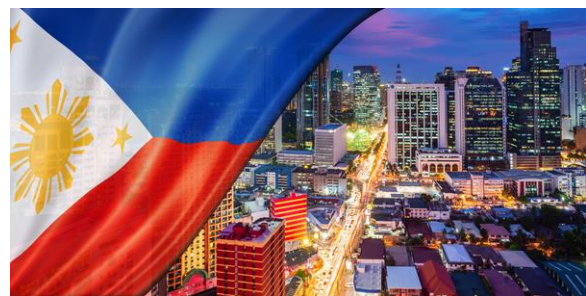


Lecture No. 8

Financial and Economic Literacy for Teachers

There are some circumstances in which teachers are put in a position in which they face difficulties and anxieties over financial debt. Some are victims of fraud and other schemes that are deceitful by human and digital means. In addition, many teachers are swamped by the weight of unforeseen financial necessities and unplanned debt, particularly during tough times, illness, and unavoidable occurrences and calamities. On the other hand, some people fail to plan for their retirement sufficiently, eventually feeling let down by the experience. Because of this, financial literacy is a subject covered in many staff development programs and seminars and even becomes a topic for study while also being included in the curricula of many institutions.

This lecture is more concerned with the teacher's circumstances. Because they facilitate well-organized learning, their morale is crucial, and many teachers have been observed so distracted due to financial stress.



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Let's continue from the Conclusions in Lecture 8

Health is wealth. The wrath of the COVID-19 pandemic made people more conscious about health. Therefore, schools need to step up in educating teachers and students on health and safety. Holistic health literacy primarily promotes personal hygiene, good nutrition, mental health, and safety on campus and at home. Aside from integrating it into the curriculum, teachers are enjoined to be the exemplars of health and safety literacy.

In today's increasingly complicated world, when individuals are expected to take responsibility for their own money, budget, financial decisions, risk management, savings, credit, and financial transactions, reading and understanding financial information is essential.

As a result of a lack of financial literacy, people, along with their families and society as a whole, can be adversely affected by the decisions they make with their money. Low levels of financial literacy are linked to lower living standards, worse psychological and physical well-being levels, and a higher reliance on help from the government. However, when used appropriately, financial literacy can improve saving behaviors, reduce credit card debt that has been maxed out, and boost prompt repayment.

Crucial as it may seem, this lecture intends to provide you, future teachers, with the motivation to pay closer attention to financial and economic literacy with the following objectives:

1. Describe how the various financial and economic issues affect the well-being of teachers in carrying out their regular duties; and,
2. Determine the time-tested measures in addressing topics such as preparation for financially stress-free teaching careers.



Let's go ahead.

A. Scope of Financial Literacy

Acquiring financial literacy entails developing and applying diverse competencies in budgetary management, debt administration, repayment, and comprehension of credit and investment instruments. Fundamental measures for enhancing personal finances encompass devising a budget, monitoring expenditures, ensuring punctual payments, exercising discretion in saving funds, regularly reviewing credit reports, and making investments for long-term financial goals.

Even if teachers are not finance professionals, they are expected to be financially literate because they are productive members of society and are role models to the students. When teachers are better off with their finances, their confidence reflects in their behavior at school. On the other hand, when they are financially stressed, somehow their performance is adversely affected. Students can interpret stress as the teacher's lack of credible terms in life.

It is essential to discuss how teachers can develop deliberate measures to manage their finances. So, in this lecture, let us focus on the fundamental concepts of financial literacy that teachers care to understand. Let's call them the **5S of Financial Literacy** (adapted from Investopedia.com).

1. **Salary** – The teacher's primary income is from rendering teaching and other educational services. Some teachers also have other sources of income. This is the first component of financial management for teachers.
2. **Savings** – As the introduction explains, your assets and money must be appropriately managed to continue living confidently and worthwhile. It is crucial that teachers set aside a certain portion of their salaries and income to cover future needs, especially during emergencies. In this case, the teacher has something to rely on and avoid being broke despite the unforeseen financial needs.

