Student’s Name

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Course Name/Code

Date

Why Financial Literacy Should Be Taught in Every High School

Financial literacy is the ability to understand and apply financial concepts to real-world decisions about earning, spending, saving, borrowing, and investing. Despite its practical importance, financial literacy is not a required subject in most high school curricula, leaving millions of young people to navigate complex financial decisions without the knowledge to make them well. This essay argues that financial literacy education should be mandatory in secondary schools, and that the consequences of its absence are measurable and serious.

The Cost of Financial Ignorance

The evidence that financial illiteracy causes real harm is not difficult to find. According to the Federal Reserve's Report on the Economic Well-Being of U.S. Households, approximately 37% of American adults could not cover an unexpected $400 expense using cash or its equivalent without borrowing or selling something. A 2022 survey by the TIAA Institute found that respondents who scored higher on financial literacy assessments were significantly more likely to plan for retirement, maintain emergency savings, and avoid high-cost borrowing. Those with lower financial literacy scores were more likely to carry credit card debt from month to month and less likely to have any retirement savings at all.

These are not abstract statistics. They describe the daily financial reality of people who were never taught how compound interest works, how to read a loan agreement, or how to distinguish between a need and a want when building a monthly budget.

What Financial Literacy Education Would Address

A well-designed financial literacy curriculum would cover four core areas. The first is budgeting: how to track income and expenditure, allocate resources across fixed and variable costs, and build a savings habit before expenses claim every available dollar. The second is credit: how credit scores are calculated, what lenders look for, and how the true cost of borrowing compounds over time when minimum payments are made on revolving debt.

The third area is investing: the difference between saving and investing, the role of compound returns over long time horizons, and the basics of diversification. Students who understand at eighteen that $100 invested monthly in a low-cost index fund will grow to a materially different sum at sixty-five than the same amount left in a checking account are far more likely to begin investing early. The fourth area is financial risk management: the purpose of insurance, the function of an emergency fund, and how to identify predatory financial products.

The Counterargument and Its Limits

Some argue that financial literacy education is the responsibility of families rather than schools, and that the curriculum is already crowded. Both points have merit. Parents who model good financial behavior do pass on financial knowledge. But not all students have parents with the financial knowledge or stability to teach these concepts, and the students most likely to lack this instruction at home are often those who will most need it. Leaving financial education to chance reproduces existing inequality rather than reducing it.

Conclusion

Financial literacy is not a supplementary life skill. It is a foundational one, with direct consequences for housing security, retirement readiness, debt accumulation, and the ability to weather financial emergencies. The case for making it a required subject in high school is not ideological. It is practical: students who graduate without it will pay a measurable price, and many of them will spend years recovering from decisions they did not have the knowledge to make differently.