

# FINANCIAL LITERACY IN SCHOOLS

## - Allistar Walker

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Is school the right place to teach our kids financial literacy and financial coping skills or should that be left up to themselves to seek out the appropriate information? I believe that financial coaching should be an integral part of the education process, yet many educators will say they will have to drop something from the syllabus. What a load of twentieth century baloney. Isn't the purpose of school was to prepare us for working life of which reading, writing and math are but a part. Rather than drop something, maybe the syllabus needs to be extended and some of the administrative paperwork that bogs teachers down, be dispensed with. Furthermore, outside experts could be brought in to teach finance and lifestyle skills, which are essential to our economic wellbeing. Were these skills better understood would we have 80% of our population retiring with insufficient cash of their own? Would we have had people lose so much money with the likes of Blue Chip and Hannover? Would we have people getting seriously ill or dying without some sort of insurance protection plan in place? Would so many people have uninsured property?

Above all our savings record would not be one of the worst in the western world. Perhaps if Abel Tasman had laid claim to New Zealand, we would be like the Dutch – thrifty and careful with our money.

Financial literacy in schools is no longer an option, it is a necessity. In my work as a Mortgage and Insurance Adviser, I all too often see little evidence of informed budgeting or a life plan setting out realistically achievable financial goals. If you are as old as me, you will remember the old Post Office Savings Bank collecting savings at school before ASB came along and did a similar thing. These sorts of things create habits, which are best imbued in us when we are young. Also kids' eyes can be opened to what is achievable in later business or working life. Surely it is just as important to show how the prudent use of money can provide the fuel for the dream. Money is not the root of all evil, but improper use of it can be.

There are people (not teachers) who are already working with schools extra-curricularly, such as the Duffy twins ([www.duffyclub.co.nz](http://www.duffyclub.co.nz)). Also Tony Falkenstein, philanthropist and director of Just Water works on business models with secondary school pupils and Unitec students.

We are in the process of modifying our seminar series for employees as we have found employees with good money habits make better and happier employees. Many adults comment that the sort of thing we do should be taught in schools, almost accusing the system of being negligent toward their education. The habit is the key and so many of our habits are formed as we are formed.

Being into a new year and a new decade, it is timely to plan ahead to avoid nasty surprises at certain times of the year and in future years. Do you need to consolidate debt because of past overspending – it is easier to repay one debt than six or seven? Consolidation though, is not always the best solution as it can attract more fees and dig the hole deeper. Have you budgeted for a 'reserve funds' account, or checked that you are not paying too much for the likes of insurances and mortgages or loans? An unbiased broker or adviser like us could be a first step in this process toward a solution.

The pace of change and increased consumer temptations make budgeting and a living lifestyle plan essential in today's environment – essential that is if you wish to make the most of your potential. I would go so far as to say, even more important than some of the stuff taught at school, as one's financial nous will determine how far one goes in life and be able to survive a long retirement.

*Care has been taken to ensure that any information is accurate. No liability is accepted for its use. Enquiries are welcome. Allistar Walker is a Senior Fellow of Financial Services Institute of Australasia and an accredited mortgage/insurance advisor. His full disclosure is available free at [www.mortgagehelp.co.nz](http://www.mortgagehelp.co.nz) or he can be contacted at 410 6023 and [enquiry@mortgagehelp.co.nz](mailto:enquiry@mortgagehelp.co.nz).*