



The Month of April is Financial Literacy Month

Use this social-distancing time to establish healthy financial habits

COVID-19 has presented everyone with incredible challenges as it has wreaked havoc on our country and around the world. Beyond the worry of the virus itself, everyone is impacted economically as most businesses have closed, forcing us to social-distance for the foreseeable future.

And while Congress has pushed through over \$6 trillion in stimulus packages, we are still faced with financial distress – as bills are still arriving, jobs are being lost and nest eggs are dwindling.

Since most of the country is social-distancing from one another for the month of April, consider using this time to better yourself by learning, establishing and maintaining healthy financial habits.

April is Financial Literacy Month

Ask yourself these questions: what have you learned about anything financial lately? What has the last couple of weeks taught you about diversification or asset allocation? Do you think that most of your neighbors keep a household budget and save for retirement? Does your cousin live hand-to-mouth? Do you understand compound interest? Or know what the Dow Jones Industrial Average is? Or the S&P 500? Why small-caps are underperforming relative to large-caps? Is gold worth its own weight?

Unfortunately, it is likely that you did not know that money habits of the average American reveal that:

- Only 40% of adults use a budget and track spending;
- 76% of adults live paycheck to paycheck;
- Only 50% of adults maintain three months' expenses in an emergency fund; and
- 27% of adults have no savings at all.

Our collective debt best illustrates why we need to increase financial literacy in America. Far too many U.S. adults (38%) worry they won't save enough by retirement and 43% of American adults say they lack enough money for emergencies.

COVID-19 has likely driven those numbers up.

Income and Age Drive Opinions

Generally speaking, savings and investing go together, as 401(k)s and other nest eggs rise and fall in value as markets gyrate.

But according to a Gallup poll, Americans' opinions on long-term investments vary sharply – and reflect misconceptions – depending on income and age:

- Americans in households with less than \$30,000 in annual income are most likely to name gold as the best long-term investment choice. Upper-income Americans are least likely to name gold.

- Upper-income Americans are much more likely to name real estate and stocks as best investments, possibly because of good experiences with these types of holdings.
- Upper-income Americans are also most likely to own a home (87%). Homeowners are slightly more likely than renters to favor real estate as an investment.
- More than a third of investors (34%) say stocks are the best long-term option compared with 13% of Americans who don't own stocks. Upper-income Americans are most likely to own stocks (82%).
- More Americans rank real estate as the best long-term option today, more than in the past and ahead of gold and stocks.
- Americans 18 to 29 years old almost evenly split between favoring real estate, stocks, gold and savings accounts for long-term investments.

The Internet offers a wealth of information on finance – but when you don't understand why you need to use it, you're unlikely to pursue this information on your own.

Talk to your financial advisors and ask for help. Doing so will help lift you and your family out of these grim statistics.

At Least We're Honest About It

The silver lining is that we at least seem frank about our financial shortcomings: Two out of five adults give themselves average or failing grades on personal finance. Moreover, only 33% of parents talk to their kids about money.

By understanding how to better manage money and make the most of limited resources, many Americans can improve personal financial situations. Where did you learn about personal finance – and do you keep trying to learn more?

We also appear ready and eager to inject financial literacy into formal education.

- More than half (52%) of teens want to learn more about handling money and are most interested in budgeting, saving, checking accounts and investing.
- Most (85%) American parents also think high school graduation requirements need to include a course in personal finance.