

# Family Health and Financial Literacy—Forging the Connection

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*Families are at-risk of or experiencing a diminished quality of living and life in current economic times and difficult decisions are required. Health and financial literacy are the basis for wise personal and public decision making. Family and consumer sciences (FCS) professionals can forge connections between health and financial literacy to increase the likelihood that individuals, families, communities, and the nation will strengthen their health and financial well-being. This article explains the ties between financial and health literacy, reveals research findings and approaches, and urges integration of both in current FCS educational and research programs.*

The poet and philosopher Ralph Waldo Emerson tied health and wealth together with this simple statement: “The first wealth is health.” Researchers have demonstrated associations between the two. Yet, scientists, practitioners, and educators of both bodies of knowledge seldom integrate health and wealth. This lack of integration undermines the ability of individuals, families, communities, and the nation to have an appropriate framework for making personal and public policy decisions.

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The roots of family and consumer sciences (FCS) are philosophically and scientifically grounded in a holistic approach to understanding relationships among phenomena, people, and practice. Now is the time for forging connections through health and financial literacy. To forge is to shape with force. FCS professionals are a force with the motivation and expertise to shape an integrative approach in research, education, and practice. We have the mission and opportunity to generate and apply an integrative body of knowledge to the practical, persistent problems that place families at-risk of a diminished quality of living and life—especially during times of uncertainty such as the current economic recession.

## Relationships Revealed

Research has linked health with personal and family finance. Often, the relationship is bidirectional. Poor health can be both a cause and consequence of socioeconomic status (Lyons & Yilmazer, 2005). Poor health can negatively affect personal and family finances by reducing earnings and depleting resources. Financial strain can lead to poor health due to a lack of access to healthcare and increased health risk behaviors (Smith, 1999). Recurrent anxiety and stress about finances can have a negative impact on health by compromising the body’s ability to resist health damaging factors (Kahn & Fazio, 2005).

This cycle of decline continues and worsens during an economic downturn. As more people struggle with reduced income, underemployment and unemployment, and rising costs of basic

needs, many cut back or eliminate necessary healthcare, including prescription drugs, to reduce expenditures.

Low savings rates, high foreclosure rates, increasing debt levels, increasing bankruptcies, and diminished value of investments are indicators that individuals and families are struggling. These struggles go beyond the personal to the public arena. Faced with diminished revenues, governments make cuts in basic services during tight times. Wise decisions, both personal and public, demand knowledge and skills, which are the essence of a literate person and population. Yet, research reveals that many individuals are less than fully proficient consumers and managers of their resources and they test at lower than proficient levels of literacy—including on both health and financial literacy.

### **Health and Financial Literacy**

In recent years, attention has been given to the need for a financially literate population. States are moving toward inclusion of financial literacy in high school curricula (Andrade, 2007). Administrators and teachers are being challenged to increase their own financial literacy and their ability to conduct financial literacy education. The Cooperative Extension System has increased its outreach in this arena (<http://www.csrees.usda.gov/financialsecurity.cfm>).

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Health literacy as a concept is a recent entry into the literacy field. Health literacy emerged from the medical field in response to changes in the population and resulting communications challenges. Grassroots voices also were asking for the recognition of patients' rights in access to and utilization of healthcare. FCS historically has addressed health issues and needs through nutrition and other health education, though it has not been labeled "health literacy." Extension has had a health focus in all of its programs since its inception, including the recent Healthy Homes

Initiative ([http://www.csrees.usda.gov/nea/family/in\\_focus/housing\\_if\\_healthyhomes.html](http://www.csrees.usda.gov/nea/family/in_focus/housing_if_healthyhomes.html)).

For researchers and educators to integrate health and financial literacy and incorporate both in their research and education programs, they need to understand the concepts and develop a vision of what might be different if the two areas were integrated.

Financial literacy is a measure of the knowledge and skills needed to make sound financial decisions across the lifespan and within the context of current and changing circumstances. Financial literacy, though not consistently defined, generally includes: (a) being knowledgeable, educated, and informed on issues of managing money and assets, banking, investments, credit, insurance, and taxes; (b) understanding basic concepts underlying the management of money and assets (e.g., time value of money and pooling of risks in insurance); and (c) using that knowledge and understanding to plan and implement financial decisions (Hogarth, 2002). As clearly demonstrated in both research and mass media, Americans are at risk or in crisis as a consequence of poor decision making—either their own or by financial institutions or a combination of both.

Similarly, health literacy is a concept of the extent to which youth and adults possess the knowledge and skills to make sound health decisions. The health of many Americans is at risk or in crisis, especially among those experiencing health disparities and vulnerabilities—low-income, aging, minority status, and place of residence (inner city and rural). Health literacy has been linked to health outcomes, showing a relationship between low health literacy and poor health. The Institute of Medicine defined health literacy as "the degree to which individuals have the capacity to obtain, process, and understand basic health information and services needed to make appropriate health decisions" (2004, p. 32 as cited from Ratzan & Parker, 2000). An early assessment of health literacy found that 10% of American adults are health literacy proficient (Kutner Greenberg, Jin, & Paulsen, 2006). Low health literacy predicts a person's health better than their age, income, employment status, education level, and race (Ad Hoc Committee on

Health Literacy, 1999). Furthermore, low health literacy has economic consequences to society in healthcare costs and productivity losses.

