

Financial Literacy and the Future of The Mercadien Foundation

by Christopher Seiz

Having just concluded National Financial Literacy Month doesn't necessarily mean we're off the hook for the rest of the year on personal financial knowledge. April was a time to celebrate and contemplate personal finance, but it's important to keep this topic on our radar throughout the year. Financial capability is still a taboo subject in much of the U.S., but the trends in recent years have begun to remove the stigma surrounding personal finance and open the conversation to change. April has been designated National Financial Literacy Month since 2004 as an attempt to talk about personal financial health, encourage learning of new financial skills, and improve personal financial well-being.

Since the economic meltdown of 2008, several states, including New Jersey, have created high school graduation requirements in personal finance or entrepreneurship, with the goal of getting students thinking about money and introducing them to the financial decisions they will ultimately face. New Jersey's graduation requirement has only been in effect since 2009, so it's still too early to evaluate the success of the new educational standard. It's not just students who need to think about personal finance -- the average adult makes about a hundred financial decisions every day -- but they may benefit most from financial education as they have their whole lives ahead of them. With this in mind, The Mercadien Foundation has created the Money\$peak program.

Developed in partnership with Rider University, Money\$peak is an extracurricular competition program for Mercer County high school students paralleling the personal finance curriculum standards established in New Jersey. With an emphasis on bringing additional buzz to personal finance education and experiential learning to high school education, students working in teams will create presentations that show mastery of a core concept in personal finance and compete against other student teams for scholarships and awards.

There are many ways for adults to get involved in financial education. The Money\$peak program is one opportunity for students to learn about personal finance, but this doesn't mean parents shouldn't begin teaching financial skills at home from a young age. Kids that learn to save early tend to do far better with financial stability over the long-term and it's their parents who help to solidify these early skills. Adults across the U.S. need improved personal finance skills, too.

Almost everything we do involves a decision about money, and making financial mistakes can have significant and long-lived consequences. But how do we become more knowledgeable about personal finance? Some would say trial and error is the only way; that someone learns about credit when their interest rate jumps 15 points because of a late payment, or about the consequences of overleveraging assets when a home is foreclosed on. Others hope to use education before problems arise to better equip individuals for the financial world ahead. Although financial education tends to be geared toward high school students, there's no reason it shouldn't include everyone.

Financial decisions range from fractions of a penny (whether to turn out the light when you leave a room) to thousands of dollars (how much to save for retirement). There are a few key areas that will benefit from a quick review. Generally, reducing your debt-to-income ratio is a good way to move toward saving more and spending less. It also means that as your ratio changes to include less debt over time, you'll be saving more while spending the same amount. The savings is exponential. Reducing high-interest debt is a good starting point and sticking with your plan is key. Individuals will see their financial situation change quickly and dramatically with a plan, but having one is the most important first step.

There are numerous resources for obtaining additional personal financial information and soon, The Mercadien Foundation website will have more resources to help. The site was recently redesigned to include news, programs and tools for individuals interested in improving their personal financial capability. Individuals should look at personal financial knowledge as an important and life-altering continuing process that doesn't stop when the school bell rings. Even financial professionals continue their education; why shouldn't you?

The Mercadien Foundation is a 501(c)(3) nonprofit organization whose mission is to create philanthropic and innovative programs to benefit the Mercer County community and New Jersey with a focus on personal financial literacy and capability.

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