

Gauging the Impact of Conducting Research on the Financial Capability of Young Adults

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Bright Minds, Fresh Ideas Think Tank, a NAF Future Ready Lab

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In today's society, fewer than 30% of Americans demonstrate basic financial literacy (Lusardi, 2019). The lack of Financially Capable individuals across the nation, inhibits them from creating a stable future. Thus within this study, the researchers will assess how much teenagers, ages 16-18, are financially capable. With most participants reaching the end of their high school career, or being recent graduates, this time is pivotal for individuals to gain knowledge before attending college. When students lack the basic financial knowledge necessary to manage money, a spiral of debt is created along with detrimental spending habits. Currently, student loan debt totals a whopping 1.6 trillion American dollars, according to Zack Friedland (2020), a Forbes journalist and bestselling author of "The Lemonade Life: How to Fuel Success, Create Happiness and Conquer Anything". Even more shocking, the total debt across the nation is "around 69,060 U.S. dollars per capita" (Duffin, 2020). These statistics are alarming because they reveal the struggle that Americans face in becoming financially stable. Lacking the proper financial knowledge, resources, and behavioral patterns, it becomes exponentially harder for individuals to build a comfortable future.

This study is conducted among the Florida Prosperity Partnership interns. Coined "Bright Minds Fresh Ideas Think Tank, a NAF Future Ready Lab" or BMFITT, the internship aims to develop students professional skills, research capabilities, and knowledge, while also providing compensation for their work. Due to COVID-19, this internship was conducted virtually for the first time, with a total of 54 interns. All interns chose their group members and were tasked to write formal research papers on varying topics related to Financial Capability. Therefore, the

researchers hypothesize that the interns will demonstrate an increase in knowledge in Financial Capability after conducting research on Financial Capability-related topics.

Literature Review

Financial Behavior

For many, financial behavior is learned from the friends and family that surround the individual state Marianne Hilgert, Jeanne Hogarth, and Sandra Beverly (2003), of the Federal Reserve Board's Division of Consumer and Community Affairs. What children have seen in their household affects how the child manages money in the future. However, if individuals experience an intervention in the form of education whether in a formal classroom or by making mistakes, learned behavioral patterns can be changed.

Formal education in the form of personal finance classes are often not available to all Americans. Statistics from Craig Hawley (2019), the head of Nationwide's Annuity Distribution, state that in 2018 Americans' financial literacy "dropped 8 percentage points to 34%" from 2009. These statistics are alarming and reveal that education in personal finance may help Americans to become more knowledgeable. While there is no guarantee that education will change one's financial behavior, there is a higher chance that individuals can make the smartest decisions suitable for their life. Even further, one study conducted by Annamarie Lusardi (2008), a professor of economics at Dartmouth, Harvard, and Princeton who has also won numerous awards for her research on financial literacy, found that the quality of education, and attention from the teacher can help students retain more information. Evidently, Americans do not have adequate knowledge to make sound financial decisions, but with the help of community efforts financial literacy rates can raise.

Psychologically, financial behavior affects one's frame of mind and vice versa.

Good financial behavior is associated with less financial distress states Scott et. al. (2018), who is an Assistant Director of financial planning. With a positive mindset one can change disserving financial behaviors. This correlation is created because good financial habits lead to more security and ultimately, less stress. With less stress, feelings of procrastination, dread, fear of the unknown etc. decrease and individuals can take more control over their finances. One key component is financial literacy, with more knowledge Americans will be better equipped to take action. As seen in the National Financial Capability study, there is an indirect correlation between age and stress pertaining to personal finance (Lin et. al, 2018). Older participants recorded feeling less stressed about their finances than young adults did. The lack of stress associated with higher age may be attributed to being more certain, as their finances are more developed than young adults in the starter phase of finance.

Widening the analysis, Lusardi (2009), tested men and women of all ages to assess how participants rank their financial knowledge versus their actual level of financial literacy.

Lusardi's findings prove that there is a stark contrast between how confident one feels in their knowledge and actual knowledge. Specifically, women and the elderly demonstrated higher levels of confidence than actual knowledge, suggesting a pattern of overconfidence.

Overconfidence is detrimental in finance, because it leads the individual into believing that they have more knowledge than they truly have according to Mark Reipe (2018), CFA and Senior Vice President for the Charles Schwab Center for Financial Research. While the elderly may feel less stressed about finances, they are a group with low financial literacy. Ultimately, those who are more cautious when it comes to managing money are more likely to take advice from experts or do research before completing a task.

Financial Literacy

Financial literacy is the combination of knowledge and skills that are exercised while performing finance-related tasks. This information allows a person to make educated choices about what to do with their money. Not only is financial literacy beneficial to the individual, but it also improves the economic development of a community, as well as creates a system of checks and balances that keeps the American market fair. However, a financial literacy assessment administered by the United States Department of Education found that one in five students in the United States failed to demonstrate more than a basic level of financial knowledge and skills (OECD, 2017). This result indicates that many young adults are not financially knowledgeable enough to make educated decisions as they begin to gain financial independence.

Financial education stakeholders have called for an increase in practices that have been proven effective and can be implemented efficiently (Consumer Financial Protection Bureau, 2019). This likely comes as a response to the many low scores on financial literacy tests, as well as the rising popularity of technology-based financial practices. In order to gain an understanding of the importance financial literacy has on one's life, financial education needs to be promoted. In fact, a study conducted by Professor Dr. Martin Brown (2013), who teaches banking and has several published papers on financial literacy and behavioral economics revealed "that financial literacy is strongly correlated with voluntary retirement saving". Martin explains that financial literacy is important in guiding one's financial decisions. Financial products are becoming growingly complex, making it even more important that Americans are informed about safe financial practices in order to make smart decisions (Hilgert et. al, 2003). From this statement, one would expect that an increased emphasis on financial literacy would likely result in

improved performance on financial literacy tests. However, results from the Jump\$tart Coalition's biennial financial literacy tests show that there was a downward trend in financial literacy of high school seniors during the years 1997, 2000, and 2002 (Jump\$tart Coalition for Personal Literacy, 2002). While this trend is likely a result of multiple factors, it points to the flaws in these programs. The lack of access and interest from students combined with teaching methods may be factors affecting students' application of this knowledge.

While an increase in education programs in schools may prove beneficial, a study by the National Endowment for Financial Education argues that a more personalized method would be more effective. They argue that not only is it important to teach consumers about financial-management topics through their preferred learning methods, but at a time when that information is most applicable (National Endowment for Financial Education, 2002). In the case of high schoolers, this would mean teaching students about managing a bank account independent of their parents and the long-term effects of student loans during their senior year, at a time when they can apply that information to what they are actively doing instead of passively learning the information in a generalized course.

