

Teaching kids dollars and sense

● Are financial education lessons sinking in for the state's students? Apparently so, but it's just getting started.

EVERYBODY'S BUSINESS KARA MCGUIRE



April is financial literacy month, and as I headed out to Calvin Christian School in Edina to watch a banker teach fourth-graders about money, I was prepared to be underwhelmed.

Studies have shown that our country's kids don't know much about money. More than half of the high school seniors who take the Jump-Start Coalition for Personal Financial Literacy quiz receive a failing grade. My guess is that lots of their parents would fail, too.

After 30 minutes in Miss Wielen-ga's fourth-grade class, I was about ready to have her students write this column. They nailed every question asked by Craig Veurink, a regional sales manager for U.S. Bank — one of many bankers who plan to speak to school kids this month.

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What's the difference between a need and a want? Well, food is a need, they decided, while they reluctantly but rightly labeled the Nintendo Wii as a want.

What do you do with an extra \$25? "Maybe you can split the \$25 in half," pondered one girl. "To save and spend."

In recent years, everyone from Visa to the Federal Reserve has gotten into the financial education business, offering anything from old-fashioned pamphlets about safe banking to computer games with money themes.

Are the kids at Calvin proof that these efforts are working?

I think any financial education efforts can help. But they can only help so much.

It's like eating right. People know eating an entire pizza will make you fat just as sure as spending more than you earn will make you broke. Still, plenty of people say yes to extra pepperoni or to another credit card.

Kara continues: Teaching should begin early to take advantages of children's desire to learn. **D3 ▶**

Teaching kids dollars and sense seems to work well, but lessons must be taught more widely

◀ KARA FROM D1

The desire to learn is key, said Richard Todd, a Federal Reserve Bank of Minneapolis vice president. He is one of a handful of state financial literacy leaders I asked about how to teach kids to spend and save wisely.

Here are a few of their ideas:

Start early: Many financial education efforts are geared toward high school or college students. One state senator would like to see some state colleges require a personal finance crash course.

Claudia Parliament, executive director of the Minnesota Council on Economic Education, figures the focus is on young adults because "that's where we really see the pain." But if it were up to her, she'd like education to begin at the K-12 level, before there's a problem to fix. "Little kids

can pick up really big ideas. They love big words. They love to learn about opportunity cost," said Parliament, whose organization trains teachers how to explain economics using children's literature. (For those who missed that unit in school, opportunity cost is the next-best alternative, or what you give up to make a choice.)

Teach it in schools: At parent-teacher conferences, parents tell Jim Eisenreich that his personal finance course at Eden Prairie High School is invaluable. They say students "need to hear it from another voice because [parents] are telling them all the time what they should do," he said. Eisenreich, who is working to get the word out about Minnesota's financial education resources as president of the recently formed Minnesota chapter of the JumpStart Coalition, would like to see a course like his in all Min-

nesota high schools.

Numbers count: For financial literacy to be a success, students can't fear math. Money smarts begin with "making kids comfortable with numbers," said Todd. Otherwise, they'll shy away from important concepts like compound interest and time value of money.

Stop calling it financial literacy: Barb Iverson, president of North American Financial Services for public relations firm Weber Shandwick, worries that people don't understand what financial literacy means, failing to connect the jargon with knowledge they could use, such as understanding how credit cards work.

How do you teach your kids about money? Tell Kara McGuire: 612-673-7293 or kara@startribune.com. Visit Kara's blog: www.startribune.com/kablog.

« LITTLE KIDS LOVE TO LEARN ABOUT OPPORTUNITY COST. »

Claudia Parliament, executive director of the Minnesota Council on Economic Education