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FINANCIAL EDUCATION

Making Personal Finance Cool to Kids

Financial education has garnered new attention in the post-recession world. Now schools, non-profits and financial institutions are partnering to find ways to make personal finance cool to kids, all the way from kindergarten to senior year.

By Victor Luckerson | @VLuck

At Henderson Elementary School in Chicago, children regularly learn about money. Not just in mathematical word problems, but in practical ways too. They make short-term and long-term savings goals, for an XBox next year or a college education next decade. They participate in National Lemonade Day, setting up stands to get a taste of the most classic form of child entrepreneurship. They're given piggy banks that aren't just for saving and spending, but also for donating and investing. Money—how to use it, how to save it, how to protect yourself from it—is seeping into their core curriculum.

MONEY SAVVY GENERATION

The Money Savvy Pig turns the typical piggy bank saving mechanism on its head by also providing compartments for children to spend, donate and invest money.

"Every kid likes money," says Audrey Miles, Henderson's librarian who teaches financial education to 2nd and 3rd graders. "Rather than squandering it, it's about planning and how to understand financial security."

The current generation of children will contend with many monetary issues that their parents and grandparents did not have to face, from sky-high college costs early in adulthood to bankrolling their own retirement later on. Financial education, which first gained traction in the days of overextended credit cards in the 1990s, has garnered new attention in the post-recession world. Now schools, non-profits and financial institutions are partnering to find ways to make personal finance cool to kids, all the way from kindergarten to senior year of high school.

Henderson is one of 145 elementary schools in Chicago that has introduced a financial education curriculum for its 3rd graders. The program, which is taught during library periods, lets students learn about four pillars of finance–saving, spending, donating and investing–over the course of eight weeks. At the end of the course students receive a piggy bank, dubbed the "**Money Savvy Pig**," with special slots for each of the four pillars. About 10,000 students went through the course this school year.

"The cure for the social ill of financial illiteracy is to start young," says **Susan Beacham**, who developed the Money Savvy Pig and the accompanying coursework more than a decade ago. "We miss an opportunity when we don't teach this aggressively in the early elementary grades. It gives them more years to practice. It teaches them the behavior of delayed gratification and impulse control."

Chicago implemented the program four years ago, as the recession was hitting its stride and the stock market was plummeting. "We saw with the financial meltdown, individuals certainly played a role in terms of making financial decisions that they didn't fully understand," says Kant Desai, chief of policy in the city treasurer's office. “We’ve seen over time that there’s just a general problem with low levels of financial literacy. The treasurer really felt like it was important to start early.”

While Chicago’s plan is ambitious for such a large city, some smaller towns have already utilized inventive ways to help students understand money. In Appleton, Wisconsin, students don’t even have to leave the cafeteria for some hands-on financial experience–there are credit union branches in area schools, from elementary school all the way to high school. Students can even serve as tellers to gain a broader knowledge of how the financial system works.

The town also has a capstone course in personal finance in high school. Early on in the class, students research the salary of their desired occupations and plan life budgeting based on that amount. Instead of using textbooks, students use resources such as Yahoo! Finance and money.com, which they can refer back to later in life.

“No kid’s ever going to go back and look at a textbook,” says Rita O’Brien, an Appleton School District official who taught the capstone course for years. “Kids have to touch it and feel it in order to understand it. When you have a course that really teaches them how to work with their own money, with the money they believe they’re going to have when they’re out of school, then it starts to become real and it means something to them personally.”

Appleton’s high school course is a requirement to graduate. While many communities offer some semblance of personal finance education, few require it. Only four states mandate a personal finance course for graduation, according to Jumpstart, a national organization that advocates for financial education. The Council for Economic Education found that the number of states offering personal finance and economics courses has actually decreased since 2009. The cause is likely—what else—money.

‘School systems are struggling to hang on to programs that they already have,” says Laura Levine, president of Jumpstart. “We sort of have a little bit of a paradox. Interest has peaked [in financial education], but resources have dipped at the same time.”

Finding the teachers to impart the knowledge is also a challenge, as most adults today received little financial education themselves. “The key to effective financial education is going to be effective teachers,” Levine says. “That goes beyond just teaching them how to use a product, but giving them an underlying knowledge.”

Jumpstart offers training to teachers, as does the National Institute of Financial & Economic Literacy, based in Madison, Wisconsin. Both have seen an uptick in interest among educators in recent years.

With little money to fund new classes, Levine says schools should focus on integrating personal finance principles into core curriculum subjects like math and English.

In Chicago, the focus on money has produced measurable results, with students surveyed showing a better understanding of how the stock market works and why hoarding cash in your house isn’t a good idea. This fall the city is rolling out a comprehensive K-12 financial education program, with citywide curriculum standards for each grade and a personal finance capstone course for seniors.

But most advocating financial education agree that you can’t change spending behavior in a single semester before college.

Rosalie Buenrostro, another Chicago librarian at Sawyer Elementary, has seen students come back the summer after their 3rd grade financial class and tell her how much they’ve saved or how they were able to donate some of their money to a good cause. Sawyer is in a low-income part of the city, as are many of the schools training their youngest students how to use money.

“[Investing] is important for kids because a lot of times they just believe you can only do that if you’re rich,” Buenrostro says. “They learn that no, you don’t have to be rich–you just have to be willing to put away a little bit of money.”

Buenrostro says she’s been impressed by the ability of her students to grasp the uses and dangers of money. “With our economy,” she says, “they have to know.”