

Max Arias of Wharton School: Financial Literacy Initiatives Combats Intergenerational Wealth Disparities

Max Arias of Wharton School discusses financial literacy and how it can combat intergenerational wealth disparities.

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PHILADELPHIA, PA, UNITED STATES, JULY 14, 2020 / EINPresswire.com/ Max Arias of Wharton School has been trying to communicate the importance of financial literacy to his friends and family members for years. This concept is one that he believes could help fight income disparity, particularly between the generations. Intergenerational income disparity is a significant problem, Max Arias of Wharton School feels and is one that financial literacy courses could easily correct if implemented properly.



The Nature of Financial Literacy

Financial literacy is a term that defines how well a person understands various factors of financial health. For example, [Max Arias of Wharton School states](#) that people who know to set up a savings account or an IRA to prepare for retirement have a high level of financial literacy. Unfortunately, these ideas are not always learned well by people and may impact generations of individuals.

This problem is compounded by the fact that these types of lessons are not being taught in schools well enough, Max Arias of Wharton School believes. If students don't learn these financial literacy lessons from their teachers, they may not learn from their parents. Max Arias of Wharton School states that parents with poor financial literacy – such as those who don't

prepare for retirement or who spend too much without investing – will pass on bad habits to their children.

As a result, these individuals are likely to stay within the lower-income range into which their parents fall. This type of intergenerational income disparity is devastating, Max Arias of Wharton School says, because it is leaving millions of people stuck in very challenging financial situations. That's why he believes that financial literacy initiatives are so important for these individuals.

Why Max Arias of Wharton School Believes in Financial Literacy Initiatives

A growing movement for financial literacy initiatives has helped to narrow the income disparity gap a [little, Max Arias of Wharton School says](#). These initiatives reach out to people in lower-income areas and teach them and their children better ways to save. Some of these people may not have a lot of money to save, but [Max Arias of Wharton School believes anybody](#) can benefit from these initiatives.

He says: "Having a strong grasp on personal finances and ways to save, budget, and invest from an early age may be the best way to combat intergenerational wealth disparities. A savvy propensity to save and invest could start ameliorating some of the wealth disparities that have arisen through certain groups having better access to property and education for generations."

For example, Max Arias of Wharton School believes that teaching children how to budget and avoid unnecessary purchases at a young age can help them prepare for the future. And by understanding better investment skills through financial literacy initiatives, Max Arias of Wharton School believes that anybody can succeed and move past the financial limitations placed on them.

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