

Cash Classes could make kids £32,000 better Off

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News Story

In 14 of these states – Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Nevada, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, Texas, Wisconsin – the legislation specifically required teachers to cover topics relevant to household decision-making, including budgeting, credit management, balancing chequebooks, compound interest and other investment principles.

Controlling for other factors, those who received financial education at this stage had significantly better financial outcomes and behavior by age 35 to 49, compared to those who did not: they were better off (in terms of higher net worth) by about a year's worth of earnings and tended to save about 1.5 per cent more of their income each year.

The US also has The National Endowment for Financial Education High School Financial Planning Programme set up in the late 1990s. It is a comprehensive, seven-unit curriculum, designed primarily for high schools, reaching nearly 400,000 students each year. The course lasts about 10 hours and covers the basic concepts of financial planning and how they apply to young people. An evaluation in 1999 revealed that this has a demonstrable impact on the knowledge and behavior of participants. After three months:

- 47 per cent knew more about credit costs than they did before the programme and 38 per cent knew more about investments.
- 37 per cent improved their skills for tracking spending
- 45 per cent started saving or began saving more (Danes *et al*, 1999).