

# [Financial education is a recipe for success](https://assignbuster.com/financial-education-is-a-recipe-for-success/)

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What is the idea of financial literacy? Financial literacy is simply understanding how money works. However, 17. 8% of American students proved to be financially inept, as they could not answer basic financial questions in an assessment provided by the Organization for Economic Cooperation and Development (OECD) (Bidwell). Why is the percentage so shockingly high? Why are American students naive when it comes to understanding how money works? It is undoubtedly baffling.

The lack of knowledge of financial literacy cannot remain any longer. In a country filled with unlimited opportunities, American students must learn financial literacy education and must learn the skills if they want to reach their highest potential. Making proper finance-related decisions, benefitting an individual’s health outcome, and preparing for a quality future make it necessary to have a financial literacy education accessible to all students in the country. A financial literacy education will allow students to learn about making finance-related decisions. The students will have information on a wide variety of money-related subjects that will allow them to understand managing, investing, and saving. In 2012, the OECD administered a financial literacy examination to approximately 29, 000 fifteen-year-olds in eighteen countries.

The participants in the US scored well below the international average, and these results show a major concern to the country especially since the country is experiencing a great amount of debt (Bidwell). The students’ lack of knowledge later could result in an approximate $26, 000 for college tuition, according to the Institute for College Access and Success, an organization that strives to make quality education more affordable for all people (Denhart). Therefore, implementing a financial literacy education would assist students in making decisions that would avoid a stunning, staggering, stupefying amount of loans. Later in 2012, Higher One, an organization intended to help promote the importance of financial literacy programs, released the results of another study done on 65, 000 students who were actually educated in financial literacy. Unsurprisingly, the students scored higher in the financial literacy assessment than their uneducated colleagues (Malcolm). This study demonstrated that the students who scored higher also had the knowledge of money management by making intelligent decisions, which are critical skills that students in our current society must possess.

Finally, at Southern Garrett High School in Oakland, Maryland, Lisa Bender, a marketing teacher, made national news when she received a $41, 000 grant for financial literacy education (Malcolm). With the grant money, she implemented new forms of technology into the classroom. She also created “ SMART Goals,” for the students (Specific, Measurable, Attainable, Relevant, Time-Bound). This teaching strategy allows her students to have realistic goals in their lives under a controlled budget. Therefore, students must have a financial literacy education in the classroom, as it will help them make informed decisions about money and finance.

Furthermore, public schools must have a financial literacy education for students because financial issues will negatively affect an individual’s health outcome. People may think that financial issues only affect the amount of debt, but it will subsequently result in health-related problems. To begin with, financial issues (i. e., “ poor, not enough to get by”) are a strong predictor of an individual’s depression, anxiety, and suicidal thoughts. The odds ratio for depression is 1.

64, anxiety is 2. 86, and suicidal thoughts is 2. 33 for the participants who reported that it is due to an issue with finance (Eisenberg, 539). An odds ratio that is greater than one indicates that the event or condition is likely to occur (Eisenberg, 539). These statistics of the odds ratios show how the issues of their own financial health are affecting their personal health due to the significant amount of stress that an individual has to cope with.

Also, in a 2008 Associated Press (AP) Poll, 27% who reported that financial issues (e. g., high debt) caused them certain health issues, including ulcers, digestive problems, and other dire health problems (Debt) as painful as the word “ death,” or “ cancer.” Again, the patterns of increasing financial issues are correlating with increasing health concerns. Finally, according to the Health Affairs Blog, a blog run by the health care journal, consumers with a low level of financial literacy may not take advantage of government-supported health benefits or subsidies (Bauhoff).

Although the Affordable Care Act provides low-income people with health care, they need a plausible level of financial literacy or their quality of health will notably wane. Consequently, not only will financial education be beneficial as students make financial choices, but is also absolutely crucial for students to have in order to avoid potential harmful symptoms. Lastly, a financial literacy education will allow students to shape and prepare properly for their future. For example, Cherish Cornish, a veteran in the Iraq and Afghanistan War, spoke on how she became homeless, as all of the responsibilities of paying bills and budgeting were completely new to her. She simply did not have to deal with this in the military. Veterans make up approximately 11% of the adult homeless population, living a lackluster, lethargic life (Nchv).

According to Eric Elbogen, a Ph. D. at the University of North Carolina Chapel Hill Medical Center, veterans are not only affected by drug abuse that leads them to be homeless but also states that a difficulty of financial understanding is another significant factor to why veterans are living in such poverty (Elbogen). It is quite tragic. Veterans who fight for the United States could end up in rags due to a lack of financial knowledge. The veterans clearly demonstrate that the students need to have a financial education since students do not want to end up in poverty.

Secondly, the Wharton School of Business at the University of Pennsylvania claims that with the use of linear regression graphs, financial literacy education is positively matched with wealth accumulation (Behrman). Financial literacy education will not only positively contribute to a better future, but it will also lead positively to wealth outcomes. In addition, there have also been many celebrities who did not possess the financial acuity to maintain their wealth. For example, Allen Iverson, a former professional basketball player, reportedly has gone bankrupt after earnings of $200 million in his career (Crotty). This is another classic example of the incompetence of financial knowledge. Students need to be learning, discussing, and contemplating this issue so they can avoid Allen Iverson’s mistakes.

In our current society, or any society in history, who would not want to be wealthy? Investments in financial literacy education will have large benefits and payoffs. As a result, public schools need to have a financial literacy education, as it will potentially lead students to a promising future. Many people believe that a financial literacy education in public schools does have its downsides, including paying the expenses to hire qualified teachers. However, this is actually an intelligent investment to make. According to Marketwatch, a website that provides the news of different stocks and businesses, investors have lost approximately $200 billion due to their incompetence of financial literacy (Gold).

Obviously, investors would earn loads of cash rather than lose millions of dollars. However, Howard Gold, a columnist for Marketwatch, claim that they burn a hole in their pocket because they do not know the knowledge that is necessary. This astounding statistic proves why students need to learn. Without many actions, students in the future may be the next victims. Although it does require the expenses to pay for new labor in schools, education will allow students to make correct investments in the future, and possibly prevent another economic or financial recession. Every student in our country deserves to live a successful life, but they must learn how to make the financially correct decisions in life.

Financial literacy is crucial for students, as they will have information on making the correct choices, not be under huge amounts of stress due to their finances, and have a better-prepared future. A financial literacy education is as vital to a student as food. We must implement this form of education in public schools immediately. Please contact your school’s principal or superintendent to inform them that financial literacy as an absolute necessity for all students.