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Financial literacy matters

AS I SEE IT

By Susan West Engelkemeyer

If you look at the curriculum of most business schools, you will see that approximately half of the courses are dedicated to the liberal arts. Even at Nichols College, our business majors are required to take courses ranging from Expository Writing and Introduction to History to College Mathematics, Effective Speaking and Environmental Science.

In addition, our students choose from a variety of courses in our Humanities program, including art, dance, foreign language, music and philosophy. They also select from offerings in the social sciences — economics, history and political science. We value these courses, which help to develop the whole student.

Yet it is not as common to find the reverse, where liberal arts colleges value business and workplace skills. Money matters and lifelong financial literacy and skills should be the responsibility of all colleges and universities, regardless of the degrees that they offer.

All students will need to learn to manage their finances, including federal and private loans and credit card debt, sooner rather than later. A recent article in the Telegram & Gazette, entitled "Financial illiteracy plagues college students," stated that the current delinquency rate of student loans now surpasses the once "serious delinquency" rate of credit cards.

In fact, according to according to the National Association of College and University Business Officers, 10 percent of student loans are delinquent by at least 90 days. That article goes on to say that many students don't know that student loans cannot be discharged in bankruptcy, or that students may elect different student loan repayment options.

New college graduates also can be naïve about what they can afford in that first job. A few years ago I offered a financial literacy workshop for students. We began with their likely starting position in the workforce and their projected salaries. Students plugged in what they thought they would need for rent, car payments and social activities, as well as the other expenses of daily living.

After factoring in federal and state taxes, it was a rare student who could claim a positive cash balance at the end of the month. In fact, most were unaware and astonished by the amount of state and federal taxes that they had to pay. Still, managing that entry-level salary is just a first step in a lifelong process of making ends meet and building the resources for a more secure, financially rewarding adulthood, and a more successful career.

With that longer view in mind, it's time to start educating all college students in key business and interpersonal skills, as well as in personal financial management. At Nichols College our Professional Development Seminar (PDS), a series of required, one-credit courses from freshman through senior years, focuses that last year on financial literacy. The course addresses topics ranging from credit scores to debt management to the importance of investing for retirement. Students also prepare a personal budget as part of the course requirements.

Nichols also offers the elective course, "Financial Planning." Topics include money management, investing basics, personal tax, insurance, mortgages and consumer debt, and retirement/estate planning. Two particularly unique features of the class include a final project and field trip.

The final project requires each student to create a visual display board and pamphlets to showcase during the Personal Finance Fair that takes place at the end of the semester. Pamphlets are intended to educate and create interest in individuals who are unfamiliar with personal finance. A sample of student pamphlets:

- Retirement – Planning, Social Security, Pension, Retirement Plans
- Borrowing – Loan Choices, Controlling Debt, Bankruptcy

- Investment Basics – Goals, Diversification, Investment Choices

- Personal Finance – Financial Goals, Action Plans, Progress Review

The class field trip involves attending a conference related to these topics. A recent one that students attended was "Finding Easy Street, a Financial and Life Skills Conference."

Facilitating our students' transition to the workplace is another area that colleges, regardless of their degree program portfolio should address. All students will likely be in some organization — whether it's a nonprofit organization, a band, or a for-profit business. Even independent artists have to price their products, market their creations, and project revenues.

An article that appeared last year in Forbes, "The Six Classes That Will Make Any College Grad Employable," suggests a handful of courses that will serve liberal arts graduates well throughout their careers. The list includes Statistics, Computer Programming, Calculus, Communications, and Financial Planning and Management.

The author suggests that students with these courses under their belts could say to a hiring manager "I love medieval history, but I can also take a derivative, calculate a standard deviation, and project an organization's costs two years out."

Unfortunately, embracing the study of business-related topics is hardly the norm at many liberal arts colleges. It would seem that without interrupting any student's major, a solid understanding of basic business concepts and the development of workplace-required skills would not diminish a liberal arts education. It would enhance the employability of graduates.

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