

### Celebrate Financial Literacy Month



April is Financial Literacy Month. Across the nation, schools, government entities, private organizations and financial institutions will be working to increase public awareness about

the importance of being financially literate, for both young and older Americans.

Financial literacy involves many components. It can help people create and maintain a household budget, save for their children's education and retirement, and maintain a good credit history.

Almost all of us know of someone who has suffered a financial crisis in the last few years. While the crisis is often unavoidable, knowing how to plan ahead to help survive the crisis is imperative.

There is a large segment of the American population that is "unbanked"—those individuals who do not have an established relationship with a mainstream insured financial institution. Tragically, these may be the people who are targets for financial fraud and abusive lending practices by predatory lenders. These may also be the ones who find themselves with exorbitant credit card debt.

According to a study published by the Financial Literacy and Education Commission, Americans were setting aside almost 10 percent of their income for savings in the 1960s. In 2004, that percentage fell to 1.3 percent.

During the past several years, Americans have adopted a spend, spend, spend attitude with little regard or knowledge of how to pay the bills or save for the future. Credit is easy to come by, but good credit is hard to keep. There is rarely a week that passes that the average American household does not receive a minimum of five credit card offers in the mail. Many people depend on credit cards to get them from month to month.

According to the Commission's study, 7 out of 10 Americans feel they have enough money to live comfortably during retirement, but only 42 percent have actually calculated what they will need. While many are depending on Social Security benefits to meet their retirement needs, it is important to understand that in reality

Social Security will provide a minimum of benefits to meet retirement living expenses. This is why it is essential that today's employees take advantage of employer-based retirement plans or invest in their own individual retirement accounts. Recently, some of the nation's larger employers implemented automatic enrollment plans for retirement savings unless the employee opts out of participation.

The FDIC has developed multilanguage and multimedia programs in English, Spanish, Korean, Chinese and Vietnamese to help low- and moderate-income adults outside of the financial mainstream develop financial skills and positive banking relationships. For more information on these programs, log on to [www.fdic.gov](http://www.fdic.gov), or call toll-free at (877) 275-3342.

While one is never too old to learn how to manage money, it is always a good idea to teach children good savings habits while they are young. Today, schools across our nation are finding ways to integrate financial literacy in the classroom to teach students the basics of money management and savings.

Government and private organizations have provided a wealth of Internet resources specially designed for students and teachers. Many community bankers are going into the classroom to support teachers and offer their expertise in teaching today's students to be well-informed and responsible consumers.

Having a financially educated America will not happen overnight, but we have to start somewhere. How about starting with you?

*April is [Teach Children to Save](#) Month, sponsored by the American Bankers Association Education Foundation, and also [Community Banking Month](#), sponsored by the Independent Community Bankers of America.*

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