A study by et. al. (2003) found that the more financial knowledge a person has, the more likely they are to use recommended financial practices. This may indicate that increasing financial knowledge through methods such as education programs would result in better financial practices all around. However, this study did not prove causation, therefore the researchers also presented the claim that these results may indicate "that people gain knowledge as they save and accumulate wealth" (Hilgert et. al., 2003). This would mean that the financial literacy of young adults would be significantly lower than that of adults because they have less hands-on experience and would improve as they become more experienced.

Financial Access

Each individual's access to resources affects their ability to reach a Financially Capable standpoint. To fully analyze one's access to resources it is necessary to look at demographic information such as socioeconomic status, gender, education, income levels, age and more.

Throughout multiple studies, there have been repeating patterns in how individuals manage their money. Starting with the National Financial Capability study, whose results reveal that those with a higher income find it easier to pay bills while spending less than they earn (Lin et. al., 2018). While this correlation may seem obvious, it stresses the need for a different approach when acknowledging low to middle income (LMI) families.

LMI families face different circumstances and decision-making processes as there is a smaller margin for error. Thus, with no room for error, available and convenient resources are immediately smaller. In fact, the individuals in this portion of the economy are less likely to save or create any sort of emergency fund, states Michael Barr (2008), the author of 4 books related to Financial Capability. Meaning that the families who desperately need money to weather a financial shock, will not be able to. This is due to the small amount of income LMI families receive, as there is little, if any, discretionary income. Even more so, people with lower incomes, less education, and African Americans and Hispanics have below average financial literacy scores (Hilgert & Hogarth, 2003). Such a distinct correlation reveals that ethnicity may play a role in the amount of financial knowledge one has access to. Another tidbit that is important to note is that, non-white students usually did worse on financial literacy questions (Lusardi, 2009). This correlation is significant because it shows that minority groups face different challenges when it comes to managing money. Similarly, the National Financial Capability Study reveals that those with higher income and greater education feel more comfortable going to a bank (Lin

et. al., 2009). All findings considered, minorities have less access to education, resources, and the money needed to find a bank useful. Ultimately, all four research results suggest that families in the LMI bracket require different approaches and services.

The long-known gender gap has been a controversial topic for decades. In fact, studies show that women are less likely to take action and score higher on literacy exams than that of their male counterparts. One study aimed at assessing the younger generation's financial literacy, revealed that "Even after accounting for many sociodemographic, family, and peer characteristics, women are still substantially less financially literate than their male counterparts" (Lusardi, 2009). Lusardi's findings support Lin et. al.'s (2018) results in the National Financial Capability Study indicating that the gender gap is widening, one cause being that women do not open a retirement account or analyze their retirement needs, which leads to more stress. Similarly, women who have received college level education performed worse on financial literacy tests (Lusardi et. al., 2009). This pattern is surprising, because even with higher education women are less proactive in managing their finances. Another study conducted by Lusardi (2009), showed that women self-assessed themselves to have low financial knowledge and actually display low financial knowledge. Several research papers have now confirmed this pattern, revealing that women have less confidence and knowledge to further their current financial situation. Referencing back to financial behavior, perhaps this pattern can be attributed to culture and the way women are raised. One study, specifically aimed at explaining this phenomenon, created by Fonseca et. al (2012), who is an Associate Professor for RAND Corporation with colleagues who are Economists, stated that since men often make the financial decisions in a household they learn more about varying concepts regarding personal finance. This enforcement, or practice, leaves women in the dust, as, culturally, women do not make

financial decisions in a household but are involved in other aspects. However, as mentioned before an increase in knowledge does not lead to a change in behavior unless simultaneously offered.

Methodology

This study used a mixed-method descriptive approach to assess whether the Financial Capability of interns improved after conducting a research study on a Financial Capability - related topic. In order to measure this, interns were asked to complete a survey and financial literacy test during the second week of the five week internship, roughly before starting research. They were then asked to reflect on their growth after presenting their completed work at the End-of-Summer Symposium.

There is no widely-accepted definition for the term Financial Capability. In order to remedy this, the researchers collected definitions used by both private corporations and government agencies and found the most common themes throughout them. They then created a working definition of Financial Capability for this paper that encapsulates all of the elements that go into a person's Financial Capability.

Financial Capability refers to an individual's understanding of basic financial concepts, availability of quality resources to effectively manage money, and active behavioral patterns to apply one's knowledge.

In order to assess all three parts of this definition, a survey collecting socio-demographic information, money habits, attitude towards finance, and confidence in interns' ability to understand several financial literacy concepts was distributed. Afterwards, participants were asked to contact the researchers in order to schedule a video call during which they completed a financial literacy test. This approach has been used in similar research studies (e.g. Scott et. al.,

2018; Atkinson & Messy, 2011) because of its effectiveness in measuring all aspects of Financial Capability. During the last two days of the internship, interns were given an assignment in which they were asked to explain whether they felt their financial literacy, money management skills, and professional skills have improved. They were also asked to list any other area they felt they experienced growth in.

Participants

Participants were interns who attended or recently graduated from a high school in Seminole or Orange county in Florida. There were students from 11 High Schools represented. Participants were between the ages of 16 and 18 and had to maintain participation during the entire five week internship. Seven participants attended a school that is recognized by the National Academy Foundation as an Academy of Finance. Those students likely had more finance-related courses in their curriculum and therefore were likely more knowledgeable than their peers in that area. To account for this difference in starting points, data from interns who attended the Academy of Finance was analyzed separately from the remaining schools.

During the span of the five week internship, participants received support from many different sources. Interns were grouped in teams of three to four, and each team selected a research topic that was related to Financial Capability. Examples of these research topics include “The American economy in a post COVID-19 era”, “The American Education System: Its Strengths, Its Shortcomings, and How It Impacts Your Future Financial Story”, “Transportation and Access Options for Low-to Moderate-Income Communities” and many more. Those teams were put in contact with two to three “virtual mentors”, or volunteers who were knowledgeable in participants’ specific research topic. They were there to provide additional information and guide interns through the creation of their research paper. Each group was also put in contact

with one “Virtual Expert”, who was there to answer any questions interns had about the topic they were researching. In addition to working on their research study, interns attended workshops with speakers on topics such as student debt and insurance. At the end of the internship, participants presented their work at the *Bright Minds, Fresh Ideas Think Tank, a NAF Future Ready Lab Virtual Summer Internship End-of-Summer Symposium* and received feedback on their research and presentation from a panel.

Pre-Research Survey

Socio-demographic Questions

To assess the factors outside of an intern’s control that may affect their financial capability, a series of socio-demographic questions were included in the survey. These nine questions were inspired by the 2018 National Financial Capability Study and are listed below.

