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Financial literacy is the knowledge and understanding of financial matters. April is National Financial Literacy month. The way you spend money as a kid or teenager can affect your future. It can start bad habits of heavy spending. For example, when you're five years old you might ask, "Mommy, can I have a dollar for the cool, new teddy bear?" You might ask for useless things at five, but at forty, you will be saying, "Wow, I wish I would've saved for retirement!"

When you hear about money, people are put into two categories: savers and spenders. Savers save their money for items they will appreciate forever. They are also prepared for financial emergencies, such as their house burning down. Spenders receive short-term satisfaction, and they usually have little or no money in the bank. These people are often in debt.

Finance is the management of money and literacy is having an expanse of knowledge in a certain subject. People are all put into a category where they are defined by how much they make, possess, and what they do for a living. People need to learn how to manage money accordingly. The earlier you learn how to manage money, the better. If money is managed correctly, that person will have a large sum of money to fall back on in his or her time of need.

When financial literacy is spoken about to young adults, we may think nothing big of it. We think about the latest clothing trends or those new sunglasses everyone is talking about. When buying your first car or first cell phone, it can be a struggle to make monthly payments. We might borrow money from our parents or use a credit card to help us out at the moment. But credit cards can cause debt. Debt is a liability that you owe someone else. For example, you can owe money, or be in debt with a bank when you pull out a loan. There is also interest on that credit card, which is from 18-24%. Credit cards allow you to spend more than you make. Teenagers have to learn that if you save money for the future, it will help out in the long run.

If our parents, guardians, elders, etc. teach us, as young adults, about money and how to save, then it will be easier when we are older. This is because we will be in a habit of saving. Also, if you only buy necessities, and not just “wants” you will get into the habit of saving. Saving means more money in the back and the pocket! In my opinion, I think it is important to save money because it will make your life, and the peoples’ lives around you easier in the present and for the future.