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Written Testimony of  
The Young Women's Leadership Program  
Before the Banks Committee  
Tuesday, February 24, 2009

In Support of:  
H.B. 6483, AAC Credit Card Offers on College Campuses and Financial Literacy for High School Students

Senator Duff, Representative Barry and members of the committee, thank you for this opportunity to provide written testimony on behalf of the Young Women's Leadership Program (YWLP), which is dedicated to understanding and voicing the needs of Connecticut's young women, ages 18-35.

The YWLP strongly supports the above referenced bill because it requires schools to teach students about financial literacy and creates regulations for credit card companies that are soliciting on public college campuses.

Studies have shown that 47% of women in the United States ages 21 to 34 carry unpaid credit card balances at an average of \$2000.<sup>1</sup> If we consider that this statistic is most likely being continuously compounded by our current economic situation, it is a safe presumption that the average amount of debt carried by those ages 21-34 just two years, one year, or even six months ago has swelled dramatically in the past months, and will continue to inflate at a rapid pace in the coming months, and potentially years.

As the cost of living has been rapidly increasing, more and more Americans, particularly those without sizeable or steady income, such as students, are using credit cards to cover the costs of staples such as food, utilities and many of the expenses associated with receiving higher education. In fact, a national survey of college students found that 23% use credit cards to pay for tuition and fees and 52% for textbooks and school supplies.<sup>2</sup> This means that in order for students to graduate from college, many must absorb an increasingly inflated price of debt, which inhibits their ability to pay off educational debt, limits their ability to succeed at *ever* paying off their debt, obtaining satisfactory credit ratings, acquiring property and providing for their families' essential needs down the line.

Alarming, 55% of college students say they have never taken a course about personal finance or economics.<sup>3</sup> When credit card companies have unfettered access on college

<sup>1</sup> <<http://www.newswise.com/articles/view/28248/>, <http://www.soundinvesting.org/justforwomen.asp>>

<sup>2</sup> Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005

<sup>3</sup> Ibid

campuses to students who, due to a lack of financial education, often do not fully understand how the concept of 'credit' works, these companies are being enabled to prey on a particularly vulnerable segment of our population.

The YWLP applauds the committee for your attention to this matter and looks forward to working with you on this important issue.



## Young Women and Financial Literacy

Financial literacy is an invaluable educational tool that can help young women gain financial independence and long-term economic security. Unfortunately, in part because of a lack of financial literacy education, many young women are not saving aggressively and are carrying high amounts of debt. Below are some key facts about young women and finance.

### Young Women and Debt

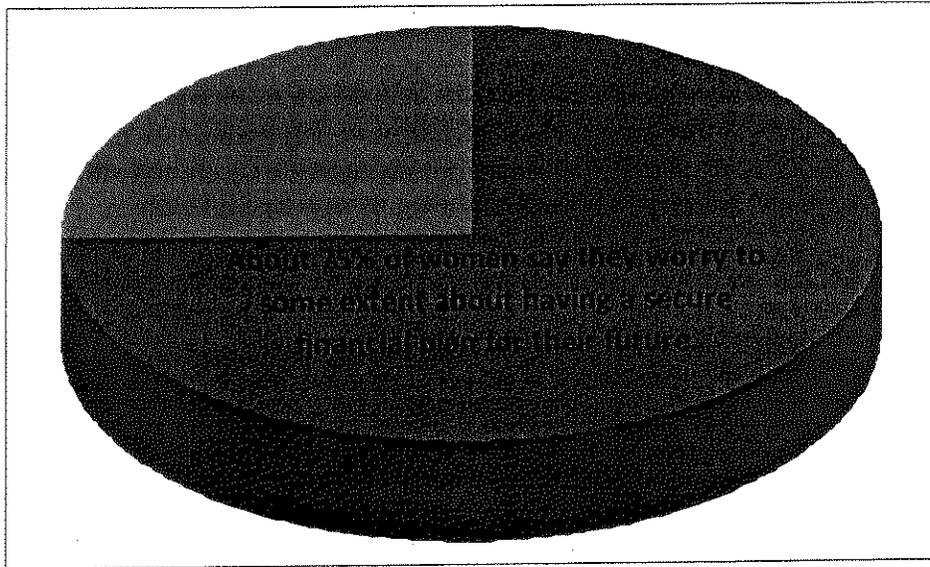
- Studies have shown that 47% of women ages 21 to 34 carry unpaid credit card balances at an average of \$2000.<sup>i</sup>
- A national survey of college students found 23% use credit cards to pay for tuition and fees and 52% for textbooks and school supplies.<sup>ii</sup>
- Women college graduates have an average student loan debt of \$19,360.<sup>iii</sup>
- Among workers aged 25 to 34, 23 percent of women with bachelor's degrees spent over 10 percent of their earnings repaying student loans, versus 16 percent of men.<sup>iv</sup>
- 54% of people between ages 18-34 have gone without health insurance at some point in the last five years and 28% are carrying medical debt.<sup>v</sup>
- Young women have more credit cards, are more likely than men to have credit card debt over \$5,000, pay late and not pay their balances in full.<sup>vi</sup>