1. *Select your age. (16;17;18)*
2. *Which county do you live in? (Orange County; Seminole County)*
3. *What High School do you attend? (Boone; Colonial; Crooms; Cypress Creek; Dr. Phillips; Edgewater; Evans; Freedom; Hagerty; Jones; Oak Ridge; Olympia; Timber Creek; Wekiva; West Orange; Winter Park; Winter Springs)*
4. *What is the age of Parent/Guardian 1? (18-34; 35-54; 55+; N/A)*
5. *What is the age of Parent/Guardian 2? (18-34; 35-54; 55+; N/A)*
6. *Select the choice that best describes the highest level of education received by Parent/Guardian 1. (High School or less; Some college; College or more)*
7. *Select the choice that best describes the highest level of education received by Parent/Guardian 2. (High School or less; Some college; College or more)*
8. *What is your household’s approximate annual income? (<\$25K; \$25-75K; \$75K+)*

9. *What is your ethnicity? (Select all that apply) (Hispanic; Black or African American; White; American Indian or Alaskan Native; Asian; Native Hawaiian or Pacific Islander)*

Attitude and Behavior Questions

Short response and Likert Scale questions were also included in the survey to evaluate participants' attitude towards finance and their money management behavior. This was achieved with a set of open-ended questions in which interns could explain what they would do under certain scenarios. They were also asked questions that gauged their attitude towards money management and how prepared they felt to become financially independent. In asking these questions, the researchers were able to get an understanding of whether or not the intern had a positive view of finance and the act of being financially independent, as well as their money management habits. These questions are listed below.

1. *How would you describe your attitude towards money management or money in general?*
2. *How prepared do you feel to become financially independent?*
3. *What would you do if you were given \$100? Explain your response*
4. *Have you taken a personal finance class(es) before? Do you feel that class prepared you for financial independence? My current financial knowledge will allow me to achieve my financial goals through adulthood. (1; 2; 3; 4)*
5. *I want to improve my financial literacy. (1; 2; 3; 4)*
6. *I have access to all the resources and educational opportunities I need to be financially independent should I seek them out. (1; 2; 3; 4)*
7. *My schooling has prepared me to be financially independent. (1; 2; 3; 4)*
8. *My ethnicity has not negatively impacted my financial situation. (1; 2; 3; 4)*

Seven Likert Scale questions were also used to assess the intern's confidence in the areas that were covered in the Financial Literacy Test. This survey was completed before participants took the test, so the answers to these questions came before interns were asked questions in these areas.

1. *I am confident in my ability to understand compound interest. (1; 2; 3; 4)*
2. *I am confident in my ability to manage money. (1; 2; 3; 4)*
3. *I am confident in my ability to understand the basics of investing. (1; 2; 3; 4)*
4. *I am confident in my ability to understand the types and functions of credit. (1; 2; 3; 4)*
5. *I am confident in my ability to be self-disciplined with my money. (1; 2; 3; 4)*
6. *I am confident in my ability to understand the types and functions of insurance. (1; 2; 3; 4)*
7. *I am confident in my ability to select the best type of savings and/or checking account for my situation. (1; 2; 3; 4)*

Financial Literacy Test

After completing the survey, participants were asked to contact the researchers via email to schedule a video call over the platform *Zoom*. Researchers were not able to contact respondents directly because of the anonymity of survey responses. Sixteen interns completed a Financial Literacy Test. In order to maintain the accuracy of these tests in an online environment, participants were required to complete them while on a *Zoom* call with one of the researchers so the researcher could ensure that the intern did not use additional resources to answer the questions.

The Financial Literacy Test covered seven financial literacy topics. Those topics were selected based on the most commonly assessed skills in financial literacy tests. These topics

were: banking, interest, money management, investment, intro to money, credit, and insurance. Two questions were included per topic, resulting in a test that was 14 questions long.

Questions were selected from the 2019 DECA Financial Literacy Test and the 2018 National Financial Capability Study. In order to be selected, they had to fit under the criteria created by the researchers. That criteria meant that questions had to fit into one of the previously identified financial literacy topics, have been used as an educational resource or in an academic study, had to be multiple choice, and could not have multiple answer choices that could be considered correct. The phrasing of some questions was adjusted to fit this criteria. In order to preserve the validity of the results, participants were encouraged to select the answer choice “not sure” if they were having trouble selecting an answer choice. That way, researchers were able to minimize incorrect guesses. The financial literacy test questions asked of interns are listed below.

1. *Which of the following is an example of involuntary debt? (Unsecured line of credit; Automobile loan; Fixed-rate mortgage; Court judgement lien; Not sure)*
2. *Many employers match employees' pretax contributions to their _____. (Roth IRAs; Traditional IRAs; 401(k) plans; Keogh plans; Not Sure)*
3. *If I invest \$100 per month starting at age 21, and that money earns a 7% annual return, how much will I have after 70 years? (\$138,957; Between \$150,000 and \$225,000 depending on life expectancy; More than 1.5 million dollars; None of the above; Not sure)*
4. *What is a primary consideration when evaluating the time value of money? (Tariffs; Premiums; Credit Limit; Interest Rate; Not sure)*

5. *What is a tip to aid in paying bills on time? (Notify businesses to let them know that time extensions will be needed; Pay bills as soon as they arrive; Require businesses to use direct deposit into your account; Not sure)*
6. *Justin's gross income for the year is \$37,800. He contributes \$2,000 per year to an approved retirement plan. Justin is single and claims one exemption for himself. The amount of the exemption is \$3,650. He is taking the \$5,700 standard deduction for a person filing an income tax return as an individual. What is Justin's taxable income? (\$28,450; \$26,450; \$32,100; \$35,800; Not sure)*
7. *When a nation's inflation rate is low, what do prices tend to do? (Fluctuate daily; Increase dramatically; Remain stable; Reduce currency values; Not sure)*
8. *Sheila decides to invest some of her money. She doesn't like to take big risks, and she wants to be able to access all of her money at all times. She also doesn't mind not earning much interest. Sheila should invest her money in a _____. (savings account; stock; certificate of deposit (CD); money market account (MMA); Not sure)*
9. *To be able to pay for unexpected car repairs and/or to replace broken home appliances, it is important to _____. (eliminate entertainment expenses; make long-term investments; save money for emergency situations; use tax returns to purchase treasury bonds; Not sure)*
10. *Which of the following is a strategy to help with tracking expenses? (Estimate fixed expenses; Only use cash payments; Spend as little as possible; Keep receipts; Not sure)*
11. *Jordan buys a sofa from a local furniture store that advertises "90 days same as cash." She's able to have the sofa delivered to her house immediately without paying anything. However, if she doesn't pay for the sofa within the 90-day period, she'll be subject to*

finance charges. Jordan bought the sofa using a _____ credit account. (Revolving; Budget; Regular; Installment; Not sure)

