The Need for Financial Literacy Education

October 16, 2012 - Since our formation, ACCESS has pushed for more and better education on matters involving financial literacy. The fact is, very few schools teach any in depth course involving personal finances. Things as basic a balancing a check book, the need to pay bills on time, along with instruction on the responsible use of credit are being left to chance. Unfortunately, the evidence that this approach doesn't work too well is fairly compelling. And the result is that we now have a generation of well educated, overextended college graduates and students who, for the most part, plan on living with their parents. Here are some statistics that are enlightening.

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- 85% of current college students plan on moving back in with their parents after graduation.

- 41% of young adults don't pay their bills on time.

- 54% of college students in a recent survey stated that they had overdrawn their bank accounts.

- 84% of college students in the same survey didn't understand the ramifications of making minimum monthly payments on their credit card debt.

A majority of students say that the vast majority of the financial education they receive comes from their parents. Yet only 34% of parents have ever explained how to balance a check book with their children. At the same time, nearly two thirds of all parents say that they are more prepared to have a conversation about the birds and the bees with their children than to have a conversation about personal finance. These are truly frightening statistics.

Financial education needs to begin in the home. Much the way that parents talk to their children about drugs and alcohol, parents also need to speak with their children about personal finances. But this educational process also needs to carry over into school curriculums. Schools are supposed to be the places that we send our children to gain the skills they need to be productive adults. It really does seem a little strange that we only teach kids what they need to do to get a job, but not what to do with the proceeds that they receive from their job. Both are necessary life skills.

ACCESS is pushing to bring lessons on financial literacy into the classroom. Last year we launched a writing contest called Mastering Money Basics, targeted for elementary school students. This year, we're doing it again.

So far, the contest is only open to school children in Nebraska. Eventually, we hope to take it nationwide. But the lessons that children can learn through the contest can be valuable to all children. Whether you are a parent or a teacher, we encourage you to look at the Mastering Money Basics website and use the topics on the site to teach your children about managing money. The skills that you give them today will help them for the rest of their lives.

byJim Malmberg
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