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Money isn't free, and other lessons I wish I learned

They started coming when I was a freshman in college. The mail from the credit card companies promised me easy money, thousands of dollars worth. To a strapped college student, working and studying and still not making ends meet, the offers were too irresistible to pass up.

My Citibank card became my magic pass in college and throughout my first broke "adult" years in Chicago. I knew, in the back of my mind, that I would need to repay all that I spent on school books, fees, clothes, and gadgets. I knew, in the back of my mind, that I would pay more in the long run as my balance and the interest on it grew. But my Citibank card was a loan shark in shiny plastic, one who kept spotting me more cash, trusting I was good for it, while readying for the day it would break my knee caps in repayment.

I fell prey to a huge gap in our education system. Financial literacy is not something taught well, or at all, in high schools or colleges. Like many, I was keenly aware growing up that our family had limited funds, but still I yearned for things. I yearned for practical things like college, but also the highly impractical and unnecessary toys that our society prizes. Without a firm base of financial knowledge and know-how, I used money I didn't have to pay for those things. I was lucky; I was good at my job, and rose through companies and ranks to make enough money to pay off my debt. I learned from my mistakes. Not everyone has that opportunity.

To better prepare young adults for the realities and temptations of financial adulthood, high schools and colleges should mandate courses that cover the types of financial expenses adults face every day. These courses should explain basic concepts of saving and budgeting. They should teach advanced notions of credit, interest, and financial planning. They should warn about common dangers, including misuse of credit cards, use of predatory lending from Payday loan stores and subprime mortgages, and overextension by taking on unaffordable equity loans.

But just as important as the content is the way this is taught. Just as with any subject, high school and college students will better learn by action. A successful financial literacy course, then, could use some hands-on tactics to help.

One simple, long-term example: Assign a student a salary over a semester. Detail all the bills they need to pay each month, including costs for food and fun. Work through budgets together as a class. Then, add the unexpected: A health crisis, or a home repair. Add the optional: Have students take out loans for homes, health, or education, and watch their principal and interest change over time. Add the advanced: Offer opportunities to invest in stocks, and explain the principles of risk and reward.

An extended mock-adulthood experience such as this could show the highs and lows of finances. It could help students make future decisions with the long term in mind. A well-conceived financial literacy course could show students the lessons I (and countless others like me) learned the hard way: money is never free. It usually doesn't come fast. Planning is not sexy. But with a bit of knowledge and practice, we can take control.