

Struggling for Economics Majors? Offer Personal Finance as an Introductory Economics Course

Irene Foster

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Why Offer a Personal Finance Class?

Because students are asking for it

Because states may require it

To prepare students for economics

To attract students to the major

Students want it but your department may not!

Departments think of the course as “vocational”

Questions about who is going to teach it.

Questions about how to teach it.

Mathematical Demands: Requires a solid understanding of basic mathematical concepts and the ability to work with graphs and formulas that depict economic relationships .

Abstract Thinking: Economics involves abstract theories and models that may not always align with real-world complexities, requiring students to develop abstract thinking skills and the ability to interpret models.

New Concepts and Vocabulary: Economics introduces many new terms, theories, and concepts like supply and demand, scarcity, diminishing returns, and opportunity costs, which can be challenging to grasp initially.

Cumulative: Economics is a subject where concepts build upon one another, making it crucial to master earlier material before moving on to more advanced topics.

Disconnect from Personal Experience: Students may come to economics expecting answers to current events or personal finance questions and become discouraged when the focus is on fundamental theories and principles.

Lack of Interest/Motivation: Some students may take the course to fulfill a requirement and lack genuine interest, leading to disengagement and poor performance.

Overly Simplistic Models: Students may struggle to reconcile the simplified economic models presented in introductory courses with the complexities of the real world.

Difficulty with Interactions: Understanding how different economic agents (consumers, producers, central banks, etc.) interact and influence outcomes can be challenging.

Why personal finance belongs in economics

Students are not prepared for economics

- Math
- Study skills
- don't know about interest rates, bond markets, etc.
- applied introduction to hard concepts such as opportunity cost and marginal analysis

Prepare for economics by including these concepts

The Business cycle

Macroeconomic indicators

The banking system

The roles of the central bank and the SEC

The stock and bond markets

The tax system

Key microeconomics concepts

Getting a Personal Finance Course Started

Introduce as a Gen Ed course

Have it count towards writing, communication or community service

Don't require prerequisites

We can share resources

A Personal Finance Course for the 21st Century

Financial literacy research

Cash flow tracking and budgeting

Working on taxes and getting IRS VITA training

Investment game

Service project – community service or case study

Encouraging Students to Talk About Money

It doesn't matter what their socio-economic background is, many students come from families where money is not discussed

There is a lot of guilt and shame associated with how much money is earned and how money is being managed

Focus on normalizing their approach to money and seeing money management as a life-long journey

Talking About Money – Budgeting Exercise

Cash flow tracking and reflection in February

Creating an aspirational budget

Sticking to an aspirational budget and reflection in March

“Loud Budgeting” helps with peer pressure that leads to unexpected expenses

I begin my class with a story.....



Alice F
My mother-in-law



Besant R
My dad

Talking About Money – Case Studies

Grandparents

Rich friend

Business fraud and failures

Love and money

Talking About Money – Service Projects

Learn and teach others what you have learned

Local MS and HS after-school programs

Unhoused and Latino youth; young Latino families

Autistic adults living independently

Native American reservation

What I have learned

Students value what they are learning in the textbook, but they value what they are learning out of the textbook more.

Personal stories in the case studies – parents giving them advice.

Budgeting – hearing from peers about struggles

Serving others in the community – “never done this before”

Resources

Syllabi

Personal Finance Education Conference

Federal Reserve educational resources

Tax Foundation educational resources

Thank you!