

SPECIAL REPORT

Your Money. Your Life. Part 2



East Montpelier, Vermont - November 6, 2008

These students at U-32 High School are learning something most people never learn in a classroom -- how to manage money. This day's lesson -- credit cards. How to get one, and how to use one responsibly.



"I learned so much in this class," said Bryan Baker, a junior. "I know what credit is, and before I didn't really know what it is." "How many teenagers are already in debt, between the ages of 16 and 18 -- it's pretty surprising," junior Brittany Foss said. "I didn't even know teenagers had credit cards."



Foss doesn't have a credit card and tries to save all the money she earns babysitting on the weekends. She says it's empowering to learn about money.



"I don't want to have to depend on other people to pay for what I want to do or what I need to do," she said. "I just think it's important to be independent."



The state treasurer's office says U-32 is one of only about 50 schools in Vermont that offer classes in financial literacy. Most schools don't teach it, and experts say people don't necessarily learn about personal finance at home either.

"I liken it to sex education," said Art Woolf, an economist and professor at UVM. "It's vitally important, and if you make a mistake, it's going to cost you something for the rest of your life." Woolf also helps teachers integrate personal finance into their curricula through the Vermont Council on Economic Education.

"It's something parents and kids should talk about but they don't for a variety of reasons," he said. "We don't teach it very well in schools or in very many schools, and so kids kind of learn it on the fly and they make mistakes. The problem is, when you make a financial mistake it can take you years to recover from it, as we're seeing right now with the whole foreclosure mess that's going on."

Woolf says parents may not be comfortable talking to their kids about money or sex. So the schools teach sex ed -- but they don't necessarily teach kids about money.

"What does an interest rate of 18 percent mean? When does that kick in? How much is something going to cost me if I use a credit card?" Woolf suggested. "Those are really important issues that most of our kids have no idea how it works."

In the U-32 class, students wanted to augment what they had learned at home. "My parents have taught me some stuff," Brittany Foss said, "but they don't really go in-depth with stuff."

Financial educator Judy Branch says parents don't talk about money with kids because they may not be confident in their own knowledge. "I think parents are afraid to talk too much to their children about how they manage money because if they said if we can't afford that or we don't have the money for that it's going to make their children afraid," she said. "And parents, their number one ability is to protect their children."

Branch leads workshops in personal finance for the UVM extension service. She says families can make financial decisions part of everyday conversation, and that can take the mystery out of money. "There's all sorts of ways parents can begin with their preschoolers," she said. "When they pull out a credit card they need to just comment that this credit card represents money we've earned or that we're going to going to earn."

Good habits developed in childhood can pay off into adulthood, Branch said. Concepts like saving versus spending and wants versus needs can be grasped at any age.

"Checking accounts, savings, loans, security deposits, everything we've learned is so helpful," said Renata Wheeler, a senior at U-32. She is saving 50 dollars a week from her waitressing job for long-term goals like traveling and going to college. She says she's confident she'll be ready to make good decisions, saving herself from the financial mess she's seen on the news. "It definitely is up to our generation to fix it," she said.

There is a wealth of information online about teaching kids about money. Experts recommend sites with tags of .gov or .edu, which are not trying to sell a product. Two such sites -- www.vtjumpstart.org and www.mymoney.gov.

The non-profit organization called the Vermont JumpStart Coalition for Personal Financial Literacy is hosting a conference geared toward showing parents and educators how to understand money matters and how best to share it with young people. That's next Wednesday, November 12, at the Sheraton Hotel and Conference Center in South Burlington.

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