

Help Graduates Avoid Financial Ruin

Every year, thousands of new high school graduates pack their bags, move to new cities, and sign papers accepting loans they might not be able to pay back. Within weeks, many of these same students are writing home to their families, struggling to understand where their money went. Without a guide, these young people fail to understand how to properly budget or establish a financial plan. The best way to help graduates avoid these risks is to require that every high school student take a personal finance class before graduation.

The students who go to college right after high school would benefit immensely from taking a finance course. These students often take out loans to cover the costs of their education. On average, a student graduating from college today carries over \$20,000 in debt, often spread over multiple lenders. Upon graduation, students rarely know exactly how much money they owe, and because even bankruptcy cannot wipe out student loans, these students can spend much of their adult lives paying off the balance, complete with interest. A personal finance course could teach students how to manage debt and could even help reduce the amount of debt students are in by teaching them how to save money and live within their means.

Students who choose to get a job straight out of high school would also benefit from finance education because they would learn to manage their money. These students often go from having no or minimal income to making upwards of \$20-\$30,000 per year. Without education on how to manage their finances, many of these young people often make poor decisions, leading them to accrue credit card debt or purchase expensive items—cars, homes, etc.—without fully planning out how they'll pay for them. Many young people don't understand the consequences of those late credit card payments can have, and taking a finance course before graduation would help them understand exactly difficult it is to rebuild a credit score that's been decimated by a foreclosure or bankruptcy.

Another group to consider is young people who wish to start a business or family. Without knowing how to make and stick to a budget, many recent graduates end up without enough savings to keep them afloat if they lose their jobs or if their businesses go under. For these people, financial education is particularly important because they'll also be responsible for the financial decisions of the next generation.

While not every young person makes financial mistakes, those who do can face years of difficulty trying to get their finances back under control. Rather than help them through these hard times when they happen, we should try to prevent them from happening at all. Making the completion of personal finance coursework a requirement for graduation would ensure that young people are at least aware of the basics of maintaining a budget.