Get Real, and Soon

by Daniel A. Mica
President/CEO,
Credit Union National Association

Before the 65-year-old who can't afford to stop working…

Before the 55-year-old who struggles to support both younger and older dependents…

Before the 45-year-old who maintains a negative personal savings rate…

Before the 35-year-old who declares bankruptcy…

Before the 25-year-old who makes only the minimum credit card payments…

Before the teenager who considers shopping exercise…

Before the child who demands everything that peers are wearing and eating and playing with…

There was a preschooler whose most basic attitudes about money came from advertising.

To find the cause of an individual's personal finance problems we need only to look into that individual's past. To understand the origins of the inability to achieve financial well-being we should examine opportunities lost. At each stage in the life of a troubled consumer, there is a point at which a preventative course of action was overlooked, neglected, abandoned. That's where we'll find the real solution to financial ignorance, and we can't pursue it soon enough.

As important as it is to help seniors and older workers and young heads of households and recent high school graduates meet their financial obligations and achieve their financial goals, we must not wait until those aspirations are thwarted. The older the student of personal finance, the more the instruction must be remedial. Yes, we should help those in trouble and those facing immediate financial challenges. But to truly develop a "financially fit" society, we must start as early as possible to instill the knowledge, beliefs, and behaviors that will equip the youngest consumers to practice making wise decisions about money. Here's how your credit union can help:

Get parents involved. Teaching personal finance in school is important. However, we can't wait to educate youth about personal finance until their formal education begins. For one thing, the schools are not prepared to make "rate of return" the fourth R of education. But even if we had universal K-12 personal finance education, preschoolers would continue to develop lifelong money habits on their own. Parents are in the best position to counter the barrage of daily messages telling children to spend, spend, spend. Give parents the tools and the motivation to teach their youngest children about planning and saving, and you'll go a long way to preparing the next generation of adults for the wise use of money and credit.

Give educated youth financial services now. Financial literacy is not an end in itself. It is an essential tool of independent living. As long as our youth think of personal finance as an abstraction, they'll be predisposed to tune out the lessons. But children can learn to use a debit card wisely as soon as they begin to earn money. Teenagers can learn to use a low-limit credit card and to repay a used-car loan as soon as they are old enough to budget a clothing allowance or get a driver's license. Provide these services as soon as young members need and desire them, but only after they've completed a targeted course of instruction. You'll find no better way to encourage and reward responsible money and debt management education.

The older the student of personal finance, the more the instruction must be remedial.

Offer youth an active membership role. A kids' club that does little more than hand out trinkets engenders passive and uninspired involvement. Give children and teenagers a chance to advise your board of their financial goals and service needs. Ask them to plan youth events and help plan and write your youth newsletter. Welcome their contributions and show them the path to a lifetime financial partnership. Do these things and you'll build a stronger credit union community of secure and productive members. ■