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High School Seniors' Financial Knowledge and Outlook: A Discover Pathway to Financial Success Survey

The survey explored high school seniors' financial knowledge and money management behaviors, as well as to what extent they feel prepared for the "real world" after graduation.

Discover hopes to drive awareness of the importance of financial education by exploring the gaps in students' financial knowledge, as well as highlighting the impact financial education has on preparing students to navigate the complexities of responsibly managing their money and to feel confident in doing so. The information in this survey shows why financial education benefits the next generation.

Key Findings

After Graduation: High school seniors believe personal finance is the most important subject they could learn to help ensure their future personal success.

- High school seniors rank personal finance and money management as THE most critical skill for personal future success – tied with math, ahead of science and technology.
- Almost half (46%) say they wished they learned personal finance in school to prepare them for life after college.
- 83% say they would be very interested in learning more about how to manage their personal finances.
- 86% will have to earn all or some of their income and spending money when they graduate, and will have to pay for more of their day-to-day expenses.

Confidence Gap: Most high school seniors do not feel "very confident" in their ability to manage their own finances.

- Nearly all (82%) recognize that it is very important to be able to manage their finances when they graduate.
- However, only about one-third (34%) of students currently feel "very confident" in their ability to manage their own finances.
- One-third (33%) of high schools seniors say they've already encountered issues with managing their own finances.

Females vs. Males: High school females feel less confident when it comes to their personal finances.

- Females feel less confident when it comes to their personal finances. They rank it higher as being crucial to their critical success than males, and want it to be more of a priority in their education.
 - 28% of females feel “very confident” when it comes to their personal finances, compared to 40% of males.
 - 51% “wished” they had taken a finance or money management class vs. 40% of males.
 - Female high school seniors are twice as likely compared to males to say that learning about personal finance and money management is critical to their personal success (28% females vs. 15% males).

Responsibility: Few high school seniors are having things handed to them – most have had some type of job and are saving their money, mostly for college.

- Two-thirds of high school seniors have some job experience (65%) and nearly all of them save money on a regular basis (87%), especially when it’s money they have earned themselves.
- Half save through a piggybank (48%) and most save in a savings account (68%).
- The top three expenses they pay completely for are: meals with friends, personal electronics and clothing / entertainment (tied).
- There is a changing landscape of what young adults believe to be necessities, and technology is a huge factor, with high school seniors being split on whether internet, laptop and cell phone are necessities or luxuries.
 - Internet: **62%** say it is a necessity vs. **38%** who say it is a luxury
 - Laptop: **58%** say it is a necessity vs. **42%** who say it is a luxury
 - Cell phone: **57%** say it is a necessity vs. **43%** who say it is a luxury

Knowledge: High school seniors know they could be, and should be, more responsible with their money, but they are not as knowledgeable about basic finances as they think they are.

- Students struggled to answer basic financial knowledge questions.
 - 65% don’t know if cancelling your credit cards will hurt your credit score.
 - Only half (52%) know what their college tuition will be.

Opportunity: There is an opportunity to close the knowledge and confidence gap with education in order to help students feel more prepared and ready for life after graduation.

- Currently, only about one-third (29%) of high school seniors have taken a course in personal finance or money management.

- We see an impact on the behaviors of those who have taken a class in personal finance – they are more likely to engage in financially responsible behaviors, such as saving, budgeting and investing.
 - 93% of those who have taken a class **save money** vs. 84% of those who have not.
 - 60% of those who have taken a class **have a budget** vs. 46% of those who have not.
 - 32% of those who have taken a class **have invested money** vs. 17% of those who have not.

- There is also an impact on behavior among those who frequently talk about personal finance.
 - While only 17% of students say they discuss personal finance “very frequently,” those who did were more likely to feel their parents and high school education have prepared them for life after graduation.
 - 68% feel high school has prepared them very well vs. 41% of those who do not discuss.
 - 63% of high school seniors who discuss personal finance and money management very frequently feel “very confident” in their ability to manage their personal finances vs. 24% of those who do not discuss it frequently.
 - Those who discuss personal finance at home and at school, feel more happy, confident and knowledgeable about life after graduation.

Methodology

The survey titled, “High School Seniors’ Financial Knowledge and Outlook: A Discover Pathway to Financial Survey,” was conducted for Discover in February-March 2013 by the research firm Penn, Schoen, Berland in collaboration with Burson-Marsteller. The survey was conducted online among 1,200 randomly selected current high school seniors, who plan to graduate in the spring of 2013. The margin of error for the total sample is +/- 2.8%. The study was commissioned by Discover to increase the understanding of issues surrounding young people and money management, including understanding students’ financial knowledge, behaviors and financial outlook of the future as they prepare to graduate.

About Pathway to Financial Success

Pathway to Financial Success is a five-year, \$10 million commitment to bring [financial education curriculum](#) into public high schools across the country. Schools receiving grants must agree to pre and post test students on the curriculum to measure success. Discover began the program in February 2012 and has since given \$2.6 million to schools across the country. Learn more at www.pathwaytofinancialsuccess.org.

About Discover

Discover Financial Services (NYSE: DFS) is a direct banking and payment services company with one of the most recognized brands in U.S. financial services. Since its inception in 1986, the company has become one of the largest card issuers in the United States. The company operates the Discover card, America's cash rewards pioneer, and offers home loans, private student loans, personal loans, online savings accounts, certificates of deposit and money market accounts through its direct banking business. Its payment businesses consist of Discover Network, with millions of merchant and cash access locations; PULSE, one of the nation's leading ATM/debit networks; and Diners Club International, a global payments network with acceptance in more than 185 countries and territories. For more information, visit www.discoverfinancial.com.