12. *From the following list, choose the two best suggestions for building and maintaining a good credit rating. (Have money in savings and protect against identity theft; Keep your debt low and pay your bills on time; Make safe investments and set clear financial goals; None of the above; Not sure)*

13. *When a customer slips on a wet floor in Ruchita's restaurant, he breaks his ankle. He decides to sue her business. Luckily, Ruchita doesn't have to pay the damages because she has _____ insurance. (Property; Life; Liability; Health; Not sure)*

14. *Which of the following financial products are meant to lower your personal risk in the case of an accident? (Insurance; Mutual Funds; 401k and retirement plans; None of the above; Not sure)*

15. *Are you a part of the Academy of Finance? (Yes; No)*

Post-Symposium Survey

After presenting their work and receiving feedback, participants were asked to give a long response answer to four questions. Each question began by asking interns to rate how much they agree on a Likert Scale of one (strongly disagree) to four (strongly agree). They were then asked to give specific details to support their rating. The questions asked interns whether they felt their financial literacy improved, whether they felt their money management skills improved, whether they felt their career preparedness improved, and if there were any other specific areas that they felt they had developed. They were instructed to give a four to six sentence response with specific examples.

1. *Based upon having engaged in the Bright Minds, Fresh Ideas Think Tank, a NAF Future Ready Lab Virtual Summer Internship in summer 2020, I feel that my Financial Literacy (what I know about how to manage money) has improved.*
2. *Based upon having engaged in the Bright Minds, Fresh Ideas Think Tank, a NAF Future Ready Lab Virtual Summer Internship in summer 2020, I feel my personal money management skills (what I do to manage my money) have improved.*
3. *Based upon having engaged in the Bright Minds, Fresh Ideas Think Tank, a NAF Future Ready Lab Virtual Summer Internship in summer 2020, I feel that my Career Preparedness (my readiness to function as a professional in a work environment) has improved.*
4. *Based upon having engaged in the Bright Minds, Fresh Ideas Think Tank, a NAF Future Ready Lab Virtual Summer Internship in summer 2020, what other specific areas above Financial Literacy and Career Preparedness do I feel that I have developed over the last six weeks of my internship experience?*

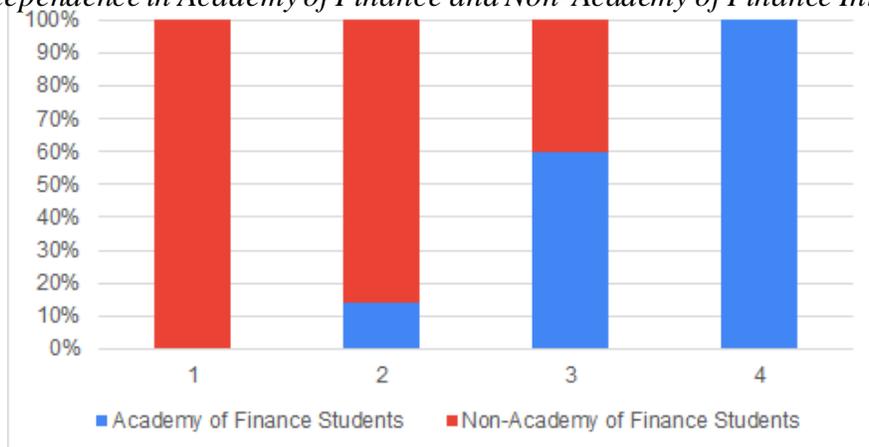
Results

Pre-Research Results

In completion of the survey and financial literacy meeting, the researchers found correlations utilizing Excel to make it visually easier to see.

Figure 1

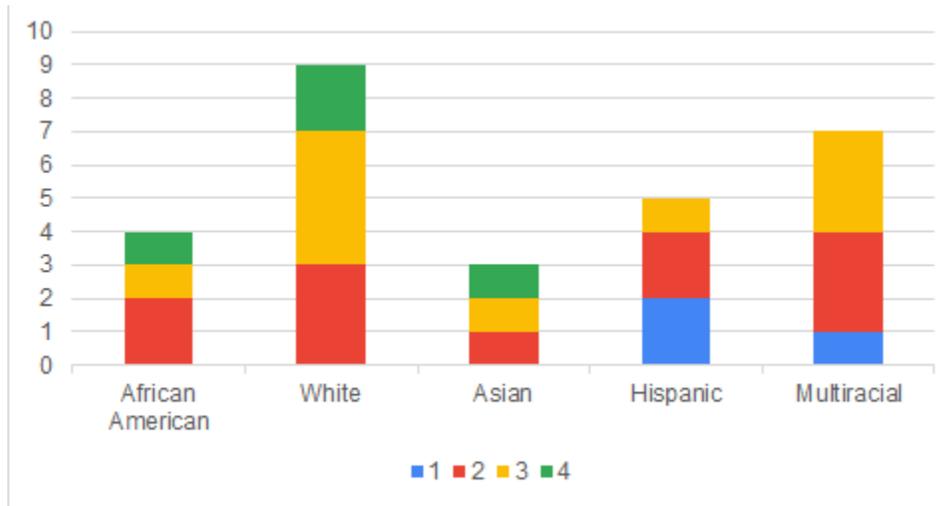
Financial Independence in Academy of Finance and Non-Academy of Finance Interns



The researchers found that those who went to an Academy of Finance (AOF) vs. a Non-Academy of Finance school, felt less prepared to become financially independent.

Figure 2

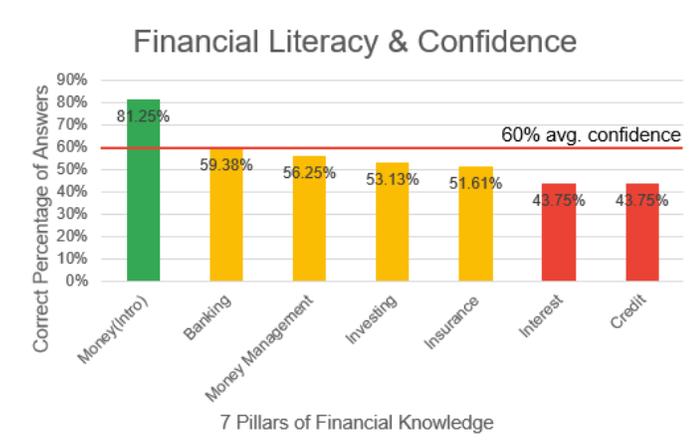
Ethnicities' Access to Financial Resources



Additionally, Multiracial and Hispanic ethnicities were found to rate themselves as having less access to financial resources. While, white respondents rated themselves as more likely to have access to resources.

