NEFE

5 Key Factors for Effective Financial Education

I. Well-Trained Educator (and/or tested e-learning protocol)

Simply integrating personal finance topics into a learning environment is not enough. The educator needs to be confident, competent and knowledgeable about the topic of personal finance in order to create a learning environment that is ideal for student learning. Educators attain this proficiency by attending college-level courses and/or post-certification workshops that have been evaluated to demonstrate impact in increasing instructor effectiveness. Fundamentally, educators should demonstrate high levels of understanding—both with the content and the pedagogy—of the topics that espouse the tenets of financial capability.

II. Vetted/Evaluated Program Materials

The content and program materials (e.g., classroom activities, topics, examples and assignments) should be created with the consultation of field experts (e.g., insurance agents and financial planners) and tested to be appropriate for the audience for which instruction is being implemented. For example, all instructional materials should include correct and up-to-date information, be guided by age-appropriate learning outcomes and objectives, and be confirmed to be impactful by external evaluators.

III. Timely Instruction

Program goals, instructional tools and topics should link to decisions that learners are readily able to make. If the program covers concepts that are many years away from participants' capabilities, alternative examples should be used to convey similar concepts more relatable to a near-term decision. This is especially true if the program has a limited time to convey the content. For instance, spending a considerable amount of time on mortgages when the learners are 16 years old may be less effective than covering student loans or auto insurance. Also, learners benefit from having access to program materials (e.g., worksheets and calculators) outside the classroom when they face these financial decisions in the real world, such as when preparing to buy their first car.

IV. Relevant Subject Matter

As with timely instruction, relevant subject matter is essential in not only engagement with the content, but also in the prospect of impacting behavior. If learners are unable to relate to the topics, examples and content, then the level of engagement the instructor seeks will not be achieved. Consider young adult learners who are attending a free community money management workshop who mostly have jobs that do not offer employer-sponsored 401(k) or 403(b) savings plans. Without an understanding of the audience and the context, an instructor may focus their presentation examples of saving on the need for diversified mutual funds instead of conveying the same concepts by discussing saving, having an emergency plan, and explaining the difference between savings accounts, CDs and Roth IRAs.

V. Evidence of Impact (Evaluation)

Continuously seek information on the impact of a program. Well-designed evaluations, which can be managed internally or by an external party, tell educators where they are having impact on behavior, knowledge and/or confidence, where students are engaged, and where improvements need to be made. Without evaluation, instructors rely on anecdotes to inform their work, where a more robust assessment can show where immediate improvements can be made and which areas of success can be maximized.