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College is the best time to teach personal finance

A new survey from MDRT reveals that Americans taught about personal finance in college are more likely to own basic assets and insurance policies than Americans taught in high school.

PARK RIDGE, IL. (December 12, 2024) – While high school financial literacy classes are a commonly suggested education reform, a recent **MDRT** survey suggests that college, not high school, is the optimal time to teach personal finance. The survey results indicate that, while high school financial education has some positive effects on adulthood asset and insurance policy ownership, college courses provide the largest benefits to consumers in both asset and insurance policy ownership and financial confidence.

The survey found that a slim 53.8% majority of U.S. consumers consider themselves financially literate, including 40.5% of Americans who rate their own financial literacy as good and 13.3% who rate it as excellent. However, far fewer Americans report owning important financial tools, including retirement savings accounts, high-yield savings accounts and life insurance.

Effects of personal finance education

The survey shows that high school personal finance classes have no impact on self-rated financial literacy in adulthood. According to survey results, 15.3% of Americans received personal finance education in high school, and 59.7% of them rate their financial literacy as good (46.9%) or excellent (12.8%). The difference between these Americans and the general public is not statistically significant. In contrast, 10.1% of Americans received personal finance education in college, and 71.8% of them rate their financial literacy as good (48.5%) or excellent (23.3%).

Both college and high school personal finance classes result in improved ownership of investment accounts and insurance policies, but the effects of college classes are broader and stronger, as shown in the following table:

Americans Who:	Took personal finance courses in college	Took personal finance courses in high school only	Took neither
Have a 401(k) or Roth 401(k) account	49.5%	40.8%	34.7%
Have an IRA or Roth IRA	40.1%	28.2%	29.2%
Own stocks	48.5%	43.7%	31.9%
Have term life insurance	38.6%	26.8%	24.9%
Have disability insurance	27.7%	22.5%	18.6%

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"While any education is better than nothing, it seems like high school may not be the best time to formally teach personal finance skills," says Terri Krueger, a 10-year MDRT member with two Top of the Table qualifications. "Young adults learn best when they are properly incentivized to pay attention, and the heightened seriousness of a college environment may provide that incentive."

Advisors' impact

Consumers looking to set their finances straight in the new year should consider working with a qualified financial advisor. Americans with financial advisors are substantially more confident in their own financial capabilities than the general public. A strong 78.5% majority of Americans with advisors rate their own financial literacy as good (52.4%) or excellent (26.2%). This includes 81.7% of men with advisors and 75.7% of women with advisors.

Americans with advisors are also more likely to have basic investment accounts and insurance policies:

- 66.8% own stocks, compared with 25.8% of Americans without a financial advisor.
- 66% have an IRA or Roth IRA, compared with 21.4% of Americans without an advisor.
- 62.6% have a 401(k) or Roth 401(k) account, compared with 30.9% of Americans without an advisor.
- 42.1% have term life insurance, compared with 23.6% of Americans without an advisor.
- 30.4% have disability insurance, compared with 17.9% of Americans without an advisor.

"Working with a financial advisor is one of the best ways to close the gap between knowing what is best for your finances and actually taking those steps," says Krueger. "Having a qualified professional there to help can give consumers the confidence they need to get their personal finances in order."

Each new year provides an opportunity for consumers to take important steps toward securing financial well-being for themselves and their families. Americans should take time to reflect on their financial goals and how they will achieve them in 2025, whether by working with a financial advisor or through formal education options.

Survey methodology

This survey was conducted by Opinium on behalf of MDRT through a panel of individuals who have agreed to take part in surveys. Fieldwork was undertaken September 19-23, 2024, with a representative sample of 2,000 U.S. consumers, weighted on age, gender, region, race, ethnicity and education according to the 2020 U.S. Census.

About MDRT

MDRT (Million Dollar Round Table), The Premier Association of Financial Professionals®, is a global, independent association of the world's leading life insurance and financial services professionals from 85 nations and territories and more than 700 companies. MDRT members demonstrate exceptional professional knowledge, strict ethical conduct and outstanding client service. MDRT membership is recognized internationally as the standard of excellence in the life insurance and financial services business. For more information, please visit mdrt.org.

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