



Welcome to the Real World!

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Helping Texans Better Their Lives

Relevance

In today's world, financial education is crucial. However, many young people are leaving high school lacking the basic fundamentals of financial literacy. Numerous studies conducted on American youths' understanding of basic financial concepts consistently reveal that young people don't possess adequate financial knowledge to be financially proficient in adulthood.

According to a survey from the Hartford Financial Services Group, less than one-quarter of students, about 24%, and only 20% of parents, say students are prepared to deal with the financial challenges awaiting them in the adult world. More than three-quarters of students report that they wish they had more help preparing for managing their personal finances. Only 21% of students between the ages of 16 and 22 report having taken a personal finance course at school.

When youth enter the workforce without a basic understanding of financial literacy, they face significant issues, ranging from excessive credit card debt, too little or no savings, even insufficient retirement planning. The financial choices young adults make have a lasting effect on them. It can lead to a lifetime of debt and financial stress or economic stability.

Response

The *Welcome to the Real World!* (WTTRW!) program consists of two parts: financial education and real-world expenditure decision-making opportunities. WTTRW! is an active, hands-on activity that includes career and money management fact sheets, and gives young people the opportunity to explore careers and make lifestyle and spending choices similar to those faced by adults.

In the WTTRW! simulation, students assume they have completed basic educational requirements for their chosen career, are single, 25 years of age, and independent with no financial support from family or others.

Participants select a potential career or occupation that they would like to pursue in the future. After they choose an occupation, they receive a monthly salary for that occupation. They then proceed through the *Real World* activity, deducting taxes, determining a savings amount, paying a student loan — if applicable — and spending their “salary” on the necessary, and other, items that reflect the career and lifestyle they have chosen.

Using sample savings and checking account registers and deposit slips, students learn how to record and manage their accounts. They make the appropriate deposits/deductions and record the amounts in their checking and savings account registers for the following categories: clothing, entertainment, groceries, housing, insurance, transportation, utilities, and miscellaneous. They choose a “reality” card, which represents the unexpected expenses and incomes encountered in the real world.



After each choice, they make a deposit, use a debit card, or write a check and balance their check register.

During the simulation, students gain an understanding of the expenses and incomes associated with daily adult living. At the conclusion of the activities, students evaluate how well they spent/saved their money. They consider the choices they made and discuss what alternatives might be taken in the real world.

Results

Since 2013, more than 2,500 youth participated in the *WTRW!* financial simulation program. It was taught to high school classrooms and to senior 4-H members during leadership retreats across the state. A post-survey was given to students who completed the program. Among participants, 81% agreed or strongly agreed that participating in the simulation was a good way to learn about money management. In, 2016 more than 700 youth, at 11 different locations, participated in a *WTRW!* simulation. After completing the simulation, students were asked about their knowledge of financial management practices before and after participating in the *WTRW!* program:

Knowledge Taught in <i>WTRW!</i>	Knew Prior to <i>WTRW!</i>	Learned in <i>WTRW!</i>	Plan to Adopt (Definitely or Probably Will)
How to use a register to keep track of transactions	17.6%	36.4%	62%
How to create and follow a spending plan (budget)	17.1%	47%	76.3%
Importance of paying yourself first (savings)	28%	39.8%	67.4%
Understand the effects of student loan debt on your future budget	19.2%	43%	****
Plan to open a savings account	33.4%	****	61.2%

****Not asked in the evaluation.



Participant Comments about the *WTRW!* Program

Students were asked how their view of life in the future changed as a result of participating in the program.

- “It was great. I learned a lot by balancing my money and being able to save money. This program was helpful.”
- “Well, it demonstrates how a good education can pay dividends for you in your financial future.”
- “I understand that a job has a big influence on my economic freedom and that there are a lot of bills before fun money. Also, you can’t spend and spend. There is a limit.”
- “By participating in the *Welcome to the Real World!* program, my view of future life has changed quite a bit. I need to watch how I spend and strive to get the best degree so I can make lots of money! \$\$\$.”
- “It helped me realize how important it will be for me to manage my finances in the future. I’ll have to be smart with my money to be successful in my life.”
- “It was great. I learned a lot by balancing my money and being able to save money. This program was helpful.”
- “It will help me know how to balance checking accounts, saving accounts, and my spending. Now I will know how to save and use checking accounts.”
- “This program was a great eye opener and reality check! I believe this is one of the best 4-H programs that I have ever participated in. Thank you!”

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