



Raising Financially Aware Kids

Understanding the Value of a Dollar From Toddler to Teen

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More U.S. **parents worry about having enough money** to pay for their children's college education than other Americans worry about any common financial concerns.



More than 68% of U.S. high school students are concerned about their ability to **pay back student loans**.

71% of students considered costs as an influence in **deciding to attend college at all**.

83% of students weighed **costs as a factor** in which **college they would choose**.



64% of teens depend on parents or caregivers
for information on how to manage money.

More than 1/3 don't believe
they will be financially independent by **age 30.**



By **four to five years of age**,
children **understand that they need
to pay** for merchandise, but may not
understand that coins have different values.



Topics

- ▶ Values and money
- ▶ Learning to earn
- ▶ Saving and investing
- ▶ Budgeting and borrowing
- ▶ Giving back

A pair of hands is shown holding a pink piggy bank. The piggy bank is a classic pig shape with a coin slot on its back and two small black dots for eyes. The hands are positioned around the piggy bank, with fingers slightly curled as if supporting it. The background is a soft, out-of-focus light blue and white, suggesting a person wearing a light blue shirt. The overall tone is warm and positive.

Values and Money

Values and Money



Values and Money

Top Clothing Brands

| | |
|----------------|-----|
| Nike | 23% |
| American Eagle | 10% |
| adidas | 6% |
| Hollister | 4% |
| PacSun | 4% |

Top Handbag Brands

| | |
|---------------|-----|
| Michael Kors | 27% |
| Louis Vuitton | 14% |
| Coach | 11% |
| Kate Spade | 11% |
| Gucci | 9% |

Top Footwear Brands

| | |
|-------------|-----|
| Nike | 42% |
| Vans | 20% |
| adidas | 13% |
| Converse | 4% |
| Foot Locker | 3% |

Top Shopping Websites

| | |
|------------------|-----|
| Amazon | 52% |
| Nike | 4% |
| American Eagle | 3% |
| Urban Outfitters | 2% |
| eBay/PacSun | 2% |



Values and Money

Five Things Kids Need to Know About Money

1

What is money?



Values and Money

Five Things Kids Need to Know About Money

2 What do things cost?



Values and Money

Five Things Kids Need to Know About Money

3

What is something worth?



Values and Money

| Item | Worth or Value |
|------------------|---|
| Winter Coat | Keeps you warm |
| Dog | Gives love and companionship |
| Sports Equipment | Provides fun and exercise |
| Toothbrush | Cleans your teeth |
| Computer | Allows you to work, shop and watch TV or movies |
| Vacation | Offers relaxation and fun for your family |



Values and Money

Five Things Kids Need to Know About Money

4

What is opportunity cost?



Values and Money

Five Things Kids Need to Know About Money

5

**What are the tools
for success?**

A pair of hands is shown holding a pink piggy bank. The piggy bank is a classic pig shape with a coin slot on its back and two small black dots for eyes. The hands are positioned around the piggy bank, with fingers slightly curled. The background is a soft, out-of-focus light blue and white, suggesting a person wearing a light blue shirt. The overall tone is warm and positive.

Learning to Earn

Learning to Earn

All About Allowance

\$30/week



The average amount a week in allowance

\$6.11/hour



The average amount earned per hour of chores, a 38% increase from 2016

2/3^{rds}



Parents who give their child an allowance



Learning to Earn

The average annual wage is just over
\$4,900 for **15-17 year-olds**.
Ages 12-14 are making about **\$2,700**.



Learning to Earn

- ▶ Talk to them about your job and how people earn money.
- ▶ Encourage your kids to get a part-time job.
- ▶ Encourage kids to gain experience by means of an internship.
- ▶ Praise your kids for their hard work rather than the money they earned.
- ▶ Have them keep track of their work experience for a résumé.

A pair of hands is gently holding a pink piggy bank. The piggy bank is a classic pig shape with a coin slot on its back and two small black dots for eyes. The hands are positioned around the piggy bank, with fingers slightly curled. The background is a soft, out-of-focus light blue and white, suggesting a person wearing a light blue shirt. The overall tone is warm and positive, symbolizing saving and investment.

