

# Investing joins 3 R's at unusual school

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CHICAGO — Like their peers elsewhere, the students at a one-of-a-kind public elementary school on the South Side of Chicago are dazzled by pop-culture stars — Beyonce and Common, Kanye West and Lil' Wayne, LeBron James and Dwyane Wade.

Listen closely to the hallway chatter at Ariel Community Academy, though, and you may hear unexpected references to uncool dudes like Warren Buffett and Bill Gates. After all, these kids have their portfolios to worry about.

The Ariel school is an experiment in financial literacy with real-life oomph: Each incoming first-grade class gets \$20,000 that the children ultimately get to pick stocks for and manage. The goal is to add an I — investing — to the three R's, according to John Rogers Jr., chairman and chief executive of Ariel Capital Management, the Chicago-based money management firm that established the school in 1996.

At a time when pensions are being phased out and people must rely more on their own investment smarts, Rogers thinks saving and investment should be an integral part of the curriculum at schools across the country.

"It's important to have all the reading and writing and arithmetic skill sets, but we can't think of anything else more important than to be able to be financially viable and competent as you start to build your working career," he said.

Experts say easy credit, aggressive marketing and the dizzying array of financial products and cashless spending options have led many American consumers astray, making it more essential than ever for kids to learn about money.

Iowa State University professor Tahira Hira, a member of the newly formed President's Advisory Council on Financial Literacy, is among those advocating that personal finance be required teaching at every elementary school.

"People who were brought up with some lesson in saving or borrowing act differently than those who weren't," Hira said. Opening bank accounts for children, buying them stock in a fast-food company or the company that makes their favorite toy, teaching them to spend some, save some and give some away when they receive cash as a gift — "our research shows that all those things do matter," she said.

The Ariel school's success can't be fully judged until its first graduates, now juniors in high school, make their own mark. But high math test scores give it a blue chip reputation and some cachet for its students in a mostly black, high-poverty area.

When eighth grader Victoria Bills talks about investments with her friends, for example, "They're like, 'Oh Victoria, that's like so cool!'" she said. "They're like, 'I want to go to that school.'"

That's music to the ears of the 49-year-old Rogers, who has long put a special emphasis on trying to encourage other African-Americans to save and invest more.

A South Side native, Rogers first got enthused about investing at age 12 when his father began buying him different stocks every birthday and Christmas.

After graduating from Princeton, where he was captain of the basketball team, he started Ariel when he was 24 with his own savings and investments begged from friends and family. Today, it has more than \$13 billion under management in three mutual funds and separate accounts for 89 institutional clients. Rogers is also a close adviser to Sen. Barack Obama, who lives just five blocks down the street from the school in the Kenwood neighborhood.

Inspired by a symposium he attended on financial literacy in the mid-1990s, Rogers had Ariel team with fellow Chicago investment firm John Nuveen & Co. to fund the innovative school program.

The concept is simple: Ariel's experts manage a \$20,000 portfolio for each class until sixth grade, briefing them regularly along the way, and then begin turning over the decisions to the children. Upon graduation from eighth grade, each class returns the initial investment amount to the school for another first-grade class and donates, invests or pockets the profits.

After giving half the gains to community charity programs or school initiatives, each student can then take the rest in cash or invest it in a Section 529 college savings plan, in which case they are given an additional \$1,000. Last year, 80 percent of graduates invested their \$150 shares in a 529.

The financial focus extends well beyond the portfolio at a school where hallways are named after Wall Street and other marketplaces, and students announce the latest business news twice daily over the PA system.

Financial concepts are woven into the curriculum, with first graders learning about core economic principles, for example, while eighth graders put together their own business plans. All 440 students are offered free tutoring from Ariel's professionals on Saturdays, and the older kids have the chance to hear analyst presentations and attend meetings at McDonald's Corp., where Rogers sits on the board of directors.

There's nothing dry about such schooling to these kids, according to Connie Moran, the school's director of financial education.

"When I say we're going to talk about money today, they don't go 'Eeeeeewww' like some kids might," said Moran, a former bond analyst. "It's like saying we're going to recess — that's never a problem."

Moran said her students soak up financial

information like sponges. Besides, she noted, "We don't wait until our students are 16 to teach them how to read. Why wait until they're 16 to teach them how to manage a bank account?"

Twice a week or so, junior boards of directors elected by the seventh and eighth grades gather around a table under a giant mural depicting a bull and bear to discuss their class holdings.

With the whack of a gavel one recent day, they were off and running. The lively discussion touched on everything from the merits of the maker of Ugg boots to their tendency to load up on tech stocks to whether they should profit from companies that make weapons used in the war in Iraq.

Student Jordan Lillybridge likes sitting in the boardroom.

"It gives me an opportunity to express my opinion on which stock we should pick — especially me and Sony, because I am a big fan of Sony," said Lillybridge, who is 12. "Also Panera Bread."

Bills, too, revels in the whole experience, keeping tabs on financial news and monitoring her class' stocks at home.

"When I go to this school I actually feel special, because I'm learning things that most kids probably wouldn't even learn," she said, adding that she hopes to make enough in the market to help her mom.

Rogers, whose company spends nearly \$1 million a year on the school, would love to see it churn out future portfolio managers, accountants and investment bankers. But for now he finds it "absolutely thrilling" just to sit in on the children's discussions about stocks.

Nurturing their education and watching them grow up and have fun with the stock market, he said, is "one of the greatest feelings in the world."

