

It's a numbers game

Financial knowledge is a basic life skill and something that everyone, particularly students, should have access to, believes Lyn Morris, national director of financial education at the Young Enterprise Trust.

"It is absolutely critical that students get taught basic financial skills at school," she says. "The Young Enterprise Trust has done a number of surveys and the results indicate that knowledge levels are pretty low. In 2001, 52 per cent of students surveyed failed our financial literacy test and another one we conducted last year for the Institute of Financial Advisers showed very little improvement."

The financial sector in New Zealand has undergone a number of significant changes over the last 30 years, with changes to bank accounts and the introduction of KiwiSaver, and information on these changes is often not being passed down by parents.

"KiwiSaver and the concept behind it is a prime example," says Morris. "It is encouraging people to save but many people don't realise that managed funds are not guaranteed. It's also not compulsory to join but many end up joining because they think they have to. There is a lot to understand just around the introduction of KiwiSaver."

Confusion also reigns around debt, saving and credit cards for New Zealand's young people. A 2009 Young Enterprise Trust survey found the majority answered questions on credit card interest incorrectly and showed limited understanding of the implications of not paying the balance off in full each month.

"Students are being socialised into debt," says Morris. "It was only a generation ago where it was the norm to save for big purchases and going into debt was avoided at all costs. Yet we now have a culture of taking on student loans, hire purchases and credit cards and kids are running up huge debts that they will spend years paying off."

To help start the process of thinking about credit cards, mortgages and enterprise, a number of businesses and groups have developed teaching resources to help teachers introduce financial concepts from an early age. These resources fit across a broad range of curriculum subjects, including maths, technology, social studies and languages.

The Retirement Commission, for example, released a set of education resources specially developed for secondary school students in 2009. The resources are designed for teachers to use with Years 11-13 students and cover credit

cards, mortgage, budgeting and savings. They complement financial capability resources for Years 1-10 students, which went live on the Ministry of Education website at the same time.

"We need to encourage and support teachers to use the resources available. We also need to encourage parents to talk to their children about money matters," says retirement commissioner, Diana Crossan.

Younger students can also learn basic financial skills through the ASB's new GetWise programme, developed for students in Years 1-10. GetWise is based on a highly interactive workshop model developed specifically for New Zealand primary school children. The workshops look at how people earn money, provide an introduction to saving and help students develop the skills to deal with immediate financial situations, such as buying items at the school tuckshop.

The Young Enterprise Trust has been providing financial education resources since 1996 and currently offers resources for students in Years 4-8 and for secondary school students. It plans to release a new set of resources targeting the youngest students early this year.

In the primary area the resources focus on the literacy and numeracy

strategies that the Ministry has highlighted as being important. Story books and board games form the basis of the resources.

The secondary school programme was initially set up to target those who were likely to leave school early and provided them with budgeting, banking and day-to-day money management skills. The programme has developed to include a series of lessons for junior students that teachers can download and integrate into existing learning and an information resource on KiwiSaver endorsed by the IRD. The trust has also been instrumental in developing the personal financial management unit standards registered on the NZQA website.

These resources, if used in the classroom, will contribute to the financial knowledge that students today desperately need.

"If students have control of their money and know where they are going then they will be in a stronger position than someone who hasn't," says Morris.

"The process of achieving a goal is empowering. To do that you need to have the skills, the knowledge and the mindset and with financial goals, that education needs to start at school." **SD**

By Rebecca Wood