3. **Spending** – This process pertains to buying or purchasing daily necessities like food, clothing, and other commodities. This component includes monthly dues, bills, subscriptions, and other essential fees. Spending is placed after savings in this context because teachers are encouraged to set aside savings before expenses and expenditures. Likewise, expenses must be budgeted regularly to avoid unnecessary spending and reach the limits.
4. **Security** – Your financial capability and ability should be protected. Financial security is paramount for teachers, especially during this digital age. Security does not only pertain to insurance, savings, and funds that would ensure your means for possible emergencies in the future. It also refers to protecting your finances from threats and thefts like fraud, tampering, illegal access, etc.
5. **Stability** – A stable financial system can efficiently allocate resources, evaluate and manage financial risks, keep employment levels close to the economy's natural rate, and eliminate relative price movements of tangible or financial assets that will affect monetary stability or employment levels.

B. Financial Planning

Teachers must have the information and skills necessary to build their budgets. They should start planning for their future when they receive their first salary, bonus, or any other form of monetary recompense. This should be done as soon as possible.

A broad description of an individual's long-term goals for security and well-being and a detailed strategy for saving and investing money to achieve those goals is an essential component of financial planning. It starts with an in-depth analysis of the individual's present financial situation and their plans for the future regarding their finances.

Financial preparation is vital for teachers, even though this issue is frequently ignored. Because they spend so much time with their students, teachers often disregard their requirements, such as ensuring they have adequate financial resources. That might have highly negative consequences in the modern world. Barile (n.d.) suggests ten tips on financial planning for teachers. In this lecture, I only selected six applicable to the Philippine setting.

1. **Pay down credit card debt** – If you have a credit card, always pay the outstanding balance on or before the due date to prevent extra interest. If you don't have one, you may consider not applying if you think your monthly income can barely afford your expenses and everyday needs. Keeping a credit card could increase the temptation risk to spend more than your means.

2. **Documenting cash flow** - Having a financial plan is discerning how one's money is spent every month. The act of recording it will assist you in determining how much money is required each month for essentials, as well as the amount of money that should be saved and invested.
3. **Save for the rainy days** - If you're actively paying off debt, this might not be easy, but it's crucial to financial wellness. Direct deposits into savings accounts automate savings. No sight, no expenditure. Save even a cup of coffee a month—it adds up. Save tax refunds and stipends. Save 3–6 months of living costs.
4. **Consider buying life insurance** – If someone in your family depends on your income to survive, such as your parents, children, or legal partner, buying insurance would secure their future if something wrong could happen to you. Some insurances have savings and investment add-ons. Buying with these packages may be a wiser move.
5. **Get organized** – Invest in a fireproof, locking box to preserve important papers like your will and trust. Ensure that all your account information is known to someone outside yourself who can be trusted.
6. **Maximize your economic potential** - Earning a graduate degree typically increases wages, so it makes sense to further your education to benefit financially. Summer programs, coaching, and private tutoring are supplementary income alternatives for teachers. You may join a club as a consultant. You may find several methods to increase your income if you seek hard enough.

C. Budgeting and Spending Wisely

A budget is a plan for allocating and spending money over a set period in the future, and it should be created and reviewed regularly. Almost any endeavor with an income and expenditure stream may benefit from creating a budget. In contrast, a budget is a set of guidelines for effectively managing one's financial resources. By making a budget, one may anticipate whether or not they will have sufficient funds to meet their essential and discretionary spending goals.

De Leon (2020) suggests seven steps to good budgeting for teachers so that they can spend prudently without exhausting income and savings.

Step 1: Set realistic goals. Having financial objectives will assist one in making informed decisions on how to spend money when prioritizing their needs.

Step 2: Identify income and expenses. To effectively manage your finances, you must track your expenses by recording every centavo spent. This can be done by starting with an understanding of your monthly income and expenses.

Step 3: Separate needs from wants. When you have well-defined priorities, it is much simpler to make judgments because you can better differentiate between what is required and what is just wanted.

Step 4: Design your budget. Spending shouldn't exceed income at any point. Reconcile spending with income to cover all bills. You may want to consider budgeting only the net amount after setting aside savings.

Step 5: Put your plan into action. Budget your money when you're getting paid. Make a plan for how your paychecks will be spent. Avoiding consumer debt is as simple as not using credit to cover basic necessities.

Step 6: Plan for seasonal expenses. Aside from your regular savings, allocate a certain portion for emergencies. Avoid getting into debt by setting aside money for unexpected needs.

Step 7: Be assisted. Involve your partner or a family member in budgeting. Frequently, a financial confidante who understands your financial status can assist you in budgeting and managing your expenses.

