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## What is financial literacy?

Financial literacy is the understanding of financial concepts and apply this skill in making decisions related to budgeting, savings, investment, and debt management.

It started in the United States in the 1950s with the aim of teaching young people basic personal finance skills. These programs expanded to include adult education, with banks and financial institutions providing classes and resources. In 2004, the US Senate declared April to be financial literacy month and in 2005 the House passed a bill to make it official and support the goals, ideas, and initiatives of financial literacy month. Today, financial literacy is recognized as a critical life skill, and many schools and communities offer financial education programs to equip individuals with the necessary knowledge and skills to make informed financial decisions.

## Why is there a need for Financial Literacy?

We need financial literacy because it empowers us to make informed decisions about managing our personal finances, avoiding debt, planning for the future, protecting ourselves from financial fraud and scams, and contributing to the economic stability of our communities and countries.

## Financial literacy in US at present

According to a study by the National Financial Educators Council, only 24% of millennials in the US demonstrate basic financial literacy skills. It also shows that 43% of adults in the US have a budget and keep track of their spending. (Source: National Financial Educators Council, "Financial Literacy Statistics")

In addition, The National Endowment for Financial Education found that only 40% of US adults have set aside money for unexpected expenses. (Source: National Endowment for Financial Education, "Financial Literacy in America"). This proves the report by the Global Financial Literacy Excellence Center, who found that the US ranks 14th globally in financial literacy, behind countries such as Canada, the UK, and Germany. (Source: Global Financial Literacy Excellence Center, "Global Financial Literacy Survey")

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## How to improve financial literacy?

As a certified financial social worker and a licensed clinician, here are the tips I could suggest to improve your financial literacy skills.

1. Contact your local bank, or financial institutions as they generally offer financial education classes or have information on their website.
2. Meet with a financial advisor to create a plan for your money. It is a helpful way to get expert advice on managing your money and developing a plan to achieve your financial goals.
3. Write down all your expenses and income. It is a good practice to track down your expenses to know where how mindful are you in spending your money.
4. Plan for major purchases. Planning for major purchases can help you make smart financial decisions, avoid overspending, and ensure that you have the resources you need to make the purchase when the time comes.
5. Create a calendar of all your expenses. This includes tracking your fixed expenses as well as variable expenses such as groceries, entertainment, and other discretionary spending. The purpose of creating a calendar of expenses is to help you understand your spending patterns and identify areas where you may be able to cut back or save money. It can also help you plan for upcoming expenses and ensure that you have enough money to cover all of your bills and other financial obligations.