

# Richmond Times-Dispatch

## **Financial literacy is more important than ever**

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Starting with the fall of 2010, every Virginia high school student will have to take a one-credit course in personal finance and economics.

The hope is that students leaving high school will have an understanding of credit cards, loans, interest rates and other financial matters -- knowledge that is ever more valuable in these volatile economic times.

"There's not a lot of young people that can manage their finances," said Wayne Adkins, president of the Virginia Jump\$tart Coalition, which formed in 2005 to improve financial literacy among Virginians. "They turn into adults that have the same problem."

In recognition of that problem, then-President George W. Bush created a nonpartisan advisory council on financial literacy in January 2008.

It was a month after the recession began, though the worsening economic situation had yet to be labeled. The risks of having citizens without an understanding of how the economy worked, however, were becoming clear.

"While the crisis has many causes, it is undeniable that financial illiteracy is one of the root causes," the council wrote later. "Sadly, far too many Americans do not have the basic financial skills necessary to develop and maintain a budget, to understand credit, to understand investment vehicles or to take advantage of our banking system."

As evidence, the council quizzed more than 46,000 high school students nationwide in May 2008 about personal finance issues.

The average score: 56 percent.

"You need to stop the flow of uneducated people coming into the workplace before you can get a handle on it," Adkins said.

From coalitions to school departments and federal agencies, organizations are working to better prepare students and adults for financial challenges.

Now that Jump\$tart has gotten its way with the graduation requirement, the coalition of business, government, nonprofit and education volunteers will focus on providing teachers the training they need to craft appropriate lesson plans, Adkins said.

"The more people know, the more informed their choices are," said Melanie Rose, manager of economic education at the Federal Reserve Bank of Richmond, which works with schools, teachers and the general public to spread the word about economics and financial literacy.

The Fed's economic education department focuses on kindergarten through 12th grade and college programming. A lot of effort is spent training teachers through webinars, seminars and other outreach programs.

"If we reach one teacher, they reach 25 students," Rose said.

The Fed's community affairs department tackles issues and offers forums, programs and resources. Much of the department's focus these days is on consumer protection, foreclosure and the prevention of foreclosure scams, said Kim Zeuli, the Fed's assistant vice president of community affairs.

"We're really trying to give people the tools they need to make informed decisions," Rose said.

The Fed also partners with other agencies such as the Virginia Council on Economic Education, which operates out of Virginia Commonwealth University. Each year, the council leads more than 200 seminars that reach more than 4,000 teachers.

The intent is to teach economics and personal finance to students in ways that will stay with them. The organization also sponsors events and games. In the Stock Market Game, for instance, high school students are given a hypothetical \$100,000 to invest, tracking returns and losses.

A program for elementary school students is about entrepreneurship. In the Mini-Economy Market Day, students market and sell products they conceive and produce.

Adults also can take advantage of many resources.

Several groups offer free credit counseling and financial education.

"My view is that financial issues in families are responsible for more ills than anything else," said David Jones, president of the Association of Independent Consumer Credit Counseling Agencies, based in Fairfax.

Members of the association provide free economic education and financial planning services. ClearPoint Credit Counseling Solutions in Henrico County is one such agency.

"Having money isn't enough," said Bruce McClary, ClearPoint's media-relations coordinator. "You have to know what to do with it to be successful."

The Virginia Society of Certified Public Accountants also provides workshops and seminars, and it hosts information tables at events and outside stores, said Phil Umansky, an associate professor with Virginia Union University's Sydney Lewis School of Business and a member of the society.

The group publishes a Financial Fitness calendar that provides reminders of when to take certain actions -- begin collecting tax information, file for college financial aid -- and definitions of key economic terms.

Umansky is part of the society's speakers bureau, which offers seminars and workshops each year about personal finance and economic education.

"It's important you understand how the economy works," he said. "The more you know about it, the better life you'll have."

McClary echoed that sentiment: "There is a cost to not knowing what to do."

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