



Smart Money: Teachers' Financial Literacy

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Received: 01 February 2022

Accepted: 21 April 2022

Published: 29 May 2022

Abstract: *In an increasingly risky and globalized marketplace, people must be able to make well-informed financial decisions. The emergent evolution of new products and technologies are fundamentally changing a person's viewpoint and manners related to money. One of the issues that can help and give a positive effect on making financial decisions is financial literacy. This phenomenological study explored and described the experiences of teachers of Ilocos Sur Polytechnic State College on financial literacy. The study involved 5 teachers/Instructors who were selected based on their age, gender, marital status, number of children, and nature of work of spouse. Based from the results, four themes had emerged, namely: Financial Contentment, Financial Strategies, Budgeting and Saving. This research revealed that teachers are financially contented with their present financial status, financial strategies are done to cope up with the financial problems that teachers encounter and proper budgeting and saving are done to manage teacher's financial decisions.*

Keywords: *Financial Literacy, Financial Contentment, Financial Strategies, Budgeting, Saving.*

1. INTRODUCTION

Many legislators and economists argue that the key to financial security is financial literacy. Atkinson and Messy (2012) defines financial literacy as a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.

Financial literacy matters at many levels. It helps people manage their financial affairs and improve their standard of living, but it also makes an important contribution to the soundness and efficiency of the financial system and to the performance of the economy (Hall, 2008). The Organisation for Economic Cooperation and Development (OECD) recognises financial literacy as a core skill, essential for consumers operating in an increasingly complex financial landscape. It is therefore no surprise that governments around the world are interested in



finding effective approaches to improve the level of financial literacy amongst their population and that many are in the process of creating or leading a national strategy for financial education to provide learning opportunities throughout a person's life (International Network on Financial Education).

In countries like the United States, United Kingdom, Canada, and Japan, the government along with other organizations, prioritizes the teaching of financial literacy to people of all age, most especially to young people so they will grow up with a good grasp on financial matters, which is something that is lacking in the Philippines

(<https://www.ecomparemo.com/info/introduction-to-financial-literacy-and-its-importance-to-filipinos>, retrieved 29, November 2017).

It is observed that financial literacy in the Philippines is not very high which makes it difficult to do financial planning (Tiongson, 2013). On an article about the State of Financial Literacy in the Philippines by Villafuerte (2015), 80% of working, middle class Filipinos see a bleak retirement and more than half expect to be supported by their children in their old age; only 10% of Filipinos are consciously saving for retirement; among the middle class, 36% save regularly every month while 51% only "save when they can"; 90% attempt to follow a budget, but only 33% stick to it; 40% pay their credit card balances in full monthly, while 22% pay only the minimum amount due in their credit statements; 84% of the working, middle class have no formal financial plan; and when asked about investing, 43% think they know exactly what to do if they had money to invest, 53% have a "good idea" where to invest, while 4% have no idea how to invest.

Education Secretary Leonor M. Briones stressed the need for public – school teachers to have financial literacy, especially because teachers' debt has been increasing (Toledo, 2017). The goal is to teach them how to invest and save. She is confident that with enough financial literacy and guidance, the current salary of a public – school teacher is already adequate. Therefore, the aforementioned problem has prompted the researcher to conduct a study to discover/know how teachers manage their finances among the teachers of Ilocos Sur Polytechnic State College.

Objectives of the Study

This study intends to investigate teachers' financial literacy among the teachers of Ilocos Sur Polytechnic State College.

Specifically, the study aims to describe the following dimensions of financial literacy:

1. the "financial status" of the teachers
2. the alternative measures to cope up with the financial problems that teachers encounter
3. the ways and means of how teachers manage their financial decisions

2. METHODOLOGY

Research Design

The researcher made use of qualitative method. The purpose of this phenomenological study is to explore and describe the experiences of teachers of Ilocos Sur Polytechnic State College on financial literacy.



Selection & Study Site

The researcher made use of purposive sampling technique on the basis of determining the qualified faculty members suited on the pre – determined criteria. The study involves 5 teachers/Instructors of the Ilocos Sur Polytechnic State College, Tagudin Campus, Tagudin, Ilocos Sur. To facilitate the study, the researcher selected the respondents as to their age, gender, marital status, number of children, and nature of work of spouse.

Table 1. Demographic profile of the respondents (n = 5)

Profile	Number of Respondents	Percent (%)
Age		
45 – 55	3	60
56 - 65	2	40
Gender		
Male	1	20
Female	4	80
Status		
Married	5	100
Number of Children		
2: (boy – girl)	3	60
2: (boy – boy)/(girl – girl)	2	20
Nature of Work of Spouse		
Teacher	4	80
Uniformed Men	1	20

As shown in Table 1, 60% of the respondents belong to the age bracket 45 – 55. 80% of them are female who are all married (100%), with 2 children each (60%) and most of them have spouses’ as teachers also (80%).

Instrumentation & Data Collection

The researcher made use of a questionnaire which served as an interview guide for data collection. The respondents were given a copy to facilitate the interview process. The teachers were asked with the following questions: Can you describe your financial status? If you are financially well or able, can you tell/describe how you have managed your finances? If you are encountering financial difficulty, could you tell/describe how you have managed



your finances. Do you have savings? How are you managing your savings? Describe your typical spending pattern.

Ethical Considerations

A one on one conversation with the respondents was done to inform them of the nature and purpose of the research, the plans for using the results of the interview and the observance of protecting their anonymity. Each of the respondents were given a consent letter to signify their voluntary participation in the research and have the option to withdraw anytime, as well as not to answer questions that they are not comfortable with.

