Junior Investors Series

Liam Consultants

What is Financial Literacy

In the United States, the President's Advisory Council on Financial Literacy defines personal financial literacy as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being."

Being financially literate means:

- Having the ability to manage money
- Keeping track of finances
- Planning for key financial commitments
- Making informed decisions about financial products
- Staying up-to-date about financial matters

Why Teach Financial Literacy In Schools

Studies suggest that financial literacy is concentrated in the better-educated and/or wealthier segments of the population, but everyone is faced with the same financial decisions. Teaching all young people in schools helps to ensure that everyone is on the same footing when it comes to handling their own money.

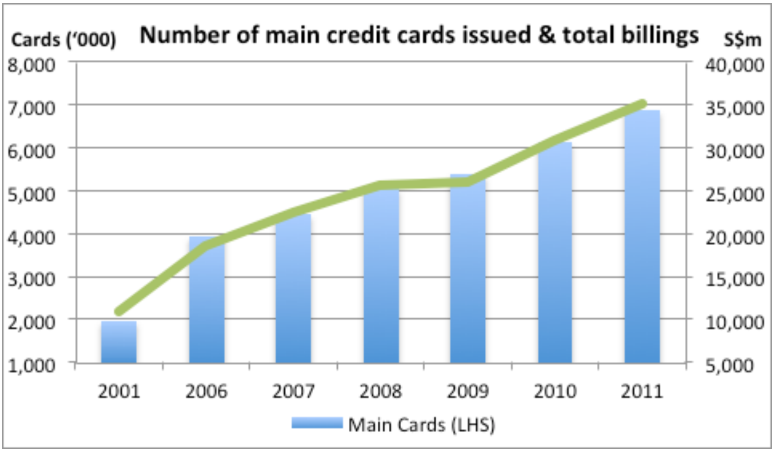
Financial literacy courses enable children to develop a healthy relationship with money during their formative years. This will increase their chances of making sound financial decisions as an adult, avoiding the most damaging situations.

In Singapore, the programs sponsored by MoneySENSE and the new Institute for Financial Literacy focus on developing core money management skills among the adult population.

While this is certainly a laudable goal, we believe financial literacy is an essential LIFE SKILL that needs to be taught before young people leave compulsory education. The need to educate our young people about money is now greater than ever, for the following reasons:

1. **They don't know enough**. Studies by the UK's Financial Services Authority or FSA have shown that many young people have little understanding of finance and economics. They spend and borrow without knowing that interest builds up, or that credit cards are not free money.
2. **They start saving later.** More young people are taking a longer time in school and start their careers and retirement plans much later than their parents did. It is not uncommon for a student today to start a stable career only in his 30s. This is because most students try to pursue post-graduate studies to have an edge in vying for higher-paying jobs.
3. **There are greater temptations.** A few minutes on the Internet and a young person can find more than a few toys or downloads to ask for. When they are old enough to buy, online shopping makes it a little too easy. It is more important than ever to tell them the value of saving and delayed gratification early on.
4. **They have more debt options.** The Yearbook of Statistics 2012 has data that show credit card debt in Singapore almost doubling from S$4.2 billion in 2006 to S$7.9 billion in 2011. Agreements between banks and colleges have made it easy for students to get debt. Students now seem to be paying part of their tuition with credit cards every year, in addition to charging schoolbooks and other expenses either by using their own cards or supplementary cards from their parents.

5. **They have more debt in general.** Students that move on into National Service (NS) after school and then enter university at age 21 will have at least one credit card. By the time they graduate, 50% will have two or more credit cards. The monthly average national rollover balance is now S$2,837, up 6% from two years ago. That means they learn to take out more credit in the four or so years that they are in college.



6. **People are going bankrupt younger**. Bankruptcy does not discriminate: The annual report from the Department of Statistics shows that in 2010 there were 2,202 petitions for bankruptcy filed; by 2011, the number of bankruptcy petitions had increased to 2,314, a rise of 5.1%. Most bankruptcies are the result of accumulated debt, so people as young as 15 may already be on the road to bankruptcy if they are not taught how to manage their finances.

Who should teach financial literacy

Most schools lack a comprehensive money management curriculum. Opinions differ about whether personal finance education should be integrated into the existing curriculum, or whether it should be taught as a standalone course.

We believe a standalone course conducted by financial professionals with teaching experience is the better option because:

- Teachers in schools are often unfamiliar with these topics, and consequently do not feel comfortable teaching them, according to a national survey in the UK.
- The same survey showed however that 89% of teachers feel students should be required to take a financial literacy course and/or pass a financial literacy exam prior to graduation from high school.
- Our trainers have cumulative experience of over 50 years in the finance industry, and have also been trainers in a non-financial context. This makes them uniquely positioned to deliver the course content in an informed manner free of jargon, to those from a non-financial background.

