

The Federal Reserve Bank of San Francisco

ECON ED & THE FED

Resources and Information for Educators • Spring 2005

ECONOMIC EDUCATION IN THE 21ST CENTURY



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THE FEDERAL RESERVE BANK OF SAN FRANCISCO

ECON ED & THE FED

SPRING 2005

Econ Ed & the Fed is a semiannual publication of the Federal Reserve Bank of San Francisco. Reaching approximately 10,000 educators throughout the Western U.S., it's provided as part of the Fed's commitment to economic and financial education.

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A Word from the Editor



Sharon Strahm

It's been four years since the first issue of *Econ Ed & the Fed* was printed and mailed to educators across the Fed's Twelfth District. Each spring and fall our staff works hard to provide a variety of articles on matters ranging from monetary policy to personal financial education.

In reviewing our newsletter, we discovered readers could benefit more by offering an online version of the newsletter. The spring 2004 online issue received a total of 5,700 downloads and that doesn't count the hundreds of monthly "hits" from people simply viewing the topics within each issue. In addition, all of our past issues continue to receive "hits" on a weekly basis.

An electronic format enables us to be more flexible and send out information and updates on an "as needed" basis without depending on a production schedule. The benefit to you is more timely articles with increased significance for classroom discussion.

The final hardcopy issue highlights a broad spectrum of online resources, including a review of consumer finance resources and a guide to fed resources available for ordering or downloading online. We encourage you to use this "tear-out" as a reference.

To make sure you are on our email list for the new online version of our newsletter, please complete and return the postage-paid response card in this edition. While we're still in the process of formulating exactly what the new electronic version will look like, by returning this card, you'll be assured to receive the new online version of *Econ Ed & the Fed* in the fall.

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Economics Teaching Resources

The internet contains a wealth of information for educators albeit, it is sometimes a daunting task to sort through all of the educational material. As Econ Ed and the Fed makes its transition to an all on-line format, we are providing our devoted readers with an overview of Fed resources available on-line for downloading or ordering. The materials are sorted into three categories: personal finance, economics, history and social studies. Each publication's website is listed along with its appropriate audience and publication type. We recommend that you use this "tear-out" list and our websites (www.frbsf.org and federalreserveeducation.org) as your starting points.



PERSONAL FINANCE

Books and Magazines

Publication	Website	Age Group	PDF
Econ Ed and The Fed—all editions	http://www.frbsf.org/publications/education	G	Y
A Penny Saved	http://www.ny.frb.org/publications	H	N
Once Upon a Dime	http://www.ny.frb.org/publications	H	N
The Story of Banks	http://www.ny.frb.org/publications	H	N
The Story of Checks and Electronic Payments	http://www.ny.frb.org/publications	H	N
The Story of Consumer Credit	http://www.ny.frb.org/publications	H	N
Banking Basics	http://www.bos.frb.org/education/econedpubs.htm	E	Y
Building Wealth	http://www.dallasfed.org/ca/pubs/index.html	H	Y

Brochures/Posters

Publication	Website	Age Group	PDF
Personal Finance brochure and poster	http://www.federalreserveeducation.org/PFED/	H	Y

Educational Websites

Publication	Website	Age Group	PDF
Peanuts and Crackerjacks	http://www.bos.frb.org/peanuts/index.htm	M H	n/a
Fedville	http://www.frbsf.org/education/fedville/	M	n/a

Legend: Age Group **E** Elementary School **H** High School
M Middle School **G** General Audiences

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ECONOMICS

Books and Magazines

Publication	Website	Age Group	PDF
Econ Ed and The Fed—all editions	http://www.frbsf.org/publications/education	G	Y
The Story of Foreign Trade	http://www.ny.frb.org/publications	H	N
The Story of Inflation	http://www.ny.frb.org/publications	H	N
The Story of Monetary Policy	http://www.ny.frb.org/publications	H	N
The Story of the Federal Reserve	http://www.ny.frb.org/publications	H	N
The Story of Money	http://www.ny.frb.org/publications	H	N
The Story of Trade and Exchange	http://www.ny.frb.org/publications	H	N
A Day in the Life of the FOMC	http://www.phil.frb.org/education/fomc.html	H	Y
Everyday Economics—all editions	http://www.dallasfed.org/educate/everyday/	H	N
Q&A on U.S. Monetary Policy	http://www.frbsf.org/publications/federalreserve/monetary/index.html	G	Y

