact Personal Finance

# What do Students Need to Know?

## Basic Banking:

- Accounts
- Services
- Fees and costs

# Financing College:

➤ Loans

➤ Grants

➤ Scholarships

➤ What can parents pay?

# **Credit Cards:**

➤ Annual Fees

➤ Interest

➤ Penalties

➤ Default

# **Consumer Credit:**

➤ Pricing

➤ Terms

➤ Sources

➤ Credit Scores (FICO)

# **Off-campus Housing:**

➤ Leases

➤ Deposits

➤ Utilities

➤ Cable, internet, phones

# What do Grads/ Young Professionals Need to Know?

## Insurance:

➤ Home/Renters

Replacement? Deductibles

➤ Auto

➤ Disability – short/long term

## More Insurance:

### ➤ Health Insurance

Types, costs, pros and cons, who pays premiums?

### ➤ Life Insurance

Why? Types, how much, when to change

# **TAXES!!!** (Everyone's favorite!)

- W-4, Exemptions, Withholding
- To itemize or not?
- State taxes, partial years

# Home Ownership:

- Down payments
- Mortgages – ARMS, Fixed, “Exotic”, Closing costs, P.I.T.I
- Repairs, maintenance, replacements

# What's it Like to Live Without a Paycheck?

## Retirement:

- Social Security
- Defined Benefit, Defined Contribution
- Tax deferred savings/investments

# **A Plethora of Letters & Numbers:**

➤ IRA

➤ Roth IRA

➤ 401 (k)

➤ 403 (b)

➤ Rollovers

# INVESTING

- Risk & Return
- Inflation & Purchasing Power
- Volatility & Time Horizons
- Diversification & Asset  
Allocation

- Stocks, Bonds, Real Estate
- U.S., International, Emerging  
Markets
- Large, Mid & Small Caps
- Index Funds

# Financial Education

## High School:

- 3 States Require One Semester
- 17 Have some incorporated  
into other subjects
- 30 Have Nothing, Zip, Nada

## **College:**

Most offer nothing, some offer an elective course.

Smith College – Women and  
Financial Independence

## **Parents:**

- Most don't talk with their children about financial issues
- Many are in trouble from their own ignorance and financial decisions

- If we don't teach them, who will?
- If no one teaches them, and they blow it, what are the consequences?
- Is this something we can afford to ignore?