

Participant Guide



Raising Money Savvy Kids



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Opening Notes

Welcome

Thank You for attending our workshop: **Raising Money Savvy Kids**. We hope that this workshop will provide you with best practices when addressing your children about money management and financial questions.

Objectives

- Explore Money As You Grow – a financial literacy tool that promotes family financial education
- Learn how to financially empower children
- Develop talking points about financial choices for children, regardless of age
- Learn about money activities for kids of all ages

Participant Materials

This Raising Money Savvy Kids Participant Guide Includes:

- Tips to help you financially empowerment your children
- Side activities you can do with your children to assist you with this process
- An activity to show you where your money conversations with your kids stand today
- A worksheet

Kids Make Financial Decisions: Whether or Not They Realize It

Message to All Parents:

- Children learn about commerce (money) based on the world around them.
- You should be the first line of defense.

More often than not, we take part in creating the world around our children and their perception of it. Children make financial decisions whether or not THEY realize it or whether or not WE realize it.

If they see the world around them a certain way, it will affect their spending and saving decisions in the future.

You need to help your kids learn about what will hurt them in the future. What we teach kids about money now will shape the way they view and manage money as adults. This guide is designed to help you invest in your child's financial knowledge today.



In the section below, list three ways you plan to invest into your child's financial understanding of money.

Age Three to Five

What Should You Teach Them:

Lesson 1: Money Is What Liberates Us to Buy Things.

Children at ages 3-5 do not take lecturing well. In fact, if you are talking at them they may not retain the information as well as you need them to.

Tell Them: We can buy things when we have money. Verbally explain this to them first and then show them with example.

- Take them grocery shopping with you, when they pick out something that they want remind them that they cannot buy it because they have no money. This can serve as a great life lesson.

Activities you can do with your kids:

- 1) Identify coins and their values.
- 2) Discuss how you may value something that is free, such as playing with a friend.
- 3) Talk about items that do cost money, such as ice cream, toys and clothes.

Lesson 2: We Earn Money By Working.

Where does money come from?

Use someone else as an example that your child looks up to such as an Uncle or a Grandparent. Ask them if they know why they go for work every day. Tell them it's to make money to help you and them buy things you need like food and clothes.

Activities you can do with your kids:

- 1) Describe your dream job to your child.
- 2) Walk through your neighborhood or town and point out people working, like the bus driver or the police officer.
- 3) Explain that some people start their own businesses, like clothing stores or restaurants, and those people are called entrepreneurs.
- 4) Encourage your child to think about how she could earn money by setting up a lemonade or cookie stand.

Lesson 3: There is a Difference between Things We Need and Things We Want.

Teach children this verbally, and make sure they put it into practice.

Example: Do not give in to their stubbornness and tears of wanting a toy that they will play with for a week. When you are with them and they are stomping their feet and arguing with you, ask them if they really need that. We understand it can be hard if other relatives spoil them, but it is important that you (and your partner) maintain this practice with them.

Activities you can do with your kids:

- 1) When you are out shopping, point out essentials such as food and clothing, and ask your child to describe items that she may want but are optional.
- 2) Talk about how your family decides what to buy and what to pass up. Ask them what is most important. Purchase chocolate or fruit as an example.

Lesson 4: We might have to wait before buying something.

Explain to them why right now might not be the best time to buy something, and why waiting is important. Give them an example of a toy they really want.

Activities you can do with your kids:

- 1) When your child is standing in line for a turn on the swings, or looking forward to her favorite holiday, point out that sometimes we have to wait for things we want.

- 2) Find three jars (or cans) and label one for saving, one for spending, and one for sharing.

- 3) Suggest that your child put some of the money she gets into the saving jar, so she can buy a toy or treat when she has saved enough.



Age Six to Ten

Important Factors to Teach Children:

Lesson 1: Choices While Spending Money:

At this age, kids are starting school and learning to be more independent and often learning to reflect on their own actions. It is important to teach them important skills that will stick with them for life.

The lesson to learn is about wise spending.

