



Americans Well-informed on  
Automobile Retailing Economics

Educating consumers about auto financing

**For Immediate Release  
September 3, 2008**

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## **High School Teachers Say Students Need More Preparation for Financial Decisions**

### *Money Management Should be Taught In the Classroom*

**Washington, D.C.** – As a new school year begins, a new public opinion survey shows that 72 percent of high school educators say that students old enough to buy a car are ill-prepared to navigate the process due to a poor understanding of personal finances, and an overwhelming majority (97 percent) believe that it is important for schools to teach vehicle financing and other financial literacy topics in the classroom to help prepare students for future financial decisions.

The survey, conducted by AWARE, a nonprofit auto financing education group, asked high school educators about the role of the education system in promoting financial literacy among youth. With close to unanimous agreement, high school educators say that it is vitally important for schools to teach personal finances in the classroom, covering a variety of issues such as budgeting and maintaining bank accounts, investing and saving for retirement, and acquiring medical insurance. Other personal finance topics teachers identified as particularly important for high school students included:

- Acquiring a student loan (97 percent rate as important),
- Negotiating and financing for a vehicle (92 percent), and
- Negotiating and acquiring financing for a home (91 percent).

“A recent survey by the Jump\$tart Coalition shows that financial literacy scores among high school youth have actually declined in the past two years, and with so many of these students eager to get their first set of wheels it isn’t surprising that more than nine out of 10 of teachers feel that vehicle financing is an important subject to teach in the classroom,” said Eric Hoffman, spokesperson of AWARE. “Teaching personal finance topics in school is a great way to ensure bright financial futures for these young adults.”

Hoffman said that high school educators working with AWARE say that auto financing has served as an important “teachable moment” to educate students about all personal finance topics from budgeting to calculating interest. AWARE encourages all entities teaching personal finance to high school-aged students to build an auto financing module in their curriculum. AWARE offers free, easy-to-use “teach the teacher” materials in English and Spanish at <http://www.autofinancing101.org/learningsuite/roadmap.asp>

Below are a few auto financing tips provided by AWARE that will help teachers educate students about the car buying process:

***Start with an exercise in budgeting:*** Help students determine what they can afford by building a sample budget. Remind them that a monthly payment won’t be their only vehicle related cost, so be sure they factor in other expenses like insurance and maintenance. See AWARE’s “Affordability Gauge” at [www.AutoFinancing101.org/LearningSuite](http://www.AutoFinancing101.org/LearningSuite) for a sample budget worksheet.

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American Financial Services Association  
National Automobile Dealers Association  
National Association of Minority Automobile Dealers  
American International Automobile Dealers Association  
Chrysler Financial

Daimler Financial Services  
Ford Motor Credit Company  
GMAC Financial Services  
Toyota Financial Services  
Wells Fargo Auto Finance

**Teach a lesson in history:** Because credit history affects the APR, it's always a good idea to see what finance companies will see when judging creditworthiness. Make sure students know that they are entitled to receive a free copy of their credit report annually through [www.annualcreditreport.com](http://www.annualcreditreport.com), and that their parents can help them understand the content or correct errors.

**Go shopping after class:** There are thousands of sources of financing for automobile purchases, such as dealerships, banks, credit unions, and other financing companies. In this highly competitive marketplace it's smart to check annual percentage rates and other financing terms from multiple sources.

**Brush up on vocabulary:** Help students learn the lingo so they can "talk the talk and walk the walk" when making this important financing decision. Many of these terms can be found in AWARE's glossary at [www.AutoFinancing101.org/LearningSuite](http://www.AutoFinancing101.org/LearningSuite).

**Don't be tardy:** Late or missed payments incur late fees and can even cause the vehicle to be repossessed, permanently. A bad payment record can also be reported to credit bureaus, which can make it more difficult to obtain credit in the future.

**This is a note they may actually want their parents to sign:** Securing financing can be more challenging for first-time car buyers than it is for those who have more established credit histories. Talk with students about the pros and cons of a parent or guardian serving as a co-applicant, whose credit histories could help secure a lower financing rate. Also, many finance companies offer first-time car buyer programs through dealerships that take into account other good credit behaviors such as rent and utilities payments, which don't always appear in credit reports.

AWARE was formed by the vehicle financing industry to build a greater understanding among consumers about how auto financing works. The group's Web site can be found at [www.AutoFinancing101.org](http://www.AutoFinancing101.org) and is available in both English and Spanish.

AWARE's membership includes the following:

American Financial Services Association  
National Automobile Dealers Association  
National Association of Minority Automobile Dealers  
American International Automobile Dealers Association  
American Honda Finance Corporation  
American Suzuki Financial Services  
AutoNation  
Ford Motor Credit Company  
GMAC  
Group 1 Automotive, Inc.  
Jaguar Credit  
Land Rover Capital Group

Lithia Motors  
Mazda American Credit  
National Auto Finance Company  
Nissan Motor Acceptance Corporation  
Nuvel Financial Services  
Saab Financial Services Corp.  
Sixth Gear Solutions Corp.  
Sonic Automotive, Inc.  
Toyota Financial Services  
United Auto Group, Inc.  
Volvo Car Finance North America  
Wells Fargo Auto Finance