A black background with a black square

Description automatically generated with medium confidenceKey Financial Literacy Messages

**Infographic**



**What to do:** Include these messages in your student and family activities (see **Financial Literacy Knowledge and Activities Across Age Groups** for ideas) and social media posts (like those in the **Sample Financial Literacy Social Media Campaign**).

**Why it matters:** It’s hard to overestimate the value of helping young people understand economics and personal finance. These messages related to the five concepts of financial literacy can introduce them to new ways of thinking about money, spark meaningful conversations, and help them avoid common pitfalls like overspending, taking on unnecessary debt, and falling for get-rich-quick scams.

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| --- | --- |
| Money with solid fill Earning | **There’s more than one way to earn income.** Active income is earned through direct work or labor, while passive income is earned with minimal ongoing effort, often from investments, rental properties, or royalties. You don’t have to choose one or the other. You can do both!  **When considering a job, look beyond the paycheck.** Benefits such as tuition reimbursement, health insurance, paid vacation days, opportunities for advancement, and a retirement plan can affect your overall financial health.  **Don’t confuse “enough” for “too little.”** While we may feel social pressure to earn more and more, take care that the thirst for “more” doesn't lead to bad choices, like following a career path you’ll regret, doing something that’s unethical or illegal, or not taking time to enjoy and appreciate what you already have. |
| Flying Money with solid fill  Spending | **Learn to distinguish needs from wants.** Ideally, you’ll spend about 50 percent of your earnings on needs and 30 percent on wants (with the other 20 percent going to savings). Personal background and experiences can impact how people distinguish between needs and wants, but in general, needs are your essential food, housing, and clothing expenses.  **Spending money diminishes your wealth.** The more purchases you can avoid making, the more choices you’ll have when it comes to the purchases you do make. The key to financial security is living below your means.  **Budgeting grants a sense of control over your finances.** Knowing how much money is coming in and going out takes the guesswork out of the day-to-day. While being “on a budget” is associated with restriction, having a budget can be paradoxically liberating as you’re able to make purchases you’ve planned for without guilt or uncertainty. |
| Credit card with solid fill  Credit and Debt | **Borrowing money is often essential for major purchases.** You’ll most likely need to take out a loan to buy a house or car, or to pay for college. Because of interest, you’ll need to pay back more than you borrow, so make sure to examine and understand the interest rate associated with your loan.  **Taking on some debt helps to establish a credit history.** If you build a strong history by paying your credit card balance and loans on time, this can make it easier and less expensive to borrow money in the future.  **Avoid actions that could damage your credit.** Having too many credit cards, canceling them or maxing them out, increasing your card’s limit, and missing payments can all bring your credit score down and remain part of your credit history for years. |
| Umbrella with solid fill  Protecting and Insuring | **Protect what’s most valuable.** Insurance involves plans or policies that can help in case of emergencies or losses. While this includes formal insurance plans and protection policies like those for health care coverage and car insurance to cover the cost of an accident, it also includes keeping accurate and easily accessible financial records, including receipts for expensive purchases.  **Stay alert for** **scams.** There are many ways people may try to deceive you. Learn about common scams to protect your money and your identity. In most cases: Don’t click on links from unknown sources, don’t respond to unsolicited messages, don’t give out personal information, and don’t pay for a scholarship or job opportunity. |
| Piggy Bank with solid fill  Saving and Investing | **Pay yourself first.** Make savings a habit by putting regular amounts into savings at regular intervals, perhaps by automating contributions to a 401(k) or direct depositing a certain amount of your paycheck to a savings account. Start your budget for other expenses with these amounts already allocated.  **The best time to start saving and investing is today.** That’s especially true if you put your money where it can earn compound interest. Try one of the many compound interest calculators online to see how starting now — and staying consistent over time — pays off!  **Some investments are riskier than others.** Even professional stock traders only get it right about half the time. Regardless of the knowledge and skill you may develop, it’s important to understand the risks and rewards associated with various types of investments, and to not put all your money in one place.  **Focus on what’s within your control.** Two people making the same salary can end up in different financial circumstances for reasons within their control (like spending habits and investment strategies) and beyond their control (like an inheritance, an economic downturn, or other unforeseen circumstances). |



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