Teach kids that they need to think about each thing that they want to buy and to question the immediate effects of it.

At this age, kids begin to develop decision making skills. You should start talking with them about the long term effects of poor money habits.

We strongly encourage you to talk with your kids. Lecturing does not work.

Encourage them to think about the choices they are making by asking them why they are buying something.



Be an example and show them how the choices they make can affect them.

Activities you can do with your kids:

- 1) Include your child in some of your small decisions. For example, at the grocery store, explain why you pick one item over another.
- 2) Give your child two dollars and let them choose which fruit to buy.
- 3) When shopping with your child, ask yourself aloud:
 - a. Do I need this item?
 - b. Can I borrow it?
 - c. Would it cost less somewhere else?

Lesson 2: The Importance of Comparing Prices Before Buying Anything:

There are some stores which will sell things for a higher price for something that is available at another store for a much cheaper price.

Comparing prices at different stores is important for 2 important reasons:

1. To get the most value of your money
2. To buy something your child would want at the cheapest possible price.

It is also to know how much something costs before you put money in it. Give your children examples in comparing two stores that have similar items.

Activities you can do with your kids

1. With your child, compare prices for a particular toy at various online or actual stores.
2. Use coupons and discount cards, and show your child how much you are saving.
3. Consider allowing her to keep part of the savings, if she helps clip or print out coupons.

Lesson 3: Goal-Setting and Working Towards Their Goals:

At this point, children may or may not receive an allowance. It is good for your child to have both materialistic and non-materialistic goals, and to work towards them.

Help them through this process.

Ask them:

- What their goals are
- What they are doing to achieve them
- The time frame

Help them set both realistic short-term and long-term goals.

Activities you can do with your kids:

- 1) Talk to them about limited resources
 - a. Example: Creating a budget based on your child's monthly allowance include needs and wants.
- 2) Continue the conversation of where money comes from. For example: "Banks don't just give you money."

Lesson 4: Putting Money in a Savings Account Will Protect It and Pay You Interest.

At age 10, children are probably learning about *interest calculations* at school.

Take that learning to another step and help them realize how they can use what they learn at school to their own benefit.

If they are receiving an allowance, they can always put a small amount of that allowance into their savings account. **Beware, don't just set up the savings account for them and put money in for them!** Help them make this decision consciously and understand why a savings account is important and why they are saving.

Activities you can do with your kids:

- 1) Visit a nearby federally insured bank or credit union with your child and ask about the interest rate on a savings account.
- 2) Discuss with your child how money in savings accounts is protected by federal insurance. If the bank goes out of business, they will get their money back.
- 3) Open a savings account for your child.

Age Eleven to Thirteen

What Should You Teach Them:

Lesson 1: Saving—a Dime for Every Dollar They Receive.

At this age, children may not always listen to you. It is crucial that you phrase your lessons in a certain way so that your child wants to do what you are saying.

Saving is important.

Follow up with them on their goals.

Show your children how to save for a materialistic item they may want, like a video game or a pair of jeans.

This will teach kids how to work towards achieving those goals. It will also help solidify those values from age 4 about getting money by working.



At this age, they could be mowing the lawn for your neighbor, helping an old woman in your neighborhood with her shopping, or even babysitting for a few hours. They should always save a small percentage of what they earn.

A dime for every dollar is a great way to start!

Activities you can do with your kids:

- 1) Encourage your child to always save 10% of the money they get.
- 2) Have your child set a goal to buy something they want, and have them work toward that amount
- 3) To reinforce the savings habit, go to the bank two to three times a year with your child to deposit savings into his account. Have them look at how much bigger the balance is on each visit.
- 4) Consider a "matching plan" for your child's savings: You put in 25 cents for every dollar he saves.

Lesson 2: Online Banking and Managing Their Finances Online.

At this age, they are already online using platforms like Facebook, Instagram and Twitter. You might as well show them another side to it. Start teaching kids to use technology to their advantage. The sooner they can learn to manage their finances, the better.

Themint.org is a great resource!



Activity you can do with your kids: Set up an online banking account and regularly checking this online account with them.