Figure 3

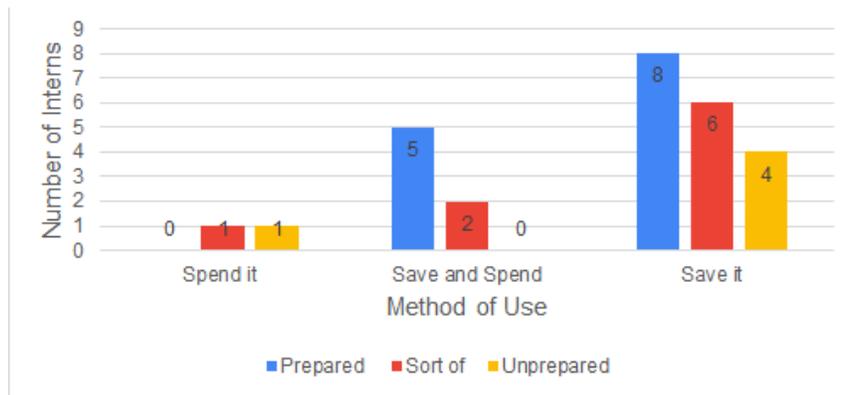
Confidence in Financial Literacy Knowledge and Performance On Financial Literacy Test



Comparing financial literacy knowledge levels in the 7 pillars of financial literacy and confidence, Figure 3 shows that most interns are more confident in their knowledge than they really have. With the exception of introduction to money, interns knew less than they initially thought. These results were presented at the End of Summer Symposium.

Figure 4

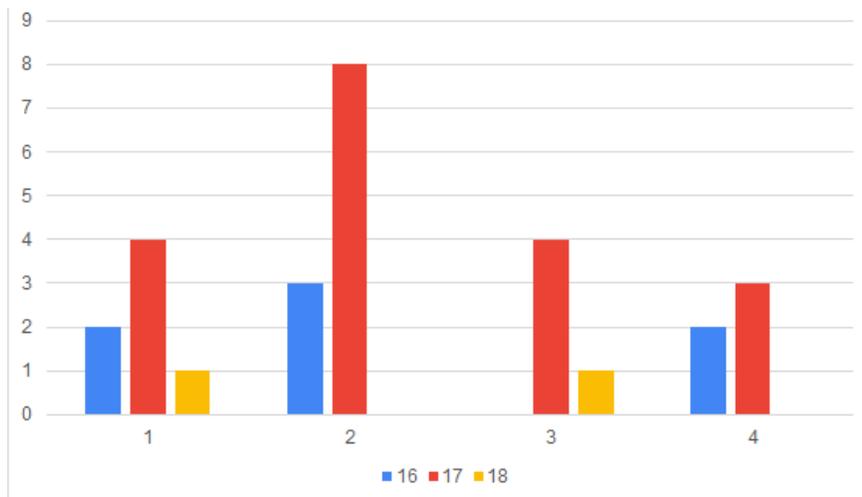
Preparedness and Spending Habits



A result not featured at the Symposium, was the relationship between financial preparedness and spending habits. Figure 4, shows that if one saves or saves and spend their money, they are more likely to feel better prepared to be financial independent.

Figure 5

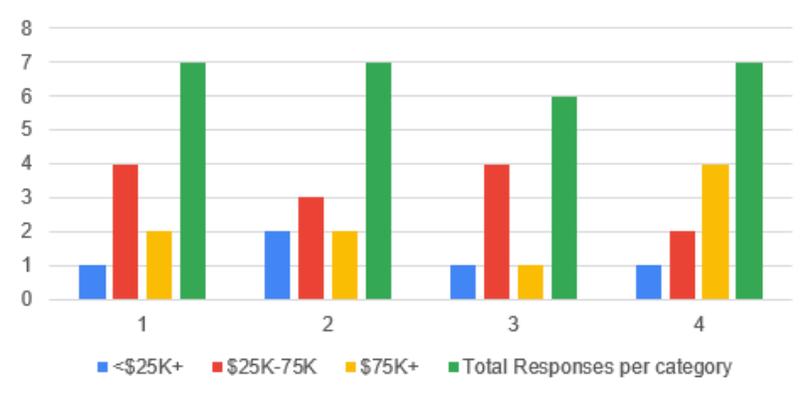
Confidence In Knowledge of Credit By Age



In assessing the relationship between age and knowledge of credit, we found a bell curve within the age of 17. Where the ages of 17 felt more likely to feel less confident in their understanding of credit. Due to the lack of respondents aged 16 and 18, it was not clear if these ages would follow the same pattern. Being one of the weaker findings this result was not displayed at the Symposium.

Figure 6

Confidence In Financial Knowledge and Annual Household Income



Interestingly, there was no correlation in household income and financial knowledge for those who answered 1, 2, or 3. However for the fourth column we found that those with lower income were less likely to feel the most confident and those with household income over 75K were more likely to feel more confident. This data was not presented at the Symposium as there was a relationship only in category 4.

Post-Symposium Results

After presenting their research at the End-of-Summer Symposium participants were sent a second survey. There were 51 interns who responded to this survey. The first three questions asked interns to rate how much they felt they had improved in three areas, then to provide specific details explaining why. The three areas were financial literacy, money management

skills, and career preparedness. The fourth question prompted interns to add any other areas that they had experienced growth in that did not fall under those categories.

When asked to score how strongly they agreed that their financial literacy improved on a four point Likert Scale, interns overwhelmingly agreed. As displayed in Figure 7 below, of the 51 interns, 51% agreed their financial literacy improved, 37% strongly agreed, and 12% disagreed. When asked to do the same for how much they agreed that their money management skills improved, interns who agreed or strongly agreed were again the majority. Of the 51 interns who responded, 45% agreed, 37% strongly agreed, and 18% disagreed, as shown in Figure 8. For the final Likert Scale, they were asked if their Career Preparedness had improved. Of the 50 responses, 60% strongly agreed, 38% agreed, and 2% strongly disagreed, as displayed in Figure 9 below.

