

IQ Magazine, Summer 2008

Saving Grace



Anti-Poverty Agencies Teach Financial Literacy, Discipline

Matt Mathiasen is a deadbeat, and he's proud of it. "'Deadbeats' used to be people who didn't pay their bills," he said. "Now the credit card companies call me a 'deadbeat' because I pay my bill every month and they don't make any interest. I do it out of spite."

In the past, Mathiasen succumbed to the temptations of instant purchasing power. He's been forced into bankruptcy twice. Now he's fighting back, helping to teach others the lessons he learned the hard way.

Mathiasen, director of development for Communities Investing in Families in east central Minnesota, developed a curriculum that teaches people how to budget their money, handle financial obligations, and understand credit reports and debt collection practices.

He joined CIF last September, just as mortgage foreclosures, car repossessions, and payment delinquencies skyrocketed throughout their five-county service area. With Initiative Foundation funding and a full-time VISTA volunteer, he helped launch More Money—More \$ense, a cooperative program with local financial institutions.

"No matter what (their age or) income level, people struggle with the basics of spending more than they have, not sticking to a budget, and using credit to bail themselves out," said Geoff Bullock, financial educator with Lutheran Social Service of Minnesota. Financial illiteracy has seemingly become a national epidemic. According to statistics gathered by the U.S. Department of Commerce, revolving personal debt exceeds \$1.6 trillion and, in January 2008, savings as a percentage of disposable personal income was at -0.1 percent, indicating that Americans spent more than they saved. Yet the National Foundation for Consumer Credit reports that nearly half of all Americans four out of ten—do not pay their credit cards in full each month.

According to Mathiasen, financial literacy programs are springing up all over Minnesota, a preemptive strike against working-class poverty. "The quickest way we can address this is to get a piece of education out there," he said. "Knowledge is the key."

More Money—More \$ense sessions are taught by volunteers who are also employees of local financial institutions. Through April, CIF facilitated twenty-five sessions for 255 participants.

"People are amazed that banks and credit unions will help them," said Mathiasen. "In almost every class, one or two people will make appointments with the presenter for the next day."

Gary Nordin, branch manager of Bank of the West in Little Falls, frequently sees families with high earnings that are living paycheck-to-paycheck—one misstep from financial disaster—who come to the bank seeking loans. "If they can't afford it, I have to say no. It's a hard lesson," he said. "Working poor isn't necessarily defined by how much money you make. It's about how long you can survive if something happens."

Nordin is among a growing number of financial professionals who insist that financial literacy and saving skills should be taught and reinforced throughout the school years. Mathiasen and VISTA financial literacy coordinator, Julie Barstad, are working with a bank in Mora to develop a high school program designed to educate teenagers before they dig themselves into a financial black hole.

"You can get trapped," said Mathiasen. "You borrow on your future, and after a while, even the minimum payments go up to where you can't meet them monthly. I'm still in financial recovery but I like to think I've learned my lesson."

And it's this hard lesson, relayed through his own financial nightmare, which is now grabbing attention and thwarting poverty in central Minnesota.