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Financial literacy vital for everyone

Alice WHINNERY

Kudos to state leaders on a proposal to require high school students to take a personal finance class, and for supporting similar instruction beginning in kindergarten.

This education is sorely needed. Money-management classes help kids avoid financial pitfalls that have trapped their parents. The Federal Reserve reports personal debt is now equal to the average American's annual income; it's no wonder savings rates have dropped to 0.4 percent.

In the next 20 years, 75 million workers will retire, with most living over 25 years in retirement. That's a long time without a paycheck.

And yet, according to a Hewitt Associates study, 82 percent of corporations stated their employees won't have sufficient savings to retire. No wonder a Virginia Tech study found one in four Americans is distressed over finances.

Financial literacy education for kids is important. No one wants their child to spend life worrying about money. Providing financial education for adults is also a big issue for corporations.

At the Society for Human Resource Management Conference, benefits directors were very vocal about the problems employee financial stress is causing corporations.

The consensus was that employee stress is costing \$7,000 per employee annually in lost productivity, but many said the cost is much higher, and stress-related illnesses are expected to increase health care costs. Participants stated that preventive solutions are best, but most financial curriculum focuses on investments, not on relieving financial problems.

It's time to add "preventive financial literacy" to the corporate vernacular. Just as more educators are teaching financial skills to youngsters, more corporations are offering money-management classes to help workers gain control of their finances — which allows them to concentrate on their jobs.

And that boosts productivity and the bottom line. Employees learn to save more money, companies are able to make more money, and everyone can look forward to a financially secure future.

After all, today's grownups don't want to spend their golden years as a burden on their adult children any more than kids want Mom and Dad to move in with them.

Alice Whinnery is the CEO of the LFE Institute, which provides financial literacy education.



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