Figure 7

How Strongly Interns Agreed Their Financial Literacy Improved

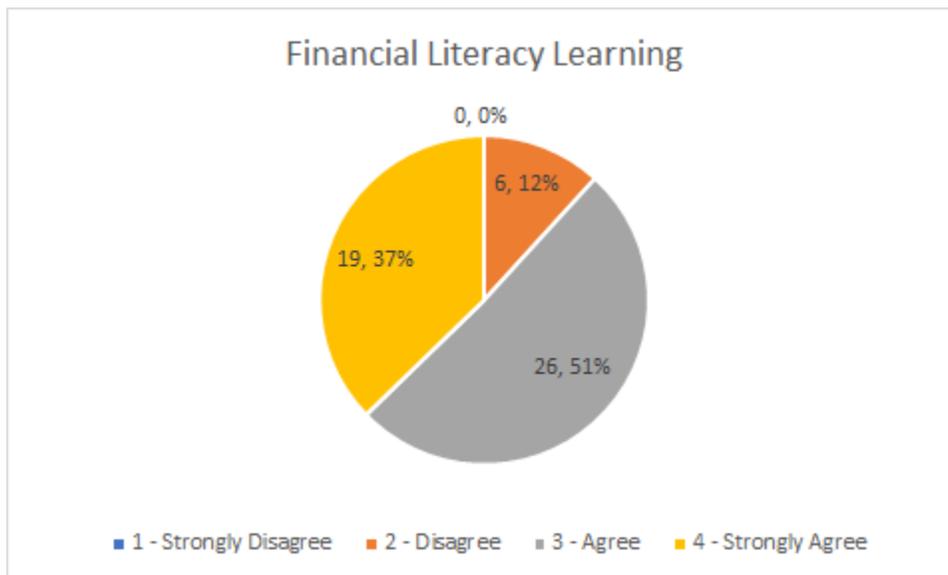


Figure 8

How Strongly Interns Agreed Their Money Management Skills Improved

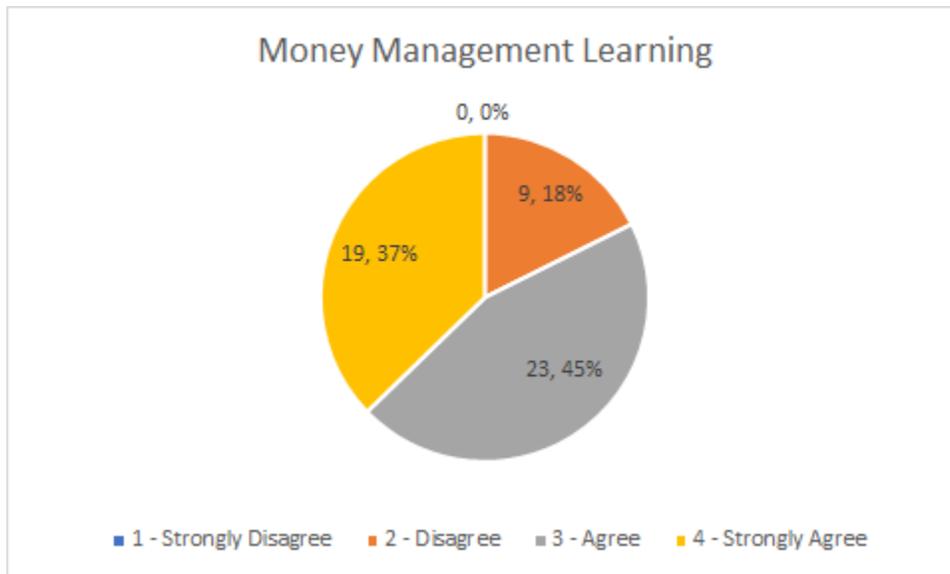
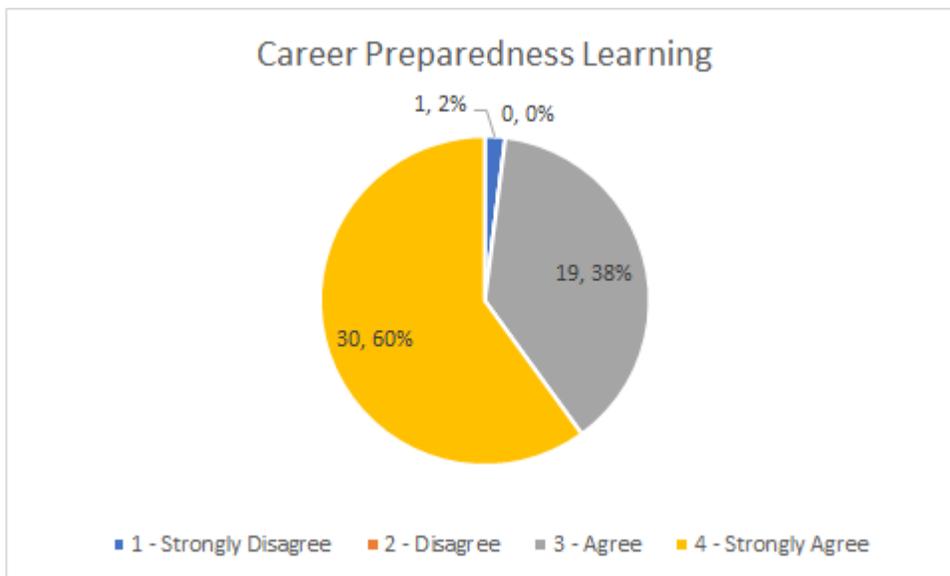


Figure 9

How Strongly Interns Agreed Their Career Preparedness Improved



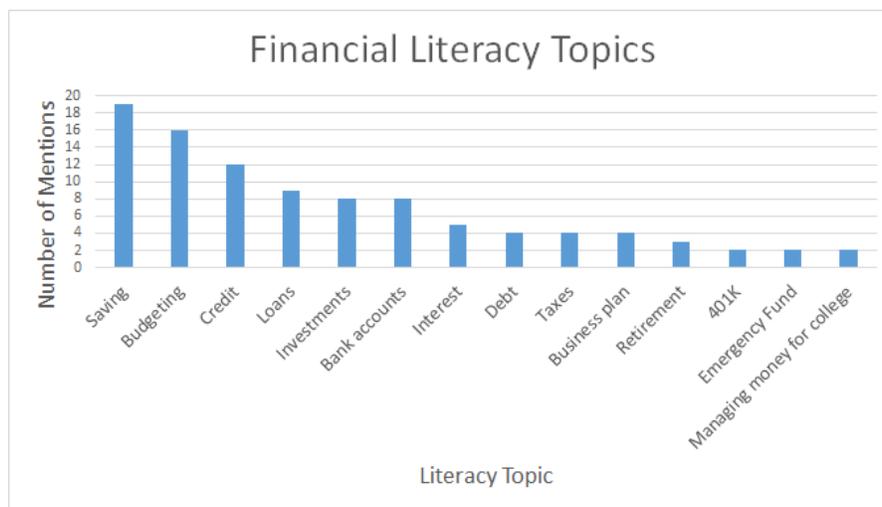
While survey questions asked interns to be as specific as possible, interns were not prompted to point out certain parts of the internship. However, there were 43 occasions where a guest speaker session was brought up as having a positive impact on their learning. The most

popular sessions were Brett Burkey’s “The Cost of Financial Capability: What You Don’t Know Can Really Hurt You”, John Pinkley’s “Get Your Financial Act Together”, and Gerren Sprauve’s “Synthesizing Your Summer Experience Into Your Future Financial Capability”. There were also 16 occasions during which the intern cited meetings with their group’s virtual mentors or virtual experts as being insightful. This means that the intern went out of their way to describe these sessions because of their contribution to the intern’s growth.

