

From Layaway to Bitcoin ; Generational Issues in Financial Literacy

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This handout supports Dr. Taylor's plenary program at the AFCPE. It should not be distributed to non-attendees without permission. For more information about Dr. Taylor's presentations contact him at mark@taylorprograms.com

The program described Financial Literacy and the The Generational Cohorts
Basic developmental factors of the generational groups
Financial literacy issues
Training suggestions
Generation NeXt

Financial Literacy (FL) Training Issues
FL is a Major issue!
FL Training is a great mission!
Everybody needs it
Nobody "gets" it
"Pandemic of financial illiteracy"
Even among "smart" people
Lots of "vendors" posing as objective financial literacy consultants
banks, investments,
insurance, government
Lots of pressure to spend today
Lots of motivation to not think about the future.

Traditionals

The last of the old school
Born before 1945
Traditionals value
Sacrifice/ thrift
Duty/ discipline
Conformity and delay of gratification
Thrift
Not consumerist lifestyles
"Save your money"
"Don't buy what you don't need."
"Don't buy what you can't pay for."
"Don't take financial risks."

Traditionals (cont.)

Good savings/ richest elders ever!
Little debt beyond mortgage
"Lay-away" mentality
Fewer went to college
None who couldn't pay for it
"Pensions" + savings mentality
= security today (for most)
More and better safety nets.

Boomers

The spanked kids of Beaver Cleaver households where Mom was home, but wouldn't let them in the house
Born about 1945-1965.

Not Traditionals!

Largely developed and identified today as rejecting/ rebelling against Traditional parent's values/ lifestyles/ standards

Boomers value

Big picture/ mission level thinking
Inclusion/ diversity/ equality
Youth/ adventure/ growth
Novel experiences
Social interaction

Boomers- From Lay-away to credit cards
First "consumer generation"

Increased in use of credit
Increased debt
Lost money and jobs in 08 bust
End of pension plans
401K
120K median, 60% < 100K
Reductions in safety nets
NOT in recreational spending
Increases in
college costs
health care costs (more out of pocket)
adult kid costs
(50% supporting in some way)

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Boomer Financial Literacy Training

May not anticipate retirement
Until last minute
Direct, personal advice from an expert
Interactive- talk with, not to
Non-critical/ Supportive
Realistic yet hopeful
Focus on future goals
Realistic future plans
Next career?
Continuing working?
“Reach back” parenting training
Manage your money and help
your kids grow up
Use tech for the embarrassing parts
Interact for the planning parts.

Gen X

The independent, adaptable, pragmatic
scrappers of the “baby bust” (reduced birth
rate)
Born about 1965 to 1985
The skeptical, cautious Latch Key kids. Their
Mom’s worked but would not let them
out of the house because “the world is
a scary place”.

Generation X Financial Literacy Traits

Lots going on with their money now
with stagnant wages
More employers in work lifetime so
confusing plans/ planning
Can’t anticipate future safety nets
Independent = don’t seek help or
advice
Over use of credit / overextended
Credit, not income mentality
May plan/ spend based on
what they can borrow, not
what they have coming in
May not actively take control of
their money
May blame others for money
problems “Had bad luck with
your credit?”
May focus on current needs
May not anticipate future needs

Generation X Financial Literacy Traits (cont.)

May actively ignore planning issues
Frequent lack of long term planning.

Financial Literacy Training with X

Focus on “Heads, not hearts”
Thinking, not feeling
Educational
trends, forecasts
Data heavy
formulas, predictives, charts
Individualized/ personalized
plug in their numbers
Lead them to conclude for themselves
Tech interactive / Media rich
Confrontive realism
some fear OK
Long to short
Long term planning to short
term action= What do you
want in the future?
What do you need to do today
to make that happen?
Short to long
Future impacts of choices
now.
This choice today impacts the
future.

Generation NeXt

The wanted precious, protected kids born
after about 1986 and raised in child
centric households, contributing to
their self-importance.
The self-esteem parenting agenda, where
they got a trophy for everything they
did, has led them to overrate their
skills and be sensitive and defensive
to criticism, and has contributed to
their entitlement and consumerism.
Parents may have blamed bad teachers, not
them, for bad grades, which is both a
sign and contributor to their issues
accepting responsibility.

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Generation NeXt (cont.)

The cover story on TIME May 20, 2013 was of the *Me, Me, Me Generation* who are “lazy, entitles narcissists who still live with their parents.”

According to Arthur Levine and Diane Dean in Generation on a Tightrope, they are
coddled, protected, dependent
help seeking
immature, praise dependent
have the most inflated high school grades
weak academically entering college.

The are very digital, may be web/ device dependent or addicted, confuse what they know with what they can find and their abilities with their ability to use an app.

Financial Literacy Training with Gen NeXt

Academically simple
reading, math
Low effort/ tech rich
Easy and fun
Games?
if they are interactive,
not just entertaining
Praise heavy
“Future orientation”- shove into realistic future
“Typical” earnings
Don’t expect typical data to be persuasive
Active
Interactive if F2F
“The Magic Dollar”
The dollar that you don’t spend at 23 becomes many more dollars later

Financial Coaching with Gen NeXt

College is a good investment and worth some borrowing, but only if you are frugal with borrowed money and if you finish

Are you a good good fit with college/ this college?

Academically ready?

Ready to invest the time?

Do you like “school”?

Are you a good fit with a career that requires a degree?

Lots of skilled trades careers do not require bachelors year degree

Academic/ persistence success interventions

If Financial Literacy professionals are going to be working with students around borrowing, credit, money issues that are impacted by academic success, they can/ should talk about what facilitates academic success and persistence

Remedial classes completed before credit classes attempted

Remedial Summer

take remedial classes/ engage in remediation activities during the Summer after Senior year to be ready for college classes in the Fall (often called Bridge Programs)

Student success classes

“Freshman Seminar”

Use of academic and support services

Contracting?

It may be appropriate to contract with students for certain future academic behaviors to be able to borrow.