Saving and Investing



Saving and Investing

Three Rules of Saving

1. Save every time.
2. Save 10 to 20%.
3. Just do it.



Saving and Investing

- ▶ Make saving fun
 - Make a ritual of the piggy bank.
 - Set buckets of “Save,” “Spend” and “Give.”

- ▶ Set a goal.
 - Ask for a “wish list.”
 - Set short-term and long-term goals.

- ▶ Watch it grow.
 - Visualize progress.

- ▶ Sweeten the deal.
 - Consider a match.



Saving and Investing

Introducing the Bank

- ▶ Take your kids on a tour of the bank and involve them in the selection.
 - Have them ask questions.

- ▶ Show your kids how to use a deposit slip and make a deposit.
 - Explain that their money might not be available right away.
 - Teach your kids the parts of a check and how to write one.
 - Explain how a check works and what it means to “bounce” one.
 - Show your kids how to use a check register and balance the checkbook.

- ▶ Teach your kids how debit cards work.

- ▶ Watch them do their first ATM transactions.



Saving and Investing

Investing for the Future

▶ Play the stock market game.

- Have kids pick a stock to follow for a time.
- See the ups and downs of the market.

▶ Explain mutual funds.

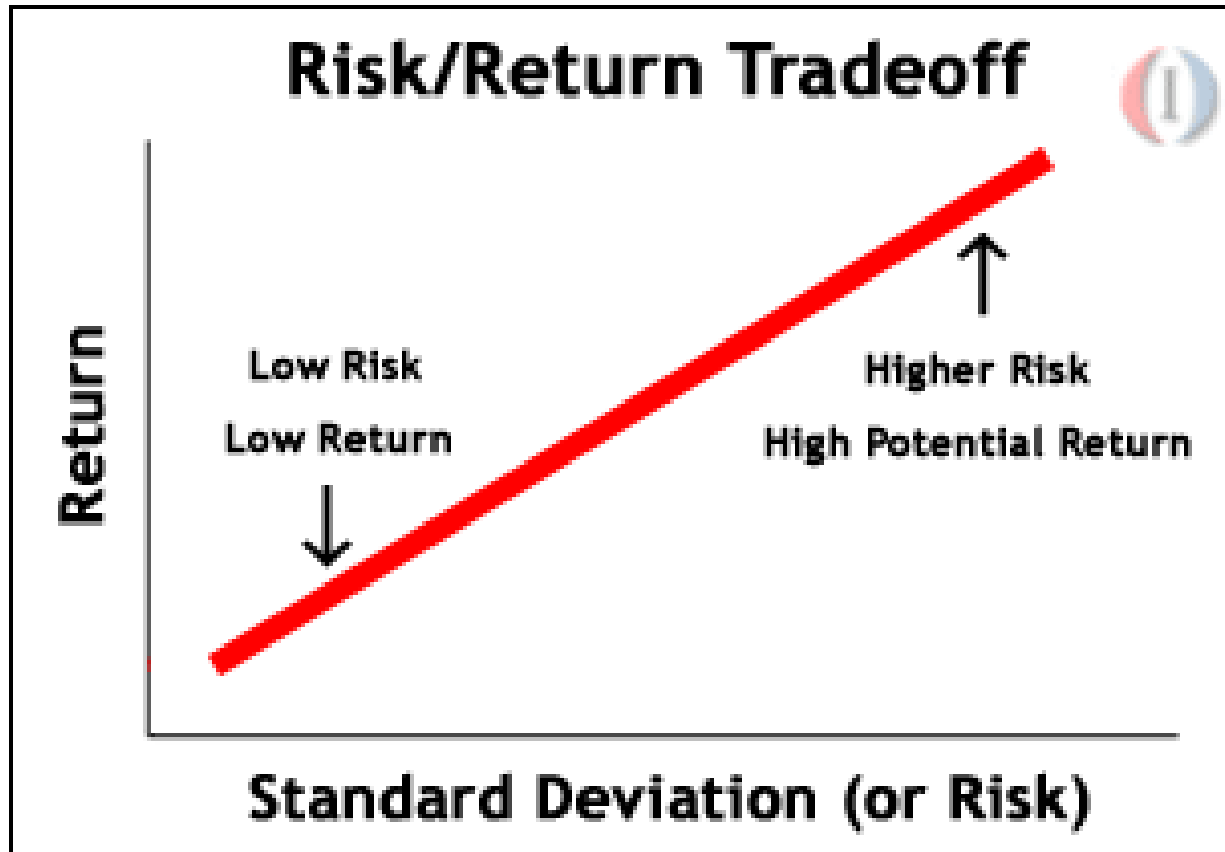
- Understand the idea of pooling investments from thousands of investors with professional overseeing the portfolio of stocks and bonds.