D. Saving for the Future

One of the most important things to do to build wealth and ensure a comfortable financial future is to save money. Financial security and the ability to live a fulfilling life are two benefits that may be attained via prudent financial planning and savings accumulation. Deliberately setting away a certain amount of money can effectively overcome various life challenges and roadblocks. It can assist you in a time of need and help guarantee that your family will have something to fall back on if something unfavorable occurs. There are many good reasons to save money and many easy ways to save money.

The value of saving money can be summed up in a single sentence: it enables you to live with a higher level of peace of mind. If anything unanticipated occurs, having money set up for emergencies provides you with a safety net. And if you have some cash put up for your discretionary costs, you might be able to take some chances or experiment with new activities.

The Bank of America suggests eight habits to save money adequately that are quite similar to proper budgeting.

- 1. Record your expenses.** Start saving by calculating your spending. Track every coffee, home purchase, cash tip, and monthly bill. Record your costs using pencil and paper, a spreadsheet, or a free online spending tracker or app. Sort your data into vehicle fuel, food, and mortgage categories and total each amount. Check your credit card and bank statements.

- 2. Include saving in your budget.** After knowing your monthly spending, you may start a budget. To avoid overspending, your budget should indicate your income and expenses. Car maintenance should be considered. In your budget, choose a suitable savings goal. Eventually, save 15–20% of your salary.
- 3. Find ways to cut spending.** Cut spending if you can't save enough. Find entertainment and dining out expenses you can cut. Look for methods to economize on set monthly expenditures like auto insurance and mobile phone plans.
- 4. Set savings goals.** Goal-setting helps save money. Start by considering short-term (one to three years) and long-term (four or more years) savings goals. Estimate how much money you need and how long it will take to save.
- 5. Determine your financial priorities.** Goals will influence your savings allocation the most after income and spending. If you need a new automobile soon, you may start saving now. But don't neglect retirement planning; it's crucial. Prioritizing your financial objectives helps you allocate your funds.
- 6. Pick the right tools.** Many short- and long-term savings and investment accounts exist. You can choose several. Examine balance minimums, fees, interest rates, risk, and how soon you'll need the money to determine the combination that will help you save for your goals.
- 7. Make saving automatic.** Most institutions offer automated transfers between checking and savings accounts. You may pick when, how much, and where to transfer money or divide your direct deposit to put part of each paycheck into your savings account. Advantage: You don't have to think about it and are less inclined to spend the money instead.
- 8. Watch your savings grow.** Review your budget and progress monthly. That will help you save and address problems fast. Knowing how to save money may motivate you to save more and reach your objectives more quickly.

E. Counteracting Financial Scams

Any person, including teachers, is susceptible to being a victim of financial fraud at any moment. Although certain instances of financial fraud are beyond an individual's ability to prevent, several preventative measures may be taken to eliminate fraud and theft.

According to the Banko Central ng Pilipinas (Central Bank of the Philippines), scammers and identity thieves are getting increasingly ingenious in their attempts to steal your money and personal details. You can safeguard yourself and your money by knowing the typical fraud and scams. The following are the common financial scams that teachers are prone to be victims.