A recent study estimated that the annual cost of low health literacy ranges from \$106 billion to \$238 billion (Vernon, Trujillo, Rosenbaum, & DeBuono, 2007). Individuals with low health literacy have increased use of emergency services, are less likely to be able to control chronic diseases such as diabetes, and have lower use of preventive measures such as early immunizations and mammograms. Adults most at risk for low health literacy include the elderly, minorities, and those with less than a high school education (Institute of Medicine, 2004).

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Literacy is a key to personal and family health and financial well-being. Literacy requires analytical and decision-making skills and the ability to apply these skills to make appropriate health and financial decisions. However, the influence of literacy on health and wealth is complicated. Although low literacy has an impact on health and finance-related decisions, literacy also influences socioeconomic status, housing, work environment, healthcare access, and other components of well-being. Literacy is one of the most important tools individuals have to navigate successfully in society. Preparing people to understand and use the tools is a challenge well-suited to FCS professionals.

### **Literacy Skills**

The National Literacy Act of 1991 defines literacy as “an individual’s ability to read, write, and speak in English, and compute and solve problems at levels of proficiency necessary to function on the job and in society, to achieve one’s goals, and to develop one’s knowledge and potential” (Section 3). The National Adult Literacy Survey Committee suggests that literacy is an ordered set of skills to

accomplish diverse types of tasks rather than a single or an infinite number of skills, and developed three scales to assess these skills:

**Prose literacy**—knowledge and skills needed to understand and use information from texts that include editorials, news stories, poems, and fiction; for example, finding a piece of information in a newspaper article, interpreting instructions from a warranty, inferring a theme from a poem, or contrasting views expressed in an editorial.

**Document literacy**—knowledge and skills required to locate and use information contained in materials that include job applications, payroll forms, transportation schedules, maps, tables, and graphs; for example, locating a particular intersection on a street map, using a schedule to choose the appropriate bus, or entering information on an application form.

**Quantitative literacy**—knowledge and skills required to apply arithmetic operations, either alone or sequentially, using numbers embedded in printed materials; for example, balancing a checkbook, figuring out a tip, completing an order form, or determining the amount of interest from a loan advertisement (Kirsch, Jungeblut, Jenkins, & Kolstad, 2002, pp. 3–4).

In the United States, more than one-fifth of the adult population is classified as basic level (functionally illiterate), having skills below a fourth-grade level in reading, interpreting, and comprehending prose, documents, or simple mathematical functions (Kirsch et al., 2002).

### **Connection Forged**

The challenge for FCS is to incorporate basic health and financial literacy into current curricula and to expand the research base by integrating the concepts to provide the foundation and evidence for creating new curricula and programs. Forging these concepts into an integrated whole is within our capacity to address current and new issues and problems.

Most personal and family financial and health decisions are made within, or influenced by, family members. Thus, FCS secondary and Extension educators are particularly well positioned to increase both health and financial literacy through the programs they implement in schools and in communities. With some innovative modifications, those who focus on finances could address health. O'Neill and Ensle (2008) have created and tested such an integrative curriculum. For others focused on nutrition education, health and financial literacy can be incorporated through food resource management with a focus on improved health and financial outcomes.

Other FCS professionals have a stake in improving personal and family health and finances. Some, including pre-professionals, can do so by building the research base that undergirds the content of education; others can focus on program evaluation as programs are designed and delivered.

The financial and health connection provides opportunities to engage in policy education. The new federal administration has identified two cornerstones to its domestic policy agenda—the general economy and healthcare.

The proposed National Health Literacy Act of 2007 may be addressed in the new Congress and by the administration. Information on the Act is available at <http://www.govtrack.us/congress/bill.xpd?bill=s110-2424>. Students and professionals may want to follow and engage accordingly with policies and actions related to health and financial literacy whether at the federal or state levels.

AAFCS's Public Policy Committee has addressed pending or existing public policy. With a resolution on financial literacy (2002), and preliminary work on a resolution on health literacy, AAFCS and its members are poised to engage in policy initiatives addressing the topics. In recent years, under the leadership of the Committee, members have gained skills in public deliberation about healthcare and obesity, a public health issue, using deliberative guides including "Sizing Up America" (<http://www.aafcs.org/policy/deliberationpage.html>).

AAFCS is now promoting a deliberative policy guide created through the Committee to

engage community members in exploring the need for financial fitness. Those materials, under the title of "Financial Fitness . . . It's Priceless," are available at: <http://www.aafcs.org/policy/financialfitnessguide.html>. The Association's focus is timely as the nation's leaders and families wrestle with the need for gaining and improving financial literacy. Literacy education can be addressed through various agencies and organizations and within the policy arena. Engaging professionals and the public in understanding the nature and importance of both health and financial literacy as necessary for health and financial well-being would be a significant contribution to the quality of living of Americans and to the quality of life of the nation.

Now is the time for action. Many in the U.S. are attuned to problems of finances and health as the national and world economies take a downturn. It is time for FCS professionals to leverage that attention into understanding the need for financial and health literacy programs and to act on this knowledge. It is time to forge connections to increase the probability that individuals, families, communities, and the nation will strengthen health and financial well-being through increased health and financial literacy.

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