Who Is The Target Audience

The program is well suited for students with little or no knowledge of money/finance, but with the requisite numeracy skills acquired through normal primary school-level mathematics. In Singapore, our course has been tailored specifically for children aged 10-12 years under the local education system, and in Elementary School under the Foreign Service Schools (FSS) system.

Course Outline And Structure

Liam Consultants' Junior Investors Series financial literacy course is a spin-off from our Young Investors Series comprising three modules that will be taught in 2-hour sessions each for a total of 6 contact hours.

As with our Young Investors Series for teenagers, we use games developed in-house to simulate real-life financial situations, where students get to make financial decisions and experience the consequences.

The following is a summary of each module:

1. **All about Money –** We start with the different forms of income so that children will understand the various ways of "earning money". In other words – where does money come from?
2. **All about Spending –** "Spending" is deliberately introduced before "Saving" because all children know how to spend. Hence our second module explains the cost of living and why they need to differentiate (probably for the first time in their lives) between needs and wants. The children learn how to spend effectively i.e. to make the most out of their dollar.
3. **All about Saving –** Once they learn how money works, children often display an instinctive conservatism. Most who learn they can buy things with money will begin hoarding every cent they can get their hands on. Here we introduce budgeting and impart the concept of deferred gratification – the idea that making small sacrifices today will help them get something significant later on. We also introduce the concepts of interest and compound interest, without requiring them to calculate these.

LEARNING OUTCOMES

Learning outcomes for students in the Upper Elementary levels under the Junior Investors Series – financial literacy course.

Modules	**Learning Outcomes**
All about Money	• Know and understand the different ways income can be earned: ➢ Salary, commission or by running errands ➢ Profit from running a business ➢ Gift or inheritance or windfall income ➢ Interest, rent, yield or capital gains from savings and investment • Learn various key money terms and what they mean • Understand the importance of setting goals and the responsibility of having money
All about Spending	• Learn what real cost of living is particularly the price of everyday items • Identify the difference between needs and wants • Learn to prioritize spending decisions • Understand what affects their spending patterns and learn to read the fine print when purchasing items
All about Saving	• Understand the importance of budgeting and learn how to create one • Finding the right balance between income and expense • Learn about saving, simple interest and compound interest • Explore attitudes to sacrificing current spending for long term benefits (i.e. deferred gratification)

Who Is Liam Consultants

LIAM Consultants is a group of financial professionals who holds the belief that the foundation of financial literacy should be built from childhood. Our Junior Investors Series and Young Investors Series have been developed as custom-designed programs to introduce young people to the concepts and principles that would ultimately lead them to the path of financial freedom.

Our Trainers

Andrea Sankar – Co-Author and Trainer

Andrea Sankar is an investment professional involved in financial training for both a financial and non-financial audience. She spent 12 years in the stockbroking industry as a regional equity analyst and institutional salesperson in before setting up Gerard & Associates, which is focused on education and consulting in finance and human resources.

Andrea has ample experience bridging young people with the rarefied world of investment and finance; she initiated the University Outreach Programme and Investment Research Challenge (IRC) for university students on behalf of CFA Malaysia in 2009-2010, and also mentored a team from Singapore Management University for the IRC run by CFA Singapore.

Her experience convinced her of the need for a structured program in the basics of personal finance for young people, and led to the collaboration with LIAM Consultants to develop a financial literacy course for a young audience.

Lena Yong – Executive Director and Trainer

As Executive Director and Chief Trainer, Lena drives the training curriculum at LIAM CONSULTANTS. She is key to the direction taken in the courses and holds a firm belief that everyone, if taught properly, can be great in whatever they seek to do.

Lena brings to LIAM a wealth of experience both in sales and analysis with over 26 years of experience in the financial industry. Her career in stockbroking began in late 1987 as an analyst and she subsequently spent 10 years researching a myriad of sectors with the former Baring Securities, SG Warburg as well as UBS. She then moved into institutional sales and was ranked in Asiamoney and other foreign and domestic polls including being named best salesperson in Malaysia for two years running by financial-based The Edge magazine.

She then headed sales teams in international equity houses such as CLSA and Australian investment bank Macquarie Group. Her latest stint was Head of Institutional Sales Asia with Singapore-based regional house UOB Kay Hian.

Prior to joining the financial industry, Lena began her career as a business journalist in The Business Times in Malaysia.

Lena presently teaches sales training to Trading Representatives under the SGX Academy's Productivity Enhancement Program.