

Valuable Lessons: Teaching kids about money and credit

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by Kathy McKimmie

Indiana has the fifth-highest personal bankruptcy rate in the nation. Overuse, abuse and plain old misunderstanding of credit all factor into this abysmal rating. A failing grade of 50 was the average score of school seniors on a national test of personal finance basics, yet 54 percent of college freshmen already have a credit card, jumping to 92 percent by sophomore year. To top it off, the U.S. has the lowest personal savings rate of any major industrialized nation.

To reverse these trends, banks and schools are educating young people about money and credit, and new organizations have sprung up to develop publications, Web sites and programming to help them do it. Through grade school to high school, Indiana's young people will be getting bite-sized doses of learning to help them become financially literate.

Working with schools.

Jim Marcuccilli, president and CEO of STAR Financial Bank in Fort Wayne, says STAR works with Junior Achievement and through the Indiana Bankers Association programs to further financial literacy. Each of its banking centers is free to choose which of the IBA programs it will become involved with. For example, the Greenfield center choose to make a \$300 loan to a grade school class, which bought a retail item, sold it, paid back the loan and donated the profit to charity. "We just appreciate all the school corporations that allow us to become involved," he says. "Any time you can use your career to help educate young people, it's a good thing for the community."

At Centier Bank, with locations throughout northwest Indiana, president and CEO Michael Schrage has always been committed to supporting area schools, says Dian Reyome, community relations coordinator, pointing to his scholarship programs with 18 of them. The commitment went even further, though, when she was hired in June 2004. "My position was created to help partner the bank with the schools. Children need to be taught to save at a very young age," she says. "There are so many credit and financial problems when you get older."

Making learning fun is the key, she says, and activities include money Bingo for third- and fourth-graders and a Jeopardy-style game for older kids. Presentations are made at all grade levels. In fact, one presentation has been made at a preschool, she says, and others in adult-education classes. The IBA's curriculum is used, and the bank also works with Junior Achievement programs.

"I'm hoping to reach 5,000 in the Teach Children to Save program in April," Reyome says, targeting third- and fourth-graders. Last year, the Indiana Teach Children to Save Day reached more than 18,000 children, with 421 volunteer bankers from 59 banks making presentations to schools and youth groups on the basics of money management. Although it's called a "Day" because of a governor's proclamation, Reyome says the activities take place throughout the month, using games and activities to teach the concept of saving, how interest makes money grow, budgeting and distinguishing between needs and wants.

Networking with young people.

New on the scene and ready to make its mark on improving kids' grasp of money matters is Indianapolis-based Networks Financial Institute, an initiative of Indiana State University's College of Business. NFI was established as a not-for-profit organization with a national scope in 2003, the result of a \$20 million, four-year grant from Lilly Endowment. It has three main functions, says executive director Elizabeth Georgakopoulos: financial research; education, including providing scholarships to students in financial tracks; and outreach, including financial-literacy programs with schools.

"Indiana does not have a discrete set of financial-literacy standards," she says, admitting that adding more requirements onto an already chock-full curriculum would be difficult to accomplish. So NFI will identify a set of skills that students need, survey existing Indiana educational standards required in grades one to 12 containing financial-literacy concepts, and then work with teachers in math, economics, business education and other appropriate subjects to accomplish its goals within existing standards. In reviewing an existing math standard, for example, it was determined that the basics of getting an auto loan could easily be worked into the lesson. She's adamant, however, that "certain skills can only be taught by new standards and dedicated time in the classroom." That will be the long-term challenge.

Teachers like the idea of practical applications for learning, Georgakopoulos says. Last fall, nearly 250 of them attended Indiana's first Teachers Summit sponsored by the 10-year-old, D.C.-based Jump\$tart Coalition for Personal Financial Literacy, with NFI involved in the planning. K-12 teachers, school-system administrators and leaders from Indiana state government discussed the challenges of creating a financially literate population and shared best practices.

In January, NFI announced 11 mini-grants, totaling \$5,300, awarded to teachers to pursue financial-literacy initiatives in middle schools and high schools. One such program is the Child Development II (parenting) class at Terre Haute South Vigo High School, where students will learn about the financial burdens of teen pregnancy in its Baby-Think-It-Over Real Care II program.

NFI will roll out a pilot program of curriculum-based financial-literacy models at four to six private schools in Indianapolis this fall. "We'll map together with existing related standards," says Georgakopoulos. "We want to get in without being disruptive."

The goal of promoting financial literacy recently took another step forward with the formation of the Indiana Financial Literacy Coalition. An affiliation involving NFI, the Indiana Bankers Association, Junior Achievement, the Indiana CPA Society and several other organizations, the coalition plans to work with schools, universities, business organizations, associations and the media to promote financial-literacy education. Among upcoming events is a Financial Fitness Fair April 30 at the Gene B. Glick Junior Achievement Education Center in Indianapolis.

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