

Senate Education

Financial Literacy

SB 22

February 12, 2025



What is Financial Literacy?



- Understanding how much you earn and spend
- Responsibly managing and paying off debt
- Building assets to achieve personal goals
- Preparing for financial security later in life

Why do we need Financial Literacy?



- Only $\frac{1}{3}$ of Americans can comfortably cover a \$400 emergency
- Average credit card debt in Alaska: \$8,026
- Average student loan debt in Alaska: \$35,821 (2k increase)
- Alaska received an “F” grade in teaching financial literacy

Senate Bill 22



- **Adds a 0.5 credit in financial literacy**
- **Course should cover topics including:**
 - Making a budget
 - Avoiding fraud and financial deception
 - Basic principles of retirement accounts
 - Postsecondary financial aid and scholarships

List of Topics



- (1) different types of financial institutions and opening and managing an account with a financial institution;
- (2) making a budget;
- (3) basic principles of money management, including spending, credit, credit scores, and managing retail debt, credit card debt, and other types of debt;
- (4) basic principles of completing a loan application;
- (5) basic principles of personal insurance policies;
- (6) basic computation of federal income taxes;
- (7) avoiding fraud, financial deception, and predatory lending practices;
- (8) simple contracts;
- (9) contesting an incorrect billing statement;
- (10) computing interest rates by various mechanisms;
- (11) types of savings and investments;
- (12) basic principles of retirement accounts;
- (13) receiving an inheritance and related financial implications;
- (14) postsecondary financial aid and scholarships; and
- (15) financial implications of being a member or a beneficiary of a Native corporation established under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act) or a similar entity, including payment of dividends and issuance of shares.



Questions?

Sources:

<https://www.thenationsreportcard.org/alaska>

<https://www.cnbc.com/amp/select/average-credit-card-balance-by-state/>

<https://educationdata.org/student-loan-debt-by-state>

<https://www.bloomberg.com/news/articles/2023-01-24/two-in-three-can-t-cover-400-emergency-in-us-suze-orman-survey>