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5 Money Lessons Students Should (But Usually Don't) Learn In School

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But there's one crucial subject that too many of today's high schools students are missing out on: Financial literacy.



Students who have taken a class in personal finance are more likely to save, more likely to budget, and more likely to have invested money.

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A Wal-Mart Stores Inc. associate organizes school supplies at a Wal-Mart Stores Inc. location in the Porter Ranch neighborhood of Los Angeles, California, U.S., on Thursday, August 6, 2015. More U.S. parents are planning to increase back-to-school spending this fall than at any time in at least the past four years, according to a survey released Tuesday by the International Council of Shopping centers. Photographer: Patrick Fallon/Bloomberg

As millions of American children head back to school over the next few weeks, they're preparing for lessons in reading, writing, and math.


But there's one crucial subject that too many of today's high schools students are missing out on: Financial literacy. [🐦](#)


Only 17 states require a high school course in financial literacy, even though such courses have been shown to have a direct effect on students' ability to make smart money decisions. Students who have taken a class in personal finance are more likely to save, more likely to budget, and more likely to have invested money. [🐦](#)


1. **The basics of budgeting.** Today's teenagers may never need to physically balance a checkbook register, but they need to understand

A photograph of a man in a brown jacket pushing a blue stroller with a child inside. In the background, a man in a suit and hat is reading a newspaper.

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the concept of how to do so. The modern equivalent is getting to know an online budgeting site like Mint.com to understand how their money that they earn (or receive as gifts) gets spent. “The teenager has to be accountable and be able to report back to a teacher or parent about where that money went and what happened to it,” says Carrie Friedberg, a San Francisco-based money coach.

2. **The magic of compound interest.**

Most students will run across this one in math class, but the real world implications can't be overstated. Long-term compound interest can, of course, be a powerful tool for saving, but it can also make a small debt balloon to unmanageable levels.

3. **The value of paying yourself first.**

It's never too early to start a savings account. While it may be hard for teenagers to wrap their head around retirement, putting some money from a summer job into a Roth IRA now can be incredibly valuable since their income and tax rate will likely only go up. An easier lesson for teens might be saving money for a short-term goal like concert tickets or a Spring break trip.

4. **The importance of using credit responsibly.**

Once you've established poor credit habits, it's difficult to change course. Teens should learn as early as possible how credit works and how to use a tool like a credit card. Understanding credit and the long-term implications of debt


will also help prepare them to make college-financing decisions in a few short years. “The decisions you make about debt in high school and college can have a long-term affect on your career and your financial security,” says Kelly Long, a certified financial planner with Financial Finesse.

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5. **The danger of identity theft.** In today's digital world, it's easier than ever for ID thieves to get ahold of the personal information needed to impersonate someone else's identity for financial fraud. Teaching teens strong password hygiene and what information not to share online is a lesson that they can begin using immediately. 

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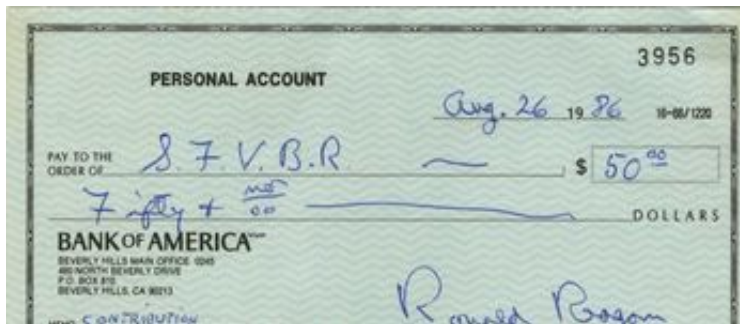
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