

Raising Money Smart Kids

EVENT KEY NOTES

- ✓ **Why is it important to teach financial skills at a young age?**
 - Students between the ages of 15 - 21 often feel unprepared to face the complex world.
 - Parents and students agree that college students are not well prepared to deal with financial challenges that lie ahead.
 - Approximately 76% of students' report they wish they had more help preparing their personal finances.
 - 49% of teens are eager to learn more about money management.
 - Only 14% of teens have taken a class on financial literacy.
- ✓ **True & False**
 - **An allowance is bad because kids aren't working for it.**
FALSE: Allowance gives kids experience with real-life money matters, letting them practice how to save regularly, plan their spending and be self-reliant.
 - **It's never too early to open a savings account for your child.**
TRUE: A bank account can show your child/children how their money can accumulate. It can also introduce them to the concept of how money can make more money through interest.
 - **Kids don't need to learn about money, their time is better spent playing.**
FALSE: Getting your child interested in money early (age 3 or 4) will only benefit them in the long run, and they will have more financial responsibility when going into adulthood.
 - **It's impossible to teach a young kid how money works.**
FALSE: There are several activities that you can do with children of all ages to get them engaged and understand how money works.
- ✓ **Tips for Teaching Kids About Money**
 - Begin teaching them about money as early as possible.
 - Teach them about your family's money values.
 - Emphasize the difference between Wants & Needs.
 - Teach them to be patient.
 - Include money in their everyday lives.
 - Give them an allowance and don't control it (*let them make mistakes*).
 - Make your expectations clear.
 - Encourage them to earn money.
- ✓ **Lessons for Children Ages 3 – 5**
 - You purchase items with money.
 - Patience is key.
 - Money comes from working.
 - Explain Wants vs. Needs.
 - Teach them to divide their money into 3 categories: Savings, Spending and Sharing.
 - Tell them to wait for what they want.
- ✓ **EXERCISE:** Give your child/children three jars and separate them into categories – Spend, Save and Give. Have them start putting their earned money into the jars. If they do not earn money, start giving them small chores or allow them to help for a small allowance. Let them choose what jar they put their money into.

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✓ **Lessons for Children Ages 6 – 10**

- Make wise choices.
- Money is not infinite.
- Saving is important.

EXERCISE: Give your child a portion of your grocery list and a budget and ask them to pick out the items you need while making sure they stay within that dollar amount.

1. Show them deals and calculate how much you're saving.
2. Let your kids make choices at the grocery store.

✓ **Lessons for Children Ages 11 – 13**

- Think of some alternative ways for your child to save.
- Teach them the difference between debit and credit.
- Have them save for a goal. Have them write down a list of their wants along with a deadline for obtaining those items on the list.
- Describe how interest works on earning additional money when your money is in a savings account.
- Show them how to use a credit card.

PERSONAL INFORMATION

1. Let them know never to give out their social security number unless it is necessary, or they can ask to use another form of identification if possible.
2. Let them know to shred financial documents and paperwork containing personal information. This includes unsolicited items they may receive in the mail.
3. Tell them never to give out personal information on the phone through email or over the internet unless they know whom they are dealing with.
4. Teach them not to use an obvious password such as their birthdate, mother's maiden name or the last four digits of their social security number.
5. Tell them the importance of keeping their personal information secure.

✓ **Lessons for Children Ages 14 – 18**

- Research college education costs with them.
- Tell them to manage the use of their credit cards when wanting to buy things they may not need immediately.
- Research loans and grants and indicate how much they will need to save for college.
- Encourage them to get a part time job and start saving.
- Go over their first paycheck with them and teach them about government taxes.

✓ **Lessons for Children Ages 18 Plus: at this age young adults are ready to take on personal decisions about their money and financial options.**

- Continue to teach them about cash flow.
- Explain how debt accumulates -Use your household budget as an example and show them how you pay your bills.
- Continue to explain the importance of an emergency fund.
- Explain student loans and student loan debt.
- What is debt and what are interest rates.
- The importance of having a good credit history.
- How to manage their paycheck in relation to spending and saving.
- How to save for emergencies and the importance of an emergency fund.
- Do interest calculations with them online.
- If you choose to allow your child to have a credit card, search credit card offers and never to charge more than you can pay off at the end of the month.
- Teach them how they should use a credit card responsibly.

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- ✓ Key Lessons for Children of All Ages
 - Needs vs. Wants
 - How to make money.
 - Pay yourself first and invest.
 - Spend less than you have.
- ✓ **In Summary: It can be intimidating to discuss and teach your children about money, but the rewards will outweigh the frustrations. Below are some pointers for money discussions.**
 - Let kids be kids.
 - They don't need to know everything about finances right away.
 - Talk about their allowance.
 - Look over your bills with your children.
 - Ask them what they are grateful for.
 - Explain to them what a budget is and how to budget their money.
 - Don't overwhelm them with money talk.
 - Allowing them to be financially savvy will help them in the future.
 - **Make it a habit to teach money skills regularly!**
- ✓ **Useful Websites**
 - www.tvokids.com
This site has a section with games that include the shopping game Tumbletown Shop Around. The game gives children a shopping list, and they can go to the appropriate store to buy items.
 - www.moneyinstructor.com
Money Instructor has money lessons for kids such as Counting Money, Basic Money Skills, Earning and Spending and more.
 - www.threejars.com
ThreeJars makes money management fun and easy for 5 to 13 year old kids and parents. Kids learn to manage their money through saving, spending and charitable giving jars – with guidance from Mom and Dad.
- ✓ **Useful Apps that teach kids financial skills**
 - **BANKAROO:** is a virtual bank for kids used by parents and teachers to educate kids about money, savings goals, making decisions and tracking expenses.
 - **ROOSTERMONEY:** is a free game about farming that can teach your kids about spending and patience to buy.

THRIVE'N'SHINE: is a fun approach to teaching personal finance. Using a downloadable curriculum, this engaging simulation game enables students to learn and practice positive financial behaviors that are aligned with national standards.
 - **FARMZOO:** is a free game about farming that can teach your kids about spending and patience to buy.
 - **BUSYKID:** helps kids develop basic money management routines they will need as adults, including the use of a debit card and investment option.
 - **GOHENRY:** is a bank account with tons of parental controls. Parents can set spending rules and limits, make allowance payments, or assign paid chores to help them earn

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extra cash. It's an easy way for parents to teach kids financial responsibility and give them independence.