Another occurrence of this was under financial literacy. There were 100 occasions during which a specific financial literacy topic was identified by an intern as being a point of growth across the four questions. These ranged from creating an emergency fund to filling out a W-1 form. As displayed in Figure 8 below, the most commonly mentioned topics were budgeting, credit, and student loans. There were also skill-based financial literacy topics brought up by interns such as the difference between short and long term goals and reflecting on whether they need or want an item before purchasing it.

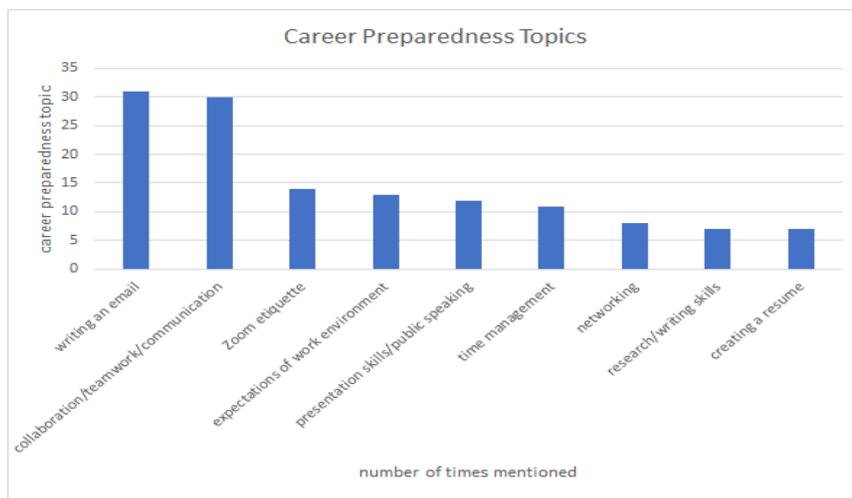
Figure 10

Most Often Mentioned Financial Literacy Topics



Interns were also asked whether they felt their career preparedness had improved. In their responses, interns brought up skills they felt they had experienced growth in such as time management and writing an effective resume. As demonstrated in Figure 9, the three most commonly mentioned topics were communicating effectively in a group setting, writing emails, and Zoom etiquette.

Figure 11
Most Often Mentioned Career Preparedness Topics



Lastly, the researchers asked interns if they feel more prepared to enter a professional work environment. Interns felt the areas they grew the most was in sending emails and learning how to collaborate and work in a team. This data is significant because it yield over 30 mentions for emails and teamwork out of 54 total interns.

Discussion

Based on our pre-research results, we have found significant correlations between schools that taught financial literacy and confidence to becoming financially independent, as well as, ethnicity and confidence in access to resources. Interestingly, confidence was recorded to be higher than actual financial knowledge, except for the area of money management, indicating that making personal finance decisions comes easier as it does not require a lesson to understand.

However, the areas of interest and credit, traditionally do require an in-depth explanation or lesson before it is fully understood, which explains why literacy rates in these two areas are the lowest. Ultimately, while financial knowledge cannot change financial behavior as it is up to the individual, there are factors that can help to bridge the gap between knowledge and action. For instance, interns who attended an AOF program felt more prepared for the future and scored higher on the financial literacy assessments. However, in research studies performed by Lusardi and Mandell, it was found that students did not retain information taught from personal finance classes. Lusardi also claims that the quality of the teacher helps the students to retain more information. Interns who attended an AOF program were taught by a high quality teacher who was very knowledgeable in finance all over a period of 4 years. Even better, the AOF school has an on-campus bank that allows students to exercise their financial knowledge as they learn it. Thus these students are able to retrieve and retain the most information as they are having a quality financial education, when this information is applicable. Programs like these may be implemented within communities to help alleviate the lack of financial knowledge and to promote action. .

Consistent with Hilgert and Hogarth's (2003) findings, Hispanic and Multiracial ethnicities rated themselves lower in having access to financial services. These same respondents were recorded at having mainly a household income range from less than 25K or between 25-75K. However, there This finding relates to one's surroundings and location of residence. However, other factors such as understanding of financial services, familial values on money etc, may affect this result as well. Simultaneously, white respondents recorded themselves as having higher access to resources. Additionally, 66% of the white respondents recorded their income over 75K. While this relationship does not mean causation, it is a surprising connection.

Post-Symposium

Interns overwhelmingly believed that their financial literacy, money management skills, and career preparedness improved over the course of the 5 week internship. This indicates that interns may have experienced an increase in Financial Capability as well. This is because financial literacy and money management skills fall under the Literacy and Behavioral categories from the working definition of Financial Capability used in this study.

As reported by the interns themselves, guest speaker sessions, meetings with virtual mentors and experts, working in a team, and being in a real work environment were their biggest learning moments. Guest speaker sessions that were the most popular were about finance, rather than college or the business world. Brett Burkey's "The Cost of Financial Capability: What You Don't Know Can Really Hurt You" was the most popular session. Interns appreciated that they got to work hands-on by using a Cost of Living Calculator to determine what their income needed to be in order to maintain the lifestyle they wanted. This indicates that interns enjoyed getting to see what they were being taught applied in real time. A majority of those who spoke highly of their virtual mentors and virtual experts were given one-on-one lessons on financial topics by the professionals. These results indicate that the most impactful interactions interns had were when they were being taught specific financial literacy topics.

There were likely other benefits to these guest speaker sessions and virtual mentor/expert meetings as well. Interns reported feeling that they learned more about Zoom etiquette and networking. They cited learning more about how to dress while on camera, how to position a camera for a virtual meeting, and taking notes during meetings as valuable lessons. Several guest speakers mentioned the importance of networking, or the act of developing professional relationships. Interns then got to put that into practice, as they were given the contact information

of their virtual mentors/experts but were expected to reach out to them themselves. They were also given the contact information of the guest speakers so that interns could reach out to them for more information if they would like. Many of these interns are going to begin the next school year online, and will be taking their classes on Zoom. Not only does this set them up for success academically, but prepares them for changes in the workforce after the pandemic, as there will likely be a shift to virtual platforms even after COVID-19 is gone.

While reflecting on their money management before and after the internship, interns spoke about saving more and creating their own budget. Saving and budgeting were the top two most commonly mentioned financial literacy topics, and were also the most often mentioned when answering this question. For many, it was their first time having a paying job. A majority of those who mentioned learning about budgeting said that they created their own budget during the internship. Interns also said that they learned to divide their paycheck into what they would spend and what they would save, with some saying that they have started investing a portion of each paycheck.

