

Raising Financially Responsible You Adults – Equipping our Kids with Money Smarts

Introduction

On Friday, September 30, PIN Upper School gathered at Thayer Academy to hear Susan Sharkey, Director of the High School Financial Planning Program at the National Endowment for Financial Education (www.NEFE.org), speak about financial literacy. Highlights are provided below.

Creating and living within a budget, saving, investing, paying bills; how much do you talk to your children about these topics? In many families, the answer is “we don’t.” Studies show that parents have more influence over their children’s financial knowledge, attitudes and behaviors than any other source. So whether you talk to your children about these issues or not; they are learning from you.

Types of money managers

How do you manage your money? How do you want your children to manage theirs? There are 3 kinds of money managers:

- followers – do what mom and dad say
- pathfinders – listen but make their own way; tend to be most successful at handling money and overall happy living
- drifters – don’t listen and usually don’t make sound financial decisions

What are the risks if your child doesn’t learn some financial literacy before they finish high school?

A recent study shows in 2008, 73% of college age students have resorted to some kind of “risky” financial behavior including paying one credit card with another. Nearly 1 in 5 surveyed had used some extreme strategy for meeting their day-to-day financial needs, including working more and taking fewer classes. In 2009, the same study indicated that 72% of the students said that the economic crisis has impacted their family, their finances, and their money management.

What does your child need to know?

Teens need to know how to earn, spend, save, borrow and protect their money. They need to understand the value of planning and living within their means, the difference between needs and wants, how to handle credit responsibly, tips to be a savvy consumer, and consequences of not managing money responsibly.

How can you help your children develop financial literacy?

- Talk as family about finances
- Model good behaviors
- Provide information about your monthly bills – how much you spend on groceries, utilities, etc.

- Share examples of good and bad financial decisions you have made and what happened as a result
- Discuss “what if” scenarios – what if Dad or Mom loses their job, gets a bonus, takes a cut in pay, etc.
- Encourage them to set financial goals, plan, budget, and save to meet those goals
- Monitor their financial decisions and gently refocus if needed

Where else can they learn financial literacy?

Schools that offer financial education programs can also help students learn how to manage their finances. To better understand what your school offers, ask what programs they offer.

If your school doesn't offer a program, there are simple and cost-effective ways to expand their offerings. Guest speakers from local credit unions, the Federal Reserve, etc. can help cover specific topics. They can also use existing financial education programs from a variety of sources, including NEFE.

What is NEFE?

The National Endowment for Financial Education (NEFE) is a nonprofit, noncommercial, independent, self-funded, private foundation based in Colorado. NEFE is committed to helping individual make informed financial decisions through every stage of life.

Resources

NEFE provides the High School Financial Planning Program ® (HSFPP), a free program for high school students. The performance-based curriculum guides students to build fundamental personal finance skills related to money management, credit, investing, financial services, fraud, insurance, and earning capacity. The turnkey curriculum includes student materials, lessons, instructor training, and web resources. <http://hsfpp.nefe.org>

For a list of additional financial literacy resources, discussed in this presentation, you can visit the PIN-Inc. website.