1. **Skimming and Jackpotting.** Invasive hardware (such as a scanner, camera, or keypad overlay) or software (such as a virus) is secretly installed in ATMs or POS terminals. A camera records the user's PIN while a scanner takes the card's data from a debit, credit, or ATM card. This makes it possible for hackers to make fake cards and access accounts. Jackpotting occurs when criminals get access to ATMs through the installation of spyware.
2. **Card Cloning.** Making phony credit, debit, or automated teller machine (ATM) cards and then using such cards to make unauthorized transactions or withdrawals from the accounts of their rightful owners.
3. **Identity Theft.** A scammer pretends to be you and uses your personal information, bank account information, or credit card information to make purchases and deals without your permission, either online or in person. Most of the time, they get personal information from a victim by pretending to be from an authority (like a bank or government office) and telling the victim they need personal information for official reasons. Skimming, card cloning, hacking, vishing, and spoofing are all illegal ways to get the same information.
4. **Text Scam.** Requests for money, personal information, or financial details by text message seem to come out of nowhere. It's not uncommon for scammers to use text messages in creative ways. To obtain your reward for winning a raffle you did not enter, you will be asked to pay a shipping fee, you will be forced to pay for COVID-19 testing, or you will be charged for a service you did not seek. Nevertheless, it is highly anticipated that
5. **Phishing.** Emails that appear out of the blue and demand sensitive information, including usernames, passwords, and financial details, are likely phishing forms ready to steal your money. Email hoaxes invite recipients to input sensitive data on a false website by clicking on a link. Although the email appears real at first glance, it typically contains grammatical faults, a false feeling of urgency, and a generic greeting (such as "Dear Valued Client"), all while lacking verified sender contact information.
6. **Spoofed Websites.** Spoof websites are imitations of genuine sites designed to steal your personal information, bank account information, or credit card details. You can find it in phishing emails or on other bogus websites.
7. **Fake Documents.** Documents purportedly issued, secured, or guaranteed by the BSP, the government, or any of its agencies are being marketed, sold, and traded by criminals. These documents purport to prove deposit accounts in pesos or dollars, fund transfers, gold reserves, securities, and investments.
8. **Pyramiding Scam.** Pyramiding scammers promise big returns on investments. Investors must acquire new buyers to improve their profits. Scammers first repay investors to look legitimate and attract new funds. The "pyramid" falls when new investors cannot pay off previous investors.

F. Financial Stability

Wealth is not a prerequisite for achieving financial security; it is more of a mentality. It's enjoying life without stressing out about how you'll pay the bills and learning to stop thinking about money so you can put your attention and energy into other aspects of your life.

For this, the ten strategies from zenhabits.net cited in De Leon (2020, pp. 131-132) suggested are offered for teachers to reach financial stability if done in good faith.

1. **Make savings automagical.** Prioritizing savings is vital since that money may be moved electronically to an emergency fund or used to pay bills.
2. **Control your impulsive spending.** Don't let your spending habits get out of hand by treating yourself to expensive meals or making unnecessary internet purchases.
3. **Evaluate your expenses and live frugally.** It's important to evaluate one's spending habits to identify areas where savings may be made and costs that can be cut.
4. **Invest in your future.** While you are still young in your profession, you should begin planning and investing in your future retirement.
5. **Keep your family secure.** Aside from your personal savings, allot also for family emergencies. You could also encourage other members to take part in the family savings.
6. **Eliminate and avoid debt.** Teachers are not typically financial people. Managing a credit card is not advisable. Avoid loans as much as you can. If you have existing loans and debts, work your way to finish them up and begin saving and investing in secure means.
7. **Use the envelope system.** After receiving your salary, distribute the money in envelopes that indicate particular purposes. Start filling in for savings, followed by basic needs, bills, regular fees, and other expenses.
8. **Pay bills immediately.** Paying bills on time or on or before the due dates will make you an efficient payor. Try your best to pay the total amount each time to avoid penalties and interests.
9. **Read about personal finances.** Do your homework to research various financial enhancements and investments. Educate yourself.
10. **Look to grow your net worth.** It would help if you made every effort to raise your net worth by decreasing the amount of money you owe, increasing the amount of money you save, growing your income, or doing all these things.

G. Integrating Financial Literacy into the Curriculum

The inclusion of financial education in the school curriculum ought to be a component of a concerted nationwide approach aimed at guaranteeing pertinence and enduring viability. The involvement of the education system and the professional sector is imperative in formulating the strategy.

It is crucial to acknowledge that financial literacy holds significant implications beyond the confines of the household and, specifically, the educational institution. Therefore, administrators and professors must devise a curriculum that imparts knowledge to students regarding the significance of financial literacy and its potential impact.

Additionally, implementing a structured educational framework is imperative, outlining specific objectives, desired learning outcomes, course material, pedagogical methodologies, available resources, and assessment strategies. The subject matter should encompass a range of cognitive, practical, and affective competencies, including knowledge, skills, attitudes, and values. It is imperative to identify a sustainable source of funding from the outset.

Teachers should be taught and supported to teach financial literacy and suitable pedagogical strategies. As exemplars of financial literacy for the students, teachers should practice and project efficient financial habits.

Conclusion:

Financial literacy for teachers is characterized by their evident competence in managing the five scopes of this form of literacy, namely: Salary, Savings, Spending, Security, and Stability. Appropriate and efficient management of such be taken into account.

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