Educational Websites

Publication	Website	Age Group	PDF
Dr. Econ	http://www.frbsf.org/education/activities/drecon/askecon.cfm	H	n/a
The Great Economist Treasure Hunt	http://www.frbsf.org/education/activities/treasurehunt/index.html	H	n/a

Curriculum

Publication	Website	Age Group	PDF
Econ Ed and The Fed—all editions	http://www.frbsf.org/publications/education	G	Y
The Story of Foreign Trade	http://www.ny.frb.org/publications	H	N
The Story of Inflation	http://www.ny.frb.org/publications	H	N
The Story of Monetary Policy	http://www.ny.frb.org/publications	H	N
The Story of the Federal Reserve	http://www.ny.frb.org/publications	H	N

Legend: Age Group	E Elementary School	H High School
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HISTORY AND SOCIAL STUDIES

Books and Magazines

Publication Title	Website	Age Group	PDF
A Christmas Present for the President, A Short History of the Fed	http://www.ny.frb.org/publications	H	Y
Historical Beginnings	http://www.ny.frb.org/publications	H	N
The Bank Holiday of 1933	http://www.ny.frb.org/publications	H	N
Coins of the Ancient Mediterranean World	http://www.phil.frb.org/education/medcoin.html	H	N
Currency Points: Understanding our Money	http://www.ny.frb.org/publications	H	N
From Rocks to Riches: An Illustrated History of Coins & Currency	http://www.ny.frb.org/publications	H	N
Story of American Currency: Booklet and CD-ROM	http://www.frbsf.org/currency/index.html	H	N
Closed for the Holiday	http://www.bos.frb.org/about/pubs/	H	Y
History of Central Banking	http://www.phil.frb.org/education/history/history_of_Banking1.html	H	N
Electronic Money	www.chicagofed.org/publications/electronicmoney/	H	N

Curriculum

Publication Title	Website	Age Group	PDF
New Designs for your Money: CD-ROM, teacher guide and video	http://www.moneyfactory.com/newmoney/main.cfm/learning/download	M H	Yes
Discover America One Quarter at a Time	http://www.usmint.gov/kids/index.cfm?fileContents=/kids/teachers/50SQLessonPlans.cfm	M H	Y

Bookmarks

Publication Title	website	Age Group	PDF
Dwight D. Eisenhower	http://www.rich.frb.org/pubs/index.cfm/3	G	N
Maggie Walker	http://www.rich.frb.org/pubs/index.cfm/3	G	N
Sacagawea	http://www.rich.frb.org/pubs/index.cfm/3	G	N
Susan B. Anthony	http://www.rich.frb.org/pubs/index.cfm/3	G	N

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Making Sense of Consumer Credit

In our last issue, we featured an article that discussed the topic of consumer finance and saving, using a wide variety of data as references. To provide an up-to-date view of actual data available, this Q&A outlines frequently requested information and provides links to primary sources. What's more, much of this data is available online!



Q. Where do I find information on U.S. consumer credit and household finances?

A. Most economists would look to the Federal Reserve publications. For information on consumer debt, I'd recommend the Consumer Credit data for the nation. The Fed releases these data monthly, for total consumer credit outstanding as well as for credit by type of lender (banks, credit unions, finance companies) and by type of credit (revolving/credit card or non-revolving credit).

Look on the Federal Reserve Board's Website for statistical release G.19, Consumer Credit. <http://www.federalreserve.gov/releases/g19/hist/>

Q. OK, that gives me some idea about how much credit there is for the entire economy, but where do I find and compare my family's assets and liabilities to the "median" family?

A. Start your analysis with the Federal Reserve's Survey of Consumer Finances. This survey is conducted every three years—so it provides both a snapshot of families' current financial condition (See surveys for 2001, 1998, 1995, 1992, 1989), and a view of how that condition has changed over time. This survey is widely used by economists and analysts to evaluate trends in the financial well-being of U.S. families. It reports detailed data on family assets, liabilities, and net worth, by family characteristics (for example, age groups, education levels, and regional location).