Interns also found that the act of writing a paper and presenting it was in itself an impactful learning experience. Many explained that they practiced removing filler words while they spoke. Others spoke about learning the process of revising their work and stepping away from the “school mindset” of submitting something once and being done with it. Interns spoke about learning APA 7th edition formatting and finding sources in their writing. These skills not only prepare interns for future employment, but set them up to perform better in school because they have already had an introduction to writing research papers, something that often isn’t taught until college.

Comparison of Pre- & Post-Research Results

After collecting both pre and post research data, the researchers have found general improvements in many areas of the internship. While both sets of data cannot be compared directly because two different methods of analyses were utilized, there is collective progress in professionalism, learning the importance of Financial Capability, value of teamwork, presenting oneself neatly (whether virtual or physical), and learning the expectations of a work environment.

In the post survey it was evident that interns were less skilled in knowing how to manage their money as seen in Figure 3. However, by the end of the internship, interns have stated 100 times the skills they have learned to improve their money management skills. This shows progress as the most mentioned skills in Figure 10 were saving, budgeting, and credit- all topics that will be relevant for interns who are planning on going to college. These results demonstrate that the interns have improved their understanding on how to handle money. Unfortunately, growth in financial literacy topics cannot be determined, as interns were not able to take a post assessment due to the change in type of analysis. However, some interns have stated that because their subject was not necessarily on traditional financial literacy topics, they may not have improved their financial literacy.

The researchers also found that collectively 136 out of a 152 total journal responses or 89.47% answered a 3 or a 4 on the Likert scale questions. Whereas, for our pre-research survey question- "how prepared you feel to become financially independent"- 5 (18.51%) interns answered prepared, 9 (33.33%) interns were sort of prepared, and 13 (48.15%) interns were unprepared out of 27 responses. These percentages clearly show that, overall, interns feel

exponentially better about becoming financially independent and being Financially Capable adults.

The BMFITT internship is guided by professionals who are dedicated to seeing the interns transition into the work environment and learn. From the very first day, interns were treated like professionals and were expected to act accordingly so. Which is why 30 out of 54 interns mentioned learning how to craft a professional and concise email as an important skill learned. Offering insight on the interns' mindset before research, Team Two-Bit interviewed interns who said that beforehand they did not know how to craft a professional email or even the expectations of the work place. If an intern made a mistake they would be offered some gentle guidance that would allow them to perform better in the future.

Since interns are given the opportunity to choose their group members, many have gained valuable teamwork skills and have learned how to network. In the journal entries, interns have specifically stated that they never enjoyed being in groups before because one individual would do a majority of the work. However interns have learned that groups are beneficial in getting work done, so much so that 30 interns have mentioned this as a growth area. This scenario paints the shift from an academic mindset/standards to the workplace's mindset/standards.

The BMFITT Internship offered by Florida Prosperity Partnership, offers technical and learning skills, in the form of experience, when entering the work field in the future.

Conclusion

Team R2JS completed their study by utilizing surveys, meetings, and journals. Ultimately, students felt that the Bright Minds Fresh Ideas Think Tank Program by Florida Prosperity Partnership helped them to understand how the professional world works, whether through emails, meetings and communicating verbally, and teamwork. This experience will

allow interns to integrate much easier into the work environment. More importantly, this internship stresses the importance of managing one's finances actively.

After completing a thorough analysis of our interns, the researchers believe that the FPP internship is effective in stressing the importance of Financial Capability, and allowing interns to become more professional. However, to truly gain the most out of this internship interns must actively participate, listen, and take in information. According to Barry Altland, director and partner engagement of Florida Prosperity Partnership, interns who behaved passively and did not take the internship seriously experienced far less growth than interns who participated and listened actively. Ultimately, FPP partners with other coalitions and partners to help further financial knowledge and to help create a lasting change in financial behavior. FPP truly believes that it takes a community to solve any important issue. This reason is why the researchers recommend that to enhance the effects of the Bright Minds Fresh Ideas Think Tank, the duration of the internship should be longer than 6 weeks, quality guest speakers should be continuously invited to discuss financial literacy topics in-depth while keeping interns engaged, and if possible to help interns access the financial services that are available to them. By completing our study we hope to help further Florida Prosperity Partnership's endeavors in growing and enhancing this internship to have a wider reach and to create a lasting change faster.

Limitations

Academy of Finance students are a large portion of the participating respondents who already have extensive knowledge on finance. Thus we acknowledge that the growth before and after research may not be as large as Non-Academy of Finance interns.

We had adjusted a Financial Literacy test question concerning bills, because it was confusing to the responders. Thus we recorded the amount of responders who had already answered the question and marked them right.

Since the researchers are high school seniors, or recent graduates, the survey is not completely accurate since they lacked extensive knowledge on how to conduct studies.

Due to the nature of the internship, the survey was distributed with a close margin after research had started. Thus it took an increasing amount of time to conduct the Financial Literacy tests on Zoom. Meaning that there will be growth in knowledge that will not be revealed since the interns had started their research when the financial literacy tests were conducted.

Since most of the interns are under the age of 18, they have not had many chances to exercise their money management skills. In other words, the behavioral aspect of Financial Capability will not have much informational backing.

As interns chose their research subject, not all topics are based solely on financial literacy type questions. In fact, interns may experience growth in areas that are not tested within the Financial Literacy test. Thus, the researchers acknowledge that while interns have gained knowledge it may not be specific to Financial Literacy.

Due to time constraints, the researchers were not able to complete a test-run of the financial literacy test before distributing it. As a result, some questions were altered to accommodate for clarifying questions participants had. These clarifying questions indicated that participants had a strong understanding of the topic, therefore their answer choice was considered correct, then the questions were adjusted before the next financial literacy test to prevent further confusion.

Future Work

Given the opportunity to further this research, the researchers would like to conduct similar studies on this style of internship. They would like to access the scalability as well as reliability of the effects discovered in this study. Moreover, the researchers would like the opportunity to distribute their first survey and test within the first few days of the internship, as well as test-run the survey before distributing it to all participants.

Based on the result the researchers would also like to conduct more studies and potential experiments to determine if relationships such as income and access to resources, what helps students to absorb the most information when taking a financial literacy class, income and confidence, and more. We would like for this study to support other researchers' work and to show the importance of nurturing financial knowledge as a communicative effort.

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About the Research Team

Our team, R2JS, consists of two team members- Joelyz and Suraiya.

Suraiya is a rising senior at Boone High School, who has taken AP Seminar during her Junior year of high school. This class allowed her to gain some pre-research knowledge which she has transferred over to her internship. In her spare time, Suraiya likes spending time with her family, painting, dancing, cooking, and sleeping.

Joelyz Wolcott is a graduating senior at Crooms Academy of Information Technology and will be attending Florida State University. She graduated with a NAFTrack Certification and AP Capstone Diploma. She appreciates the opportunity to learn more about research and what a professional work environment is like.

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