Lesson 3: Compound interest and saving. The sooner they save, the faster their money can grow.

This lesson is tough to teach, especially because the topic sounds like school and to your twelve year old boring.

It's all in how you phrase it.

Walk into the conversation with “How much money did you make this week, mowing Mrs. White’s lawn? Do you want to make that \$10, \$22 in just a matter of months?”

Entice them with the growing savings rather than the lecture of “if you save now you will have more money later” prove to them that this is worth their time.



Activities you can do with your kids:

- 1) Compound interest is when you earn interest on both the money you save and the interest you earn.
- 2) Show your child the following: If he sets aside \$100 every year starting at age 14, they would have about \$23,000 at age 65. However, if he begins saving at age 35 he'd have about \$7,000 at age 65. Assuming the account earns 5% every year.
- 3) To compute compound interest, use the calculators at investor.gov.
- 4) Discuss how much your child can save. What will they have to give up? Is it worth it?

Lesson 4: Spending on Credit Cards: Spending on a Credit Card is Like a Loan and If Not Paid in Full There Will Be Interest.

We may each have our own personal opinions on credit cards and the use of credit cards for kids at this age. Use your discretion when speaking about this.

Understanding what it means to spend on a credit card is important even if your kids don't have on.

Give them examples of how people make mistakes with credit cards. Also provide examples of the right way to use a credit card.

Activities you can do with your kids:

- 1) Discuss why you should not use a credit card to buy something that you can't afford to pay for with cash.
- 2) Using the Credit Card Repayment Calculator at [federalreserve.gov](https://www.federalreserve.gov). To show how long it could take to repay a \$1,000 credit card debt by making the minimum monthly payments.
- 3) Discuss how a credit card can be useful for making purchases online, or as a convenience.
- 4) Look at credit card offers online with your child, and compare the interest rates.

Age Fourteen to Eighteen

Facts they need to learn:

Lesson 1: Avoid Using Credit Cards to Buy Things They Can't Afford to Pay for with Cash.

This is a difficult age to teach, most of all because, at this age, children may be unwilling to listen to parents. It is important to find a neutral time to talk and not to throw all the information at them at once.

Moreover, it is more important to see that they are actively following your teachings rather than just listening to you and not following what you teach them.

There are a variety of ways to address this lesson.

However, the goal is for them to understand their own spending decisions.



Karen Roach/Fotolia

The best approach in our opinion is to tell them to pay only cash; they should not borrow when they are out of cash. It just means they can't go shopping anymore. The only time it is okay to consider borrowing money is during an emergency.

Activities you can do with your kids:

- 1) Fill out the Income and Expenses budgeting worksheet available at mymoney.gov. with your child
- 2) Discuss why having a savings and spending plan in place could help them avoid using credit cards.
- 3) Drive home this rule: When using a credit card, aim to pay it back in full each month; otherwise, you could be charged high interest.
- 4) Using the Credit Card Repayment Calculator at federalreserve.gov, see how long it could take to repay a \$1,000 credit card debt by making the minimum monthly payments.

Lesson 2: Pay-checks—First paycheck may seem smaller than expected since money is taken out for taxes.

Address this issue in discussing taxes and then put it out there that each earning person pays taxes. Make them want to understand this process rather than being force fed to them

Activities you can do with your kids:

- 1) Discuss the difference between gross pay (before taxes are taken out) and net pay (the amount you take home).
- 2) Explain that the W-4 form, which you fill out when starting a job, determines the amount of taxes taken out of a paycheck.
- 3) Explain that tax brackets vary depending on how much you earn. (In 2012, single people who earn \$8,700 or less per year pay a tax rate of 10%, for example, and those who earn between \$8,700 and \$35,350 pay 15 %.)
- 4) Discuss what taxes pay for, including schools, road maintenance, and medical help for the elderly.

- 5) Once your child has a steady job, help him set up an automatic savings program so that at least 10% of earnings goes directly into his savings account.

Lesson 3: Comparing Colleges—to fully understand how much each school will cost.

College is important. Children may