You can find the survey results on the Federal Reserve Board's Website under "surveys": <http://www.federalreserve.gov/boarddocs/surveys/> (The data for the 2004 survey will be published in early 2006.)

Q. Looking at these data, are families saving?

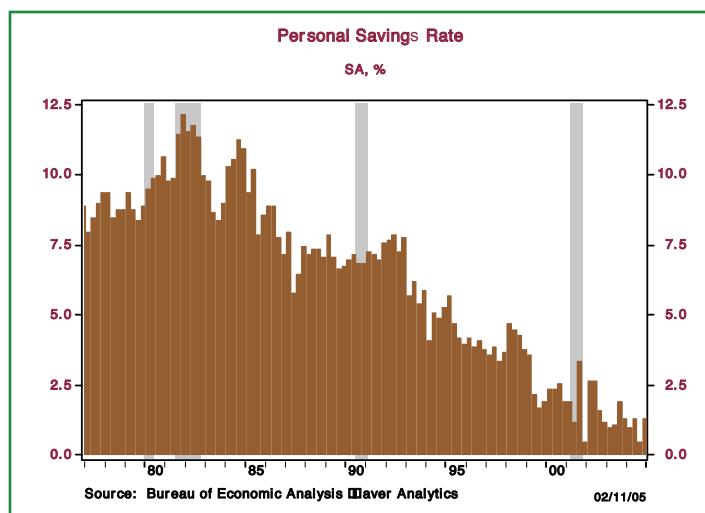
A. First, the economy wide data on savings as a share of after tax disposable personal income indicate that while the savings ratio fell sharply in the late 1990s, it remained positive. While families were saving less of their current income, they still were saving. In fact, the Survey of Consumer Finances (the Survey) reported that 59.2 percent of families saved in 2001, up from 55.9 percent in 1998. For more information on aggregate savings, see the February 2002 Dr. Econ answer: <http://www.frbsf.org/education/activities/drecon/2002/0202.html>

...the Survey of Consumer Finances reported that 59.2 percent of families saved in 2001, up from 55.9 percent in 1998

Q. Can the Survey shed light on the typical consumer's assets, liabilities, and net worth?

A. Yes! Let's start with the assets. The Survey looks at both financial (bank accounts, stocks, bonds, mutual funds, retirement accounts, life insurance) and non-financial assets (houses, cars, businesses, other property). It estimates the percentage of families holding various categories of assets, as well as the median value of holdings for families with that type of asset. The 2001 results provide insights into the family assets. Almost 68 percent of families reported a primary residence as an asset; the median value of the residence was \$122,000. Over 52 percent of families held retirement accounts; the median value was \$29,000.

Family holdings of debt—remember that debt must be subtracted from assets to find net worth—also are available from the survey. In 2001, three categories of debt, home-secured, installment loans, and credit card balances, were liabilities for about 45 percent of all families. For those families with home-secured debt, the median value of debt was \$70,000. Families with installment loans (most often for vehicles) the median value of the debt was \$9,700. Those families with credit card balances had a median value of \$1,900 in debt.



Personal savings as a percentage of disposable personal income for the U.S.

Q. So, what was the median family's net worth in 2001 and did it vary by family characteristics?

A. The 2001 Survey reported that for all families, the median family net worth was \$86,000. That figure varied widely with group characteristics; families in the lowest 25 percent of net worth had a median net worth of only \$1,100. Likewise, renters and families in the lowest 20 percent of income had a median net worth of under \$10,000. In contrast, the median net worth was over \$430,000 for groups of families in the top 25 percent of net worth and in the top 10 percent of income.

Q. Are there any trends in net worth?

A. Comparing historical net worth figures (in 2001 dollars) indicates that families added net worth rapidly in the 1990s. The estimate for 2001 median family net worth was more than 10 percent above net worth in 1998 and over 40 percent above net worth in 1992.

Want to compare credit card and car loan interest rates?

Check out the national data at:
<http://www.federalreserve.gov/releases/g19/hist/>

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Spring 2005

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