Mode of Analysis

The recorded interviews were transcribed by the researcher. Significant statements were extracted from the respondents answer for analysis of themes and sub-themes.

Findings

Findings in this research described the experiences of selected teachers on financial literacy. From 5 verbatim transcripts where significant statements were extracted with their formulated meanings into clusters, it has resulted into 4 themes.

Theme 1: Financial Contentment

Financial contentment comes with the satisfaction that we have based from our own income. In this study, the respondents exhibited a positive attitude towards financial contentment.

As one of the respondents narrated:

“With the number of years that I have rendered, I guess I have already maximized my potential as a teacher. With the current academic rank that I have at present, I’m already happy”. If I am to describe my current financial status, it is just enough to sustain my simple lifestyle”.

The other teacher says:

“The joint income that we have with my husband is just enough for the family...but sometimes we can’t get away with some of our selfless ambitions.”

Another respondent expressed:

“Whatever amount of net pay that we receive for the month, it's just enough for our daily living”.

Theme 2: Financial Strategies

Problems arise at times when least expected, as a result, we deal with some conflicts on our own means.

One of the respondents relates:

“It’s hard at times when problems arise one after the other. Example, when a member of the family is hospitalized, definitely you need money to pay the hospital bill. But at the same time, you are also obliged to pay the tuition fees of your children in school aside from the house bills that are to be paid regularly. Usually, I prioritize the ones that are most important or valuable especially on our basic needs. But there are times that I have to apply for loan just to augment some of our expenses. So, from there, if this type of scenario will have a similar case again, then I am forced to borrow again.”

Another shares:



“If you have an extended family, say you are living with your parents, you can’t get away on giving or spending money for them. Or if you have siblings with you, you can’t simply say no when they would ask something from you. These are just some instances where our income is not just solely for us (family only), but sometimes it’s hard to say no also if you know that it might hurt their feelings if you were not able to grant their favour. It was at that point when I have ventured on having a small business just to expand my income and compensate expenses when emergency comes. Since I am teaching economics, I always practice “simple economics” such as buy and sell to augment my meager income.”

The other respondent says:

“Having our children sent to private school for their education on their choice left us with greater efforts to support them. Hence, I can’t get away from applying personal loans to sustain some of their school needs and activities. Though we have transient homes as extra income, apparently, there are still cases where we are short of budget.”

Theme 3: Budgeting

In this theme, respondents focused on how they spend their money.

One teacher relates:

“From my net income, I allot for our basic needs, emergency and for relaxation (sometimes only)”.

Another shares:

“Since it is a 15th/30 monthly pay, then the allotted ones must be paid for the 15th of the month, another for the 30th. A budget will go for the kitchen like groceries, for the market and etc.”

Another teacher says:

“Since salary is given on the 15th and 30th...bills are budgeted and paid on time to refrain from having penalties. I also allot the major part of my income on our basic or daily needs and if something is left then the money left will be saved...but if there's no money left then no savings will be allotted for the month.”

Theme 4: Saving

In this theme, teachers are asked if they have savings and how they are managing it.

One teacher says:

“Yes I have small amount. Utilize for my buy and sell and for emergency purposes.”

Another teacher shares:

“A little...if after budgeting then there is something left, then that is the one to be saved.”

The other teacher says:

“Just a little...I save some for emergency purposes.”

Another one shares:

“Joining the “paluwagan” sometimes assures me for our family’s savings for the year...at least I have some extra money for special occasions and holidays.”

3. DISCUSSION AND IMPLICATION

This study reveals the financial status of the teachers, the alternative measures to cope up with the financial problems that teachers encounter, and the ways and means of how teachers manage their financial decisions. Generally, teachers are financially contented with their



present financial status, certain financial strategies are done to cope up with the financial problems that teachers encounter and proper budgeting and saving are done to manage teacher's financial decisions.

Financial Contentment

It was determined that financial satisfaction is related, both directly and indirectly, with diverse factors including financial behaviors, financial stress levels, income, financial knowledge, financial solvency, risk tolerance, and education (Grable and Joo, 2004). According to Mugenda et al. (1990), satisfaction with financial status is influenced by economic factors, mainly savings and net worth that a proportion of income saved adds to households' net worth over a period of time is crucial for financial satisfaction.

Financial Strategies

Financially literate people will have strategies to smooth income flows and a tendency to avoid using credit for essentials such as food and utilities. The extent to which these strategies are successful will depend on the predictability of their income and expenditure as well as the extent to which they have the necessary skills. It is not always possible to prevent shortfalls in income, but a reliance on credit for basic living can become very dangerous and impossible to escape (Atkinson and Messy ,2012). Further, (Pinzon, 2017) described the lived experiences of teachers living in a meager income that teachers need to cope with the meagerness to sustain their needs, resulting to an option of borrowing money from banks and other investors for personal and family matter.

Budgeting and Saving

Saving is the part of income that people choose to set aside for future uses. People save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings (Council for Economic Education, 2013).

Financial literacy means understanding how money works. Knowing its importance, we are able to 1) provide for ourselves and our family; 2) invest in the future as well as for our children; and 3) contribute to our country's economy (<https://www.ecomparemo.com/info/introduction-to-financial-literacy-and-its-importance-to-philipinos>, retrieved 29, November 2017)

4. CONCLUSION

The primary intent of this study is to give an in-depth description on the experiences of teachers on financial literacy. Based from their narrated experiences, important things in life were realized.

This research revealed that teachers are financially contented with their present financial status, financial strategies are done to cope up with the financial problems that teachers encounter and proper budgeting and saving are done to manage teacher's financial decisions.

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