

**Position Paper:  
FINANCIAL LITERACY**

**BACKGROUND**

The lack of financial literacy can contribute to a lower standard of living in general for many Americans and can result in poor saving, poor spending, reduced job opportunities, excessive credit card use, mortgage default, bankruptcy filing and poor investment decisions. Financial stress can impact relationships, physical and mental health, and could lead to criminal behavior. The past economic crisis and the increasing complexity of our financial system make it clear that strengthening the financial knowledge and skills of our young people is critical to the future success and financial stability of our country. Just like reading and writing, financial education impacts the well-being of every student, as well as the economic and social fabric of our communities.

**THE NEED/CONSEQUENCES**

The lack of financial literacy crosses all economic boundaries from low-income to high-income families. While perceived as a problem of the poor, even well-educated, high-income adults may not know how to properly budget or manage their money and investments well. The buying power of young adults is astronomical, estimated at \$211 billion annually for young people between the ages of 8 and 24 years. With the increased availability of online shopping, gambling and gaming, electronic payments, aggressive credit card solicitation, and email and phishing scams, our children have become a captive audience and easy victims. Therefore, it is important to increase the financial knowledge and capability of all our students. Students need to learn about earning and spending, saving and investing, making wise credit choices, paying for college, and recognizing and avoiding financial fraud.

**WHAT WE NEED TO DO**

PTA must advocate for effective financial literacy laws and for age-appropriate financial literacy education in our schools. Financial literacy is a complex subject that requires sufficient education. PTA should work to increase financial awareness and self-reliance in the school and community, by providing programs for students and their families at all age levels. Parents must also set appropriate examples through proper budget planning, smart spending, financial goal setting, saving and investment.

Currently, the only required curriculum related to financial literacy is offered in a half year course in economics at the high school level. Some groups (see the NYS PTA website) have proposed national standards. PTA must encourage the NYS Department of Education to set guidelines for P-16 financial literacy education. Local school districts must expand the scope of the existing P-16 curriculum, and develop materials, guidelines and staff training to implement age-appropriate programs of instruction on personal financial literacy. Financial education should include an understanding and the appropriate skills relating to the roles of money, credit, budgeting, financial planning and other relevant personal finance management topics.

PTA should forge partnerships with schools and local community organizations, such as banks and credit unions, to offer financial literacy programs for all age levels. Many of these organizations have curriculums already in place and will partner with schools to offer free programs. PTAs can tie financial literacy to core critical thinking skills and Internet Safety programs that can warn about phishing schemes, easy credit or “too

good to be true” offers. PTA can also offer programs that can help parents work with their children to learn the necessary skills. There are many online resources available that describe financial literacy standards, needs and programs. See the NYS PTA website for a list of program ideas.

Topics for PTA awareness programs could include:

- How to use childhood allowances
- Part-time jobs
- Savings and investment
- School banking
- Car loans and credit based purchases
- Cost of and how to pay for insurance, college and other major life expenses
- Financial goal setting and money management skills for life after school
- What is bankruptcy?

Adopted 07/10  
Amended 11/17