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Trend Spotlight

Kids these days, save

As parents piggyback saving skills with life lessons, banks join in

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Susan Beacham speaks with the zeal of an old-time revival preacher. She has a message and is on a mission to whip up a cyclone of young, impressionable followers who will be as passionate as she is.

Her sermon of salvation isn't about saving souls; it's about saving cold hard cash. It's about money. Specifically, about how, and when, children should learn about their choices when it comes to money. Her weapon of choice is not holy water or the bible, but a bright blue, four-slotted piggy bank.

Beacham is the CEO of Money Savvy Generation, an Lake Bluff, Ill., educational group that aims to teach children about money before bad habits can set in.

Armed with her passion and piggy bank, she's ready to take on the financial world's toughest customers: kids.

Save early and often

Most people don't remember learning how to brush their teeth.

It's just a skill they learned somewhere along the line, and now it's just something they do daily, without much thought.

Financial literacy advocates want money management to be taught the same way.

Imagine waiting until your children become teenagers to give them the brush your teeth lesson. It would go from natural action to nagging chore, and you'd likely encounter resistance.

"Money management's kind of the same thing," says Laura Levine, executive director of the Washington-based Jump$tart Coalition for Personal Financial Literacy.

Money is often about choices, difficult choices that involve delaying gratification -- something that's not easy to do in our gotta-have-it-now, credit card society, and near impossible for gimme-gimme tykes.

By teaching children that skill when the denial level is minimal and showing them they can make choices that will pay off later, they'll learn to do it before it's a struggle and see it as a natural skill.

That's why parents and teachers need to hit kids while they're young, before they hit the dead end that is teenage rebellion. Reach them while the adults are still geniuses in the eyes of kids, says Beacham, before they become stupid in the eyes of teens.

"They are open to anything and are very confident," she says.

Beacham, who starts her curriculum in the first grade, points to the Stanford University marshmallow study, where 4-year -olds were told they could eat one marshmallow now or receive two if they waited for a short time.

Years later, the children who had delayed marshmallow gratification were more confident, disciplined and scored significantly higher than those who couldn't wait.

Financial appetites are similar. Knowing that eating less and exercising more will keep you healthy is one thing. Doing it is another.

The birds & the Bucks

Having the "where does money come from" chat can be just as awkward as having "the where do babies come from" one. Parents are afraid kids will inquire about their personal experiences, and parents and schools make misguided assumptions about what kids are learning where.

The result: Kids don't get the right information at the right time from the right people.

The Jump$tart Coalition is a national coalition of nonprofit organizations, federal agencies and corporations that want to see more emphasis on personal finance education within the school curriculum.

That's often a challenge because it won't happen overnight, Levine cautions. It may take generations to show results.

In early April, the group released its nationwide biennial financial literacy survey, which showed that 5,775 12th-graders from 37 states demonstrated an increased aptitude and ability to manage financial resources like credit cards, bank accounts and investments. However, the average score only notched up one-tenth of a percent from 2004.

The increases have been small and steady every year since 1997.

Levine knows it will take years for a "drastic improvement" but is adamant about keeping the momentum strong. "It would be that much worse if we stopped," she says.

The group is encouraged by increased participation by students and schools. To Levine, that indicates that educators are realizing the critical need for financial literacy education.

"When parents and teachers have that 'aha!' moment," it really is kind of cool," Levine says.

Making Marketing Work for You

Marketers are constantly on the look out for new mouths to spread their word. And the mouths of babes are not off limits.

"You cannot wait," to educate kids for one very simple reason, says Beacham: "Because marketers are not waiting."

Pamela Irwin has seen them pounce. The senior vice president for the Wells Fargo Foundation in San Francisco spent the first 20 years as a teacher and a high school principal.

"Having been in classrooms, I cannot tell you how many marketers were trying to find their way in," she says. "I want people to be cautious."

Caution guided her as she helped create Wells Fargo's educational product, Hands On Banking and its Spanish-language counterpart, El Futuro en Tus Manos.

The program is available online, on CD-ROM and in print. In 2005, the site, which had 8.3 million visitors, distributed 300,000 CD-ROMs and 2,000 printed teacher's guides. It features bold colors, and is closed captioned, something that has helped children learning to read and Spanish speaking students who are mastering English.

Collaboration between financial institutions, parents and teachers is the key to improving financial literacy, Beacham says. "Financial institutions can make sure that they take care of helping parents raise children that will be their next customer and consumer."

The schools want to teach this curriculum and want to incorporate it into their language arts, math and social science programs. Banks can support and sponsor the programs , but should be mindful of existing marketing fears.

"Schools don't want kids marketed to in their classroom," Beacham warns.

So if the Bank of Joe Schmoe is hoping to subtly smuggle in its marketing plans under the thinly-veiled cloak of philanthropy and education, it should reconsider its methods. Those efforts need to be transparent and separate from the bank's in-classroom products. A letter home to the parents is fine, says Beacham, but be sure to address parent, teacher and administrator fears.

Financial institutions are in a position to help schools, but they need to get out of the way and offer to support, not design these programs, Beacham says.

The subtle behind the scenes approach comes through in Hands on Banking's program materials. They contain only one logo, use generic images of checkbooks and ATMs, and contain no Wells Fargo products.

Irwin's educational background helped her develop the program that would mesh with existing English language arts, math and social sciences curricula.

"Teachers can use this as an integrated application tool in their classrooms," she says. "There's no room in the classroom for stand-alones any more."

That said, financial institutions should look for ways to support programs like these, not just for the glow of being good corporate citizens but also with their own interests in mind.

"They're raising their future bottom line," Beacham says.

Experts say that banks need to stop being shortsighted about their work with these early consumers and look at them as long-term investments.

Today's 7-year-old who learns the magic of compounded interest is not only good for the long-range economy but also more likely to be an adult consumer with great credit, wealth and income that banks will later haggle over for mortgages, savings and investments.

Don't just look for revenue today. Look at educating kids as the revenue and dividends of tomorrow. In other words, banks could stand to learn a little about delayed gratification, too.

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