### Young Women and Savings

- Probably because they are closer to retirement, workers age 35 and older are more likely than those ages 25-34 to say they (and/or their spouse) have saved for retirement.<sup>vii</sup>
- Women are more likely to work in part-time jobs that don't qualify for a retirement plan. And working women are more likely than men to interrupt their careers to take care of family members; therefore, they work fewer years and contribute less toward their retirement.<sup>viii</sup>
- Women are more likely than men to have no savings at all. 25% of women have neither retirement savings nor other savings, compared with 18% of men.<sup>ix</sup>
- Workers ages 25-34 are less confident than workers of similar ages were 10 years ago about their ability to have a financially secure retirement. In particular, they are less confident about having enough money for a comfortable retirement and having enough to pay for basic expenses.<sup>x</sup>

## Young Women and Financial Education

- 55% of college students say they have never taken a course about personal finance or economics.<sup>xi</sup>
- About 75% of women say they worry to some extent about having a secure financial plan for their future.<sup>xii</sup>
- While a lack of progress in savings could be the result of other financial strains, such as income limitations or family demands, data suggests that progress may also be dependent on financial education and preparedness. Knowing what and how to do it is as important as having the means to do it.<sup>xiii</sup>



### *Recommendations*

The Young Women's Leadership Program supports proposals to provide education and programming about financial literacy.

<sup>i</sup> <http://www.newswise.com/articles/view/28248/>, <http://www.soundinvesting.org/justforwomen.asp>  
<sup>ii</sup> Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005  
<sup>iii</sup> The Project on Student Debt  
<sup>iv</sup> <http://www.creditcards.com/credit-card-news/young-women-suffer-from-greater-debt.php>  
<sup>v</sup> Investment News, American's Under 35 Piling Up Debt, 8/11/2008  
<sup>vi</sup> Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005  
<sup>vii</sup> Employee Benefit Research Institute: 2008 Retirement Confidence Survey  
<sup>viii</sup> U.S. Department of Labor: Women and Retirement Savings, 2008  
<sup>ix</sup> Employee Benefit Research Institute: 2008 Retirement Confidence Survey  
<sup>x</sup> Employee Benefit Research Institute: 2008 Retirement Confidence Survey  
<sup>xi</sup> Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005  
<sup>xii</sup> [http://www.prudential.com/media/managed/2006WomenBrochure\\_FINAL.pdf](http://www.prudential.com/media/managed/2006WomenBrochure_FINAL.pdf)  
<sup>xiii</sup> [http://www.prudential.com/media/managed/2006WomenBrochure\\_FINAL.pdf](http://www.prudential.com/media/managed/2006WomenBrochure_FINAL.pdf)