

# Financial Literacy: It's Important For Everyone

April is National Financial Literacy Month — a good reminder that all of us can benefit from boosting our financial knowledge.

But what is financial literacy? There's no one single definition, but the term certainly covers these areas:

- *Saving* – Most of us would probably agree that saving money is important, but actually doing it can be challenging given all the expenses of modern living. Still, techniques are available that everyone can follow, such as having money automatically moved each month from a checking or savings account to a financial account that's not used for daily expenses.

- *Budgeting* – Budgeting isn't necessarily a fun activity — but it's an important one. And it's easier than ever these days, given the variety of budgeting tools available online. By tracking your spending every month and organizing it into categories, you may be able to find areas where you can cut back, such as on streaming services you rarely use.

- *Borrowing* – Virtually all of us carry some type of debt at various times in our lives. But it's important to manage your debt load so it doesn't become too burdensome. One way of achieving this goal is to use “good” debts wisely — such as a low-rate mortgage on your home — and avoid “bad” debts — such as high-rate credit cards used for unnecessary purchases.

- *Investing* – As you go through life, you'll likely have a variety of financial goals, such as making a down payment on a house, sending your children to college and attaining a comfortable retirement lifestyle. And to achieve these goals, you'll need to invest for them. That's why it's important to learn about different types of investments and how to develop an investment strategy that's appropriate for your objectives, risk tolerance and time horizon.

We aren't born with these skills — we have to learn them. Unfortunately, as valuable as they are, they aren't widely taught to young people. In fact, according to a 2023 Edward Jones study conducted with Morning Consult, only 20% of respondents reported receiving financial education in school. This situation may be changing, though, as many states are now requiring or recommending personal finance education before high school graduation.

For now, though, if you have younger children, try to teach them money management skills. You will likely find that they enjoy learning about these matters. You can make it fun for them in different ways, too. For example, to teach them about investing, why not buy them a share or two of stock of a company with which they're familiar? Charting a stock's progress and learning something of the factors affecting its price can help children build a foundation in investing, which will be valuable when they reach the age when they can invest for themselves.

But financial education isn't just for kids. If you feel that you are lacking somewhat in any of the key financial management areas mentioned above, you can always educate yourself by reading or talking to people knowledgeable in these subjects. You also might find it valuable to work with a financial professional — someone who will take a holistic approach to your finances and make appropriate suggestions.

National Financial Literacy Month will end on April 30, but the benefits of financial literacy can last a lifetime.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor. Edward Jones, Member SIPC*