▶ Set a goal.

- Help kids set a goal before investing any money.

Saving and Investing

Help Kids Understand Risk and Return



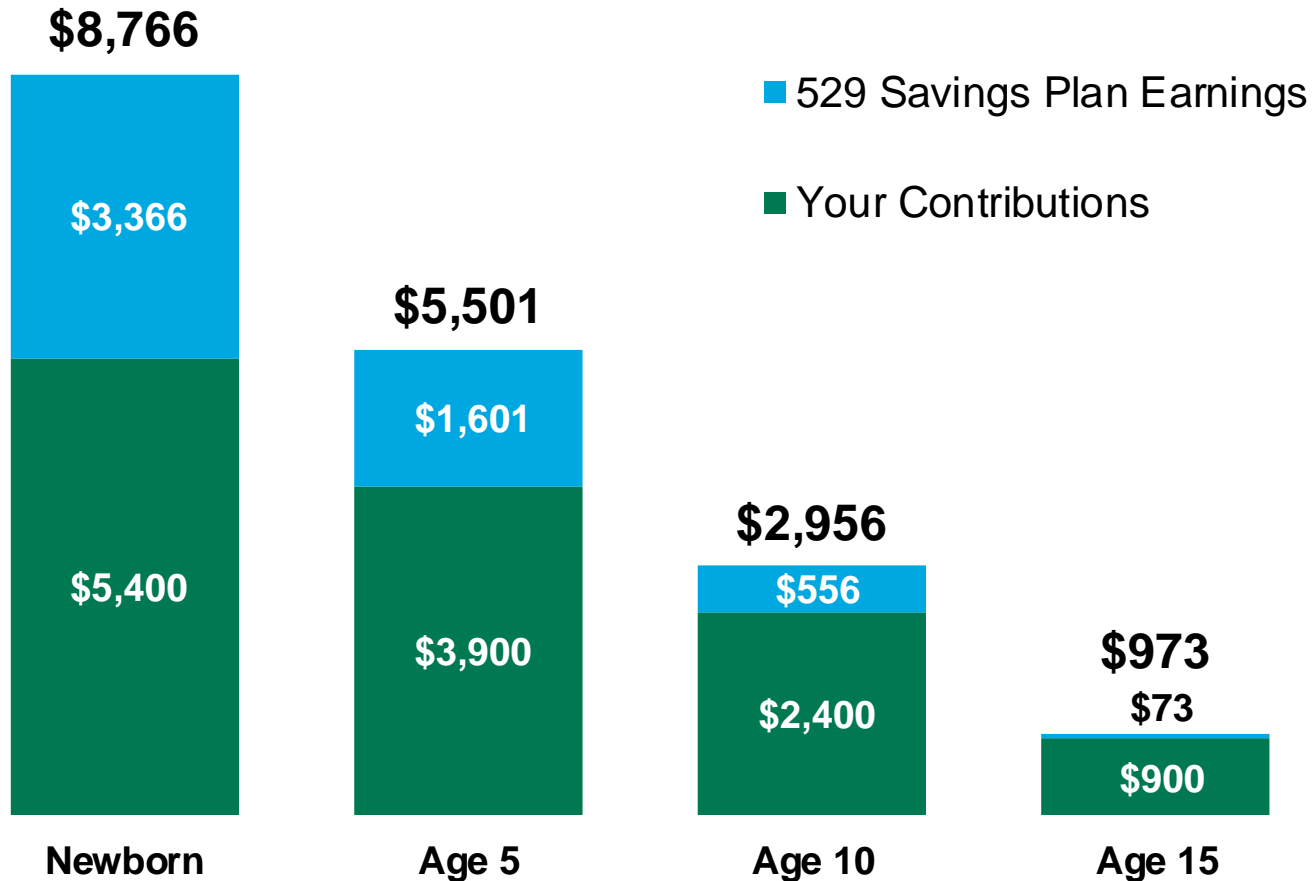
Investopedia

Standard deviation is a statistical measurement; when applied to the annual rate of return of an investment, it sheds light on the historical volatility of that investment. The greater the standard deviation of a security, the greater the variance between each price and the mean, indicating a larger price range. For example, a volatile stock has a high standard deviation, while the deviation of a stable blue-chip stock is usually rather low.

Saving and Investing

Plan for College

Investing \$25 per Month



This hypothetical example is for illustrative purposes only and assumes no existing savings balance, that the selected monthly contribution occurs every month until age 18 with no withdrawals, and that the hypothetical annual rate of return is 5%. It does not represent an actual investment in any particular 529 plan and does not reflect the effect of fees and expenses.

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Budgeting and Borrowing



Budgeting and Borrowing

- ▶ Give your kids budgeting responsibility.
 - Use school lunch money.
 - Apply a clothing allowance.

- ▶ Have older kids cover a portion of transportation expenses.

Budgeting and Borrowing

Write It Down

Monthly Income – \$585

Savings:..... \$116 a month

Obligations (gas and car insurance):..... \$200 a month

Total: \$316 a month

Income – Obligations

\$585 - \$316 = \$269 to spend

Discretionary Expenses

Clothes:..... \$75 a month

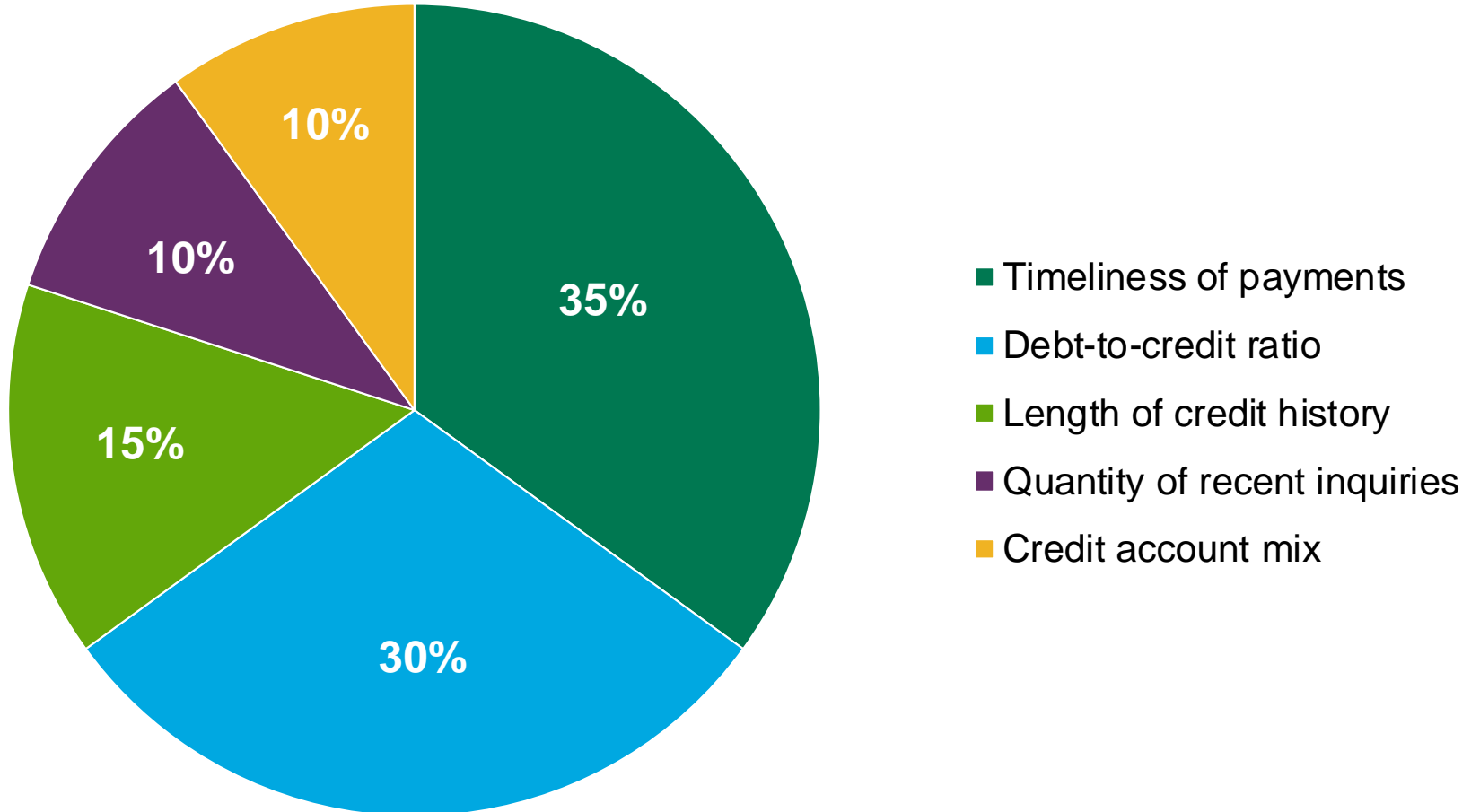
Coffee:..... \$5 four times a week.....\$80 a month

Eating Out:..... \$20 a week.....\$80 a month

\$269 - \$235 = \$34 left over

Budgeting and Borrowing

Building Credit



For illustrative purposes only



Budgeting and Borrowing

10 Things to Know About Credit

1. Start building credit before you need it.
2. Start small.
3. Communicate with your lenders.
4. Keep credit cards to 30% utilization or less, and pay off the balance.
5. Pay on time, all the time.
6. Have a good credit account mix.
7. Close credit card accounts with caution.
8. Take your credit seriously.
9. Don't open multiple accounts at once.
10. Check your credit regularly.



Budgeting and Borrowing

Student Loans

- ▶ Amount borrowed is based on cost of attendance and “expected family contribution.” (EFC)
- ▶ EFC calculation involves household assets and income for both parents and the student.
- ▶ Payments are deferred for six months after the student is no longer enrolled.
- ▶ Interest accumulates when the amount is borrowed.
- ▶ Visit www.studentloans.gov.
- ▶ Borrow as little as possible.
- ▶ Take advantage of available scholarships.
 - Need, interest, academic or activity-based scholarships are available
 - Visit www.collegescholarships.org

A pair of hands is shown holding a small, pink piggy bank. The piggy bank has a coin slot on top and two small black dots for eyes. The hands are positioned around the piggy bank, with fingers slightly curled. The background is a soft, out-of-focus light blue and white. The text "Giving Back" is overlaid in the center in a bold, blue font.

Giving Back



Giving Back

Starting Lifelong Service

- ▶ Establish that “give” bucket.
- ▶ Volunteer as a family.
- ▶ Ask for donations rather than gifts for birthday party.
 - Canned goods for a food bank
 - Socks, hats and gloves for a homeless shelter
 - Diapers for a diaper bank
 - Items for care packages for service people
- ▶ Continue volunteering in high school and college.
- ▶ Appreciate gifts.



Raising Financially Aware Kids

Net Worth Does not Define Personal Worth

- ▶ Be an active financial educator for your kids.
- ▶ Talk regularly with your kids about money, and be a positive role model.
- ▶ Encourage your kids to dive deeper in learning more about finance.
- ▶ If a financial literacy course is offered in school, make sure they take it.

Managing Money, Making An Impact

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