

# NZ primary schools urged to teach financial education

UK experts preach educating your kids about personal finance before they plunge into debt.

Rob Stock reports.

**T**HE AGE when financial innocence ends is much earlier now than for previous generations, says the British champion of finance education for primary school age children.

Wendy van den Hende, chief executive of the Personal Finance Education Group (Pfeg), heads for New Zealand this week preaching that, when it comes to building a less financially naive nation, starting early is key.

She is to speak at the annual Financial Literacy Symposium in Wellington, the Retirement Commission's showcase event at

which progress towards raising the nation's

financial acumen is gauged.

Pfeg, funded to a large extent by the FSA, the British financial super-regulat-

or, provides financial literacy training and materials to over 20,000 primary and secondary schools in the UK, a number which looks sure to grow as consultation is beginning on a plan to make financial education mandatory in every school.

The plan is timely, says van den Hende, as children as young as eight are now making financial decisions their parents did not have to make at the same point in their lives.

Pfeg's surveying of youngsters

has provided some compelling evidence that has improved understanding of Britain's youth and its relationship with money.

For example, a survey of eight-year-olds found that three-quarters were saving, with one in 10 saying they were saving for things as aspirational as cars, or the cost of a university education. But fast forward to 17-year-olds and half confessed to being indebted to friends and family. What happens to turn them from sensible kids into indebted teenagers, van den Hende asks?

She believes they fall under the influence of a consumer society clamouring to sell to them, which exerts pressures they are often ill-equipped to deal with.

"In many ways they are more knowledgeable, but they are clueless at the same time. It is a dangerous mix," says van den Hende.

"Look at an average 18-year-old today. They are legally responsible for their own debts. They are inundated with banks and credit card companies trying to induce them to sign up. You can leave university with between £15,000 and £30,000 of debt. The decisions you make at 18 are really important, and if you make the wrong decisions it can take a decade to extricate yourself."

That was too much to expect kids to handle without proper education, she said.

Other findings have revealed the spending and earning patterns of children. Seven-year-olds were

seeking cash for chores (British kids earn about £700 million a year), and eight is the age kids get their first cellphone, and start to yearn for costly personalised ringtones, snappier models, and search for the most cost-effective payment plans. By 10, kids are more than likely to be shopping online using their parents' credit or debit cards. And the average British kid now has a heap more spending power than their parents had. Average weekly pocket money was £6.32, compared with £3.77 for their parents, and £2.38 for grandparents in the equivalent of today's money.

And once you have greater spending power, things like financial crises affect you more directly in the pocket. One of Pfeg's recent surveys indicated the recession had resulted in about a third of parents cutting their kids' pocket money, taking around £600m out of the nation's "pocket money purse".

For van den Hende, schools provide the only viable means of preparing kids for what they will soon face, and given the pressures start while they are in primary school, beginning to teach them at a later stage is a mistake.

While it might seem to some too early to be trying to teach kids about money, van den Hende said: "You don't teach four-year-olds about the stockmarket, but you do talk about coins, keeping money safe and saving," she said.

And, she added: "You can't rely on the parents to teach children because [as parents] we have

demonstrated they are not very good at it. It has to happen in school.”

In New Zealand, some schools provide financial literacy education, though it remains a minority as

there is no requirement to do so.

This year’s Financial Literacy Forum will showcase the second set of results of the commission’s ANZ-funded national financial literacy survey.

The first was released in 2006, and showed a mixed scorecard for the nation on financial literacy. Perhaps unsurprisingly, younger adults had among the lowest levels of financial literacy.

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**WENDY VAN DEN HENDE**