

Financial Literacy Linked to Poverty and Beyond

Literacy and financial literacy are inextricably linked. To be considered fully literate, individuals must have and be able to use a complex combination of words and numbers. The definition from UNESCO (United Nations Educational, Scientific and Cultural Organization) is:

“ . . . the ability to identify, understand, interpret, create, communicate, compute and use printed and written materials associated with varying contexts. Literacy involves a continuum of learning to enable an individual to achieve his or her goals, to develop his or her knowledge and potential, and to participate fully in the wider society.”

Poverty is not only about money. It's also about having access to the skills, resources, information and choices necessary to become economically self-sufficient – and to stay that way. Financial literacy education helps people on limited incomes to build their financial skills and access information they need to effectively manage their money and plan for the future.

The first step in becoming financial literate is to start the discussion about money at each and every stage of life. But, who talks about money? Canadians as a whole prefer not to talk about money. If we feel uncomfortable or not fully competent is it any wonder that we don't talk about money? How do we achieve our goals and participate in society?

According to a national survey by BMO Financial Group, respondents said they were more comfortable talking about politics and religion than money and only 4 in ten would tell their family and friends how much debt they have or how much they earn. Another recent study (2009) by Angus Reid for ING Direct, found that parents are more willing to talk to their children about sex, drugs and alcohol than money.

The first teachers of financial literacy are parents who demonstrate their values through attitudes about money. Besides complaining we don't have enough money to reach our goals, it is 'what you do with what you have' that is important. Also important are our literacy skills and objectives as we age. Who is responsible for financial literacy over our life time? Our family? Schools? Financial Institutions? Financial Advisors?

On November 9, 2010, Education Minister Leona Dombrowsky announced that the government is moving forward to better integrate financial literacy into the Ontario curriculum starting in fall 2011. Beginning next school year, elementary and secondary students will learn more about how to make informed financial decisions. In the classroom, students will learn about saving, spending and investing money, and they will develop the critical skills needed in today's complex financial world. There will be more support for teachers to connect financial literacy education topics across the curriculum.

In the 2009 budget, the Minister of Finance announced his intention to establish a national task force dedicated to the issue of financial literacy. Appointed in June 2009, the Task Force on Financial Literacy is comprised of 13 members, drawn from the business and education sectors, community organizations and academia. On February 9, 2011 Canada's Task Force on Financial Literacy made public its report to the federal Minister of Finance, recommending urgent action on a national strategy to strengthen Canadians' financial literacy.

Start talking about money. Talk to your children, family members and friends. Increase your financial literacy skills. Increase your confidence in managing money. Let's get rid of the silence of money and the poverty of money literacy.