



Consumer Credit Counseling Service  
of Maryland and Delaware, Inc.

**FOR IMMEDIATE RELEASE**

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*Helping people help themselves through Education, Financial Counseling and Debt Repayment*

## **WHEN IT COMES TO TEACHING YOUR CHILD ABOUT MONEY, START EARLY**

### **Young Adults Need Financial Knowledge to Succeed in the Real World**

**(BALTIMORE, MD)** - As schools let out for the summer, many Maryland teens are preparing to leave home for the very first time. Whether they go on to work or to college, all of these young adults face the same challenge: How to rise above today's complex and undecided economy. Financial awareness is one key to meeting this challenge, and those students who already have money management knowledge and skills are more likely to succeed. "The earlier we become financially informed, the more likely we are to gain economic security and to avoid the bad habits and poor decisions that may lead to bankruptcy or foreclosure down the road," Jim Godfrey, President and CEO of Consumer Credit Counseling Service of MD & DE (CCCS), a local 501(3)(c) nonprofit organization.

But where do children learn these vital lessons? In a recent Charles Schwab survey, 82 percent of the teens who were polled said they learned to manage money at home; 65% said they learned through real-life experience, and 49% said they learned these skills at school. Obviously, both parents and teachers play a vital role.

**Decision Making Begins at Home.** According to Mary Ann Hewitt, Executive Director of the Maryland Council on Economic Education (MCEE), "The basis for understanding how to manage your money or your life begins with decision making. Even preschoolers can be taught this concept using simple choices: 'Do you prefer juice or water?' Once a child gets older, decision making becomes more complex; it goes beyond just choosing between two clear options. It involves determining what you're getting and what you're giving up - or the cost and benefits of each choice. Kids need to understand that before you become Michael Phelps, you have to pay a price -- you have to first put in the hours and hours of practice. In this case, *time* is the cost. Children who learn to weigh what they are giving up to get what they want are more likely to make sound financial decisions later in life."

Jim Godfrey recommends that parents use real-life experiences to teach informed decision making. "If you have young children, let them help you make the grocery list; then carry the lesson a step further when you go to the store. Use this setting to discuss the difference between needs and wants. Encourage them to think through spending decisions and to avoid making impulse purchases."

Parents also can use an allowance as a teaching tool. Godfrey suggests giving an allowance as early as it's practical, and then encouraging children to save and spend wisely. Hewitt concurs, "Teach them for every dollar you earn, you save a dime. Also teach them how to set up short and long-term savings goals. For example, you might say, 'Let's think of something you can save for in a few weeks. Now, let's think of something else you can save for in a few months. This will teach them skills they'll need later, such as when it's time to save for a car, a home, or for retirement."

**Financial Education Continues at School.** Learning money management begins at home, but for many children, it doesn't stop there. Sometimes parents lack financial knowledge themselves or they may have trouble getting past the "lecture phase" of teaching. Other times, they may be working so hard to put food on the table that they just don't have the time to devote to ongoing lessons. In these situations, financial education at school becomes crucial.

Many states, including Maryland, do not require that students receive mandatory personal finance education in school. As a result, community groups and have tried to fill the gap. For example, CCCS sponsors a program under which the MCEE provides teachers (K-12) with training and resources so that they can incorporate economic and financial concepts in their classes. Organizations, such as the Maryland Coalition for Financial Literacy, also supply educational resources and advocate for public school systems to institute a more formal approach.

This past year the Maryland Board of Education did adopt regulations requiring local school systems to offer a program of instruction in financial literacy for grades 3-12. These new regulations go into effect in September, 2011. According to Senator Katherine Klausmeier (D-Baltimore Co, Dist 8), "How the new curriculum is instituted will depend on how each school district interprets it and how it is used in each individual school or class." Senator Klausmeier, who served on the 2008-2010 Senate Task Force to Study How to Improve Financial Literacy in the State, recommends that parents put this issue on the radar. "Let your local PTA know this is an important curriculum or write a letter to your school board. The more voices are heard, the more educational decision makers will start to listen."

Godfrey agrees: "When parents and schools have the tools, take the time, and are committed to providing effective financial education, young adults will benefit. The lessons they learn will leave them better equipped to enter the real world and productively live and work on their own."

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**Consumer Credit Counseling Service of MD & DE, Inc. (CCCS) is an accredited nonprofit agency that has served the local community since 1966. CCCS is dedicated to helping individuals and families resolve their financial problems. We promote the wise use of credit through education and confidential budget, money management counseling, and housing counseling. MD State License #14-01 / DE State License #07-01.**