

## FINANCIAL LITERACY OVERVIEW

\* From 1990 to 2000, the rate of personal bankruptcy in the United States rose by 69 percent. It appears this trend will continue, supported by recent statistics showing a 19.2 percent increase between 2000 and 2001. (<http://www.abiworld.org/release/4q01.html>)

\* High school seniors taking part in a 2002 national survey of financial knowledge, sponsored by the Jump\$tart Coalition for Personal Finance, scored an average of 50.2 percent—a failing grade. Scores have been declining since the first survey was administered in 1997. ) Jump\$tart Coalition for Personal Financial Literacy, The 2002 Personal Financial Survey of High School Seniors.)

\* The United States reportedly has the lowest individual savings rate in the industrialized world. (Don M. Blandin, president of the American Savings Education Council, testifying before the Senate Committee on Banking, Housing, and Urban Affairs on Financial Education, Feb. 6, 2002.)

In a lecture by Dr. John Perkins, founder of the Christian Community Development Association, he gave a frequently used remark that if the poor of the world were given all the wealth of the rich, the money would be returned to the rich by the next day. His point was to argue for holistic economic development and empowerment, not simply a blind redistribution of resources. Such holistic economic development involves many levels - personal, community and societal. In the case of financial literacy, the emphasis is on the personal level. There is a strong need to teach people, especially youths, the skills to manage and save their money. This is even more urgent in the urban context where there are few role models and a disproportionate lack of business ownership and sound financial investment strategies.

Financial literacy involves the knowledge and skill to handle basic money matters such as banking, checking and savings and could also include basic investment and entrepreneurship. It has become a major issue of late in the US with a plethora of TV and radio programs, websites, books, articles and programs dedicated to teaching people, especially youths and people in low-income communities, basic money managing skills. Even the government has shown a vested interest producing legislations such as the Savings are Vital to Everyone's Retirement (SAVER) Act of 1997, which established a series of national summits (the latest in 2002) on the topic, and the No Child Left Behind Act of 2001, which officially highlighted the need for financial education in schools.

While momentum is moving in the right direction, there is still a great deal of work to do in systematically teaching financial literacy skills to our youth, especially urban and ethnic minority youth, so that there can be a more just and long-term redistribution of wealth.

### QUESTIONS FOR REFLECTION & DISCUSSION

1. What are your reactions to this overview?
2. Do you agree that there is a need for teaching financial literacy to youth, especially in the urban context? Why or why not?

3. Who or what helped shape your financial literacy? How has it given you or not given you a healthy and knowledgeable attitude toward money and stewardship?

4. What role should those working with youth take in teaching financial literacy? What are some creative ways they could teach it or partner with others to teach financial literacy?

#### IMPLICATIONS

1. If we care about the holistic development of youth and their communities (meaning spiritual, emotional, intellectual, physical, social, etc.) than financial literacy should play a role.

2. There are many Biblical principles and character development applications that can come from teaching financial literacy.

A source for this overview comes from "Perspective on Financial Literacy"  
(<http://www.nefe.org/pages/whitepaper2002symposium.html>)

Christen B. Yates cCYS