

# COPFCU 2024 Scholarship Recipient



## 1<sup>st</sup> Runner Up Scholarship- \$1,500

Recipient: Daphne McCabe, Roger Bacon High School

Whose responsibility is it to provide financial education to youth and teach financial responsibility? What are some examples of where you have learned financial responsibility? And of your own experiences, which ones were positive, which were negative, and which were most effective?

Teaching financial responsibility to youth is a substantial responsibility, falling on the shoulders of parents, the government, and the children themselves. Either parental or school education can be effective by themselves, but the youth's personal involvement in their own financial responsibility is integral.

Before discussing how to promote financial responsibility, we have to understand why it is so important. Increased financial responsibility benefits everyone. On a wide scale, when people are dependable with their loans, interest rates can go down and loans are more widely available. Improved ability to handle finances (particularly taxes) frees government resources that would otherwise be used to police irresponsible use. It can likely decrease the number of people that rely on government help, once again freeing up government resources to better spend elsewhere. Even politicians can learn to better balance our country's budget, which could decrease how much the government taxes its citizens or allow the government to put that money to better use. Financial prosperity is also correlated with improved mental health and less stress, so budgeting can even be a way of taking care of yourself and alleviating stress. Simply put, smart financial decisions lead to an overall better well-being, one where money is not something that keeps people up at night but a tool with which people use to provide for themselves.

Financial education is integral to developing financial responsibility. After all, if you don't understand how money works, you won't be able to use it intelligently. It is especially important to promote strong financial education at an early age, so children begin their path to financial independence as teenagers and flourish following graduation from high school.

Parents are the first and perhaps most important influence on a child, including their financial habits. As such, they have a responsibility to teach their children about finances and to promote smart financial choices. Arguably the best method with which to do this is by being a positive role model for their children. My parents are very thrifty, so seeing them clip coupons, go for the cheaper, non-brand-name products, and not buying more than they need has influenced me to be equally smart with my financial choices. (When I told them I spent almost \$200 on Christmas gifts this year, they were genuinely shocked I had spent so much.)

Parents should also talk to their children about finances from an early age. Whereas a class in school on financial education might only be a single semester in high school, parents' financial education can and should start early and continue on until well into adulthood. Parents should be honest, open, and informative with their children regarding their own financial choices, particularly the mistakes. Parents should also let their children spend and save on small scales to develop budgeting skills. For example, younger children can be given a few dollars and allowed to buy whatever they want in a dollar store to teach them how to stay within a budget. Parents should also provide a plethora of opportunities for their children to actually practice financial responsibility. After all, it's difficult to actually recall

financial education (at least for me) if not provided the opportunity to apply it. Examples include giving teenagers a debit and/or credit card and allowing them to invest small sums of money. Inevitably, they will make mistakes, but that's why it's important to make those mistakes while the stakes are low and students aren't yet responsible for providing for themselves.

If the government expects its citizens to be able to pay their own taxes, then they ought to teach them how to do so. The most obvious avenue for this education is through school. A lack of financial education in school is something that people have been complaining about for years, yet I have seen little improvement. Ideally, this should take place not just during one high school class but over the course of their educational career. This can be within existing classes: for example, teaching how to make investments when learning about compound interest in math class. Although, I would argue there should be at least one class dedicated solely to financial education, since it is such an important and wide-reaching topic. Governments, however, ought to provide educational resources outside of school instruction. Whether that be informative articles or a help center, governments need to take responsibility in ensuring its citizens are able to financially provide for themselves.

My school financial education has been, in my opinion, inadequate. While I remember learning coin and dollar amounts in elementary school, I don't recall there being much beyond that. What I have learned came from the handful of weeks following my social studies AP exams, which raises questions on whether those without AP classes have received any instruction. After my AP US Government exam, I remember learning how to balance a budget and write a check (a vital and under-taught skill). After AP US History, my teacher diligently brought us through doing our taxes and making investments, although not being able to apply what we learned means I forgot most of it. I do, however, still have the notes, and I am sure I will be pulling them out next tax season.

Regardless of how much parents and schools do, making smart financial choices is ultimately the student's choice. Therefore, it is integral that students take a personal stake in their own financial education. Not only should students pay close attention when their parents and schools instruct them, they should personally strive to learn more. With the availability of information on the Internet, this is easier than ever. Additionally, students should apply the concepts they learn by practicing financial responsibility, like by making a budget, starting to invest, and using a credit card. Once again, this is much easier when you have your parents as a safety net to fall on. Generally, if there are parts of financial education that kids want to learn more about or practice in their own life, they should strive to put forth the effort and do so.

I admit that I wish that I would have done better in this regard. Part of the issue is my parents didn't provide me with the resources (like a credit card) with which to try out financial responsibility, but I never pushed them for it. I have also neglected learning more about personal finance, despite how easy information is to access online. I have, however, been able to practice financial responsibility through getting a job and depositing my paychecks. I also use a debit card to spend my money and frequently check my account balances. I also know how to spend my money wisely, but without any real need to provide for myself, I have not practiced establishing a realistic budget (although I effectively understand the concept). However, I wish that I knew how to do my own taxes, invest money for retirement, and pay bills. I also wish that I had gotten a credit card, if only to build up a strong credit score. Still, there is time left for me to learn and grow, and I hope to develop many of these practices before I leave for college.

While financial institutions, like banks and credit unions, do not, in my opinion, have a responsibility to go out of their way to financially educate its members, it is important they be there to answer any

questions. While my parents and the Internet are typically my go-to for financial information, I know that I can always turn to the Cincinnati Ohio Police Federal Credit Union with any questions I may have. The information they provide through their website and friendly, knowledgeable staff has proven helpful in the past, and I know I can depend on their guidance in the future.

Hopefully, my story is a testimony to the need for improved financial education, and I am hardly alone in that regard. I hope that as a society we can unite on such an important issue and make the necessary changes that can provide the next generation with the financial education and responsibility they will need to thrive.