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## Education Secretary Appeals for Financial Literacy, Planning Instruction in Schools

By Kenneth Corbin

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WASHINGTON -- Education Secretary Arne Duncan on Tuesday urged a special advisory council to dig deep as it crafts recommendations for improving Americans' financial literacy through education and training programs, arguing that personal finance should be integrated early into the curriculum as a core subject.

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Speaking here at the Treasury Department, Duncan was addressing the Advisory Council on Financial Capability that President Obama convened in January 2010 in response to the perception that far too many people lack the requisite financial planning skills to handle their money wisely and invest responsibly for their future.

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"I think the challenge we face now," Duncan said, "is that we don't have a financially literate population," arguing that the shortfall in people's financial understanding can be attributed to the absence of systemic instruction on the subject in schools, as well as at home and in the workplace.

"As important as reading and math and social studies and science, I think today more than ever financial literacy has to be part of that," he said. "To continue to have a population that is relatively illiterate in these matters I think has real negative consequences to our democracy."

Too many people, he argued, are either "underbanked" or without a bank account altogether, let alone equipped to make longer-term planning

decisions about investments and retirement. Adding a financial planning component to the public-school curriculum would instruct students about the mechanics of common retirement plans such as 401k employer-

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matching programs, and aim to attract broader investment in the stock market. It would also cover the nuts and bolts of personal finance such as credit cards and loan offers.

Many of the symptomatic blights of the gloomy macroeconomic situation, such as the mortgage crisis, low savings rates and lack of investment in markets and startup community businesses, can be attributed in part to the woeful state of financial literacy, according to Duncan.

"If we don't do things differently we're going to perpetuate these problems," he said. "This is not a place where we just need to get a little better. We've got to get a lot better, and we've got to get better faster."

The notion of developing a segment of the public-school curriculum around financial literacy assumes another urgency at a time when the employer-funded, defined-benefit pension is a vanishing breed, Duncan said. That Americans bear more personal responsibility for funding their retirements than ever before elevates financial literacy to a high national priority on the social welfare front, while also offering a plausible explanation for why the subject has never been meaningfully integrated into the standard K-12 curriculum.

As far as Duncan is concerned, the earlier the lessons come the better.

"I always think you have to start young. So if this is just one course, half a semester [or] a semester senior year, [it's] definitely late in the game," he said, suggesting that schools should begin incorporating basic financial instruction as early as kindergarten. He admitted, however, that the Department of Education has limited ability to implement such a move, given the broad authority that states and localities have over their own curricula.

Teacher preparedness is also an issue. Studies have shown that teachers are in broad agreement that students should learn more about personal finance, but that a scant minority say they feel qualified to deliver lessons in the subject.

As the advisory committee works toward its final recommendations to the president and the Treasury and Education departments, much of its work is informed by a comprehensive study that FINRA compiled in 2009 to survey Americans' relative financial literacy. The self-regulatory organization is looking ahead to refreshing that study with a new report next year.

The committee's recommendations will likely include an appeal for educators to engage with the stakeholders from the financial services industry to help devise finance planning curricula that address the core elements of personal finance.

"I just really encourage the council to be extraordinarily bold, and to push us very, very hard. Again, there are some problems where I think we're pretty close to solving them, we just need to tinker, and this is not one of those. We have to get so much better," Duncan said. "We have a state of crisis here. We have an emergency, and I feel this tremendous sense of urgency."

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