

Academic BRASS

Published by the
BRASS Business Reference in Academic Libraries Committee

Vol 12 (2), Fall 2017

Forrest Wright
Data Manager
Global Entrepreneurship Monitor

**A Review of
*Financial Literacy for Millennials:
A Practical Guide to Managing your Financial Life
for Teens, College Students, and Young Adults***

Smith, A. O. (2016). *Financial literacy for millennials a practical guide to managing your financial life for teens, college students, and young adults*. Santa Barbara: Praeger.

Introduction

The financial world of millennials is a subject that invites much discussion in news outlets, on social media, and of course among concerned parents. Depictions of this generation vary greatly depending on who you talk to or what you read. Stories from media outlets also paint seemingly contradictory stories of millennials; either one of indebted hopelessness, e.g., “Four Ways College Debt is Wreaking Havoc on Millennials” (2015, Bloomberg), or hopeful opportunism, e.g., “For Millennials, Opportunity is Always Knocking” (2016, Yahoo). This can lead to some serious confusion when offering financial advice to millennials.

Any attempt to write a book on financial literacy for millennials therefore must be ambitious in its scope. Andrew O. Smith’s *Financial Literacy for Millennials: A Practical Guide to Managing your Financial Life for Teens, College Students, and Young Adults* attempts exactly this task. Smith (JD, MBA), an author and investment advisor, brings his experience and academic knowledge to this book, which succeeds in encompassing the essential financial planning principles relevant to most younger Americans.

Scope

This book is targeted to the millennial demographic (roughly considered individuals 18 to 33 years old), as well as parents with children that age and, of course, teachers of young adults. The content will be most pertinent to college-attending millennials who can obtain the type of job that will provide them with access to financial resources. This is clear through Smith’s use in his prologue of two fictitious college-bound millennials (Wendy and Scott) who, through their varied experiences, serve to illustrate principles of good and bad financial planning decisions. It should be noted, however that despite the enduring image of millennials as the “overeducated” generation, the average millennial does *not* have a college degree: only 34% of women in the millennial cohort have

obtained a college degree by age 29, while only 26% of men have (BLS, 2016). This is not intended to undermine Smith's effort, but rather something that educators should keep in mind when assessing the best resources to offer this generation as a whole.

Organization and Content

Smith's *Financial Literacy for Millennials* contains fourteen chapters, covering the standard curriculum of financial planning. Topics include career planning, saving and banking, credit and debt, investments, legal help, insurance and taxes, and retirement planning, among others. Smith is comprehensive in his treatment of these topics; it is hard to imagine the average person requiring more than this book to meet their financial planning needs. Additional topics pertinent to millennials include how robo-advisors can figure into retirement planning and the importance of recognizing "social media risks" in building a reputation. The author also provides an appendix including a link to his companion website for the book, financialliteracyformillennials.com, which contains free lesson plans and financial literacy tests (in PDF format) that can be administered to students as they work through each chapter.

As mentioned above, the prologue follows the life paths of two millennials, Wendy and Scott, who represent the "dos" and "don'ts" of financial planning. Wendy is the consummate good decision-maker who took a personal finance course early in life, aggressively paid off her student debt, and saved for retirement, which allowed her to spend her final years in comfort. Scott, on the other hand, incurred unnecessary college debt, overspent on luxuries, gambled on risky financial schemes, and, as a result, could not afford to retire comfortably. This narrative approach was effective in introducing essential financial planning principles. However, the author chose not to employ this narrative method for the remainder of the book and instead uses straightforward explanations for the financial principles covered.

The book does have some flaws in its organizational clarity. Each chapter covers several subtopics; however, there is no introductory text and/or keywords that would cue the reader on what important topics are to be discussed. The author does provide subsection titles in the book's table of contents, yet each chapter would benefit greatly from a reinforcing of concepts and an overview of subtopics covered in the introduction. Additionally, the organization of chapters themselves might seem odd to a young person trying to evaluate the relative importance of various financial planning principles. For example, the importance of savings is not covered in detail until Chapter 4, while creating a budget and evaluating renting versus buying a home is not covered until Chapter 5. These are arguably the most pressing concerns of a young person, yet they are discussed after a chapter that includes content on how to forecast economic conditions for planning a startup business (Chapter 3: "Business and Entrepreneurship").

Evaluation

As covered throughout this review, offering financial planning advice to millennials is a complex task. Smith's *Financial Literacy for Millennials* mostly accomplishes this feat. To the author's credit, the book is comprehensive in its coverage of every element of financial planning for a young person living in the United States. However, the book does suffer some from organizational challenges that make it difficult for readers to use in a reference capacity. Overall, though, this book would be a strong textbook for a financial planning class in high school or college where a teacher could supplement the text with

some guidance. Teachers will also be able to use Smith's website (financialliteracyformillennials.com) with lesson plans and quizzes to save time and effort in trying to find these resources elsewhere.

References

Bureau of Labor Statistics. (2016, April 8). Employment experience of youths: results from a longitudinal survey. Retrieved from <https://www.bls.gov/news.release/nlsyth.htm>

Kitroeff, N. (2015, December 10). Four ways student debt are wreaking havoc on millennials. *Bloomberg News*. Retrieved from <https://www.bloomberg.com/news/articles/2015-12-10/four-ways-student-debt-is-wreaking-havoc-on-millennials>