THE FACTS ON EDUCATION

How can teachers and parents help students build up their financial literacy?

As the financial landscape becomes increasingly complex (e.g. debt repayments, mortgages, line of credit, retirement savings), children and youth require a wide range of skills and knowledge to be able to successfully make informed choices about money that will serve them well as adults. School is crucial in strengthening students' financial literacy skills including practical lessons about money. Research has shown that financial education tends to improve financial confidence and increases positive changes in financial behaviour such as saving and investing money. This is important for overall financial freedom and wellbeing: feeling in control of your finances and having the flexibility to make choices that allow you to enjoy life.

HERE ARE FOUR KEY TIPS TO PROMOTE STUDENTS' FINANCIAL LITERACY SKILLS:	
1. It's never too early to start	Financial skills are complex, but having conversations with children early on can help them understand the value of money. One easy way to teach this is to encourage them to think about what they could buy if they were to save their money, instead of spending it on toys or a treat. Metaphors like, "*Money does not grow on trees, but if you put it in a bank, it could grow like a tree*" are good ways of communicating about money to young children.
2. Teaching is not enough – practice matters	Learning through practice and receiving feedback, especially negative feedback, results in better learning than simply learning from a textbook. For example, using a mock credit card or creating a mock investment portfolio for students to track. Parents can also get children and youth involved with tracking household bills and expenses, which can help create healthy financial habits.
3. Make it easy and fun	Financial education can easily be integrated into existing subjects such as math or social sciences. Using games and apps can make learning about money more engaging and allow students to learn how to make informed decisions, receive feedback, and understand the consequences of their choices (whether positive or negative).
4. Recognize that the last two years of high school are crucial	Students will soon be making independent financial decisions. The last two years of high school is the right time to ramp up your efforts by getting specific about debit cards, bills, debt, budgeting, and savings. This is also the time to engage in deeper conversations about money and consider the social and cultural taboos (i.e. the belief that talking about money signals vulnerability or feelings of being judged) that prevent families from discussing money matters. Fostering openness will allow for better confidence in financial decision-making.

Building up students' financial literacy is critical not only to their understanding of personal finances, but also to their role in the local and global economy as consumers, employees, and employers. Teachers and parents have an important role in equipping students with the knowledge and skills to make healthy and informed financial decisions. Setting simple, age-appropriate goals that focus on the value of money, the importance of budgeting and saving, and evaluating the consequences of financial decisions, sets the foundation for students to become financially confident adults.

For online resources and references please visit:
www.edcan.ca/facts-on-education

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The Facts on Education Series is produced with a generous sponsorship from the Canadian School Boards Association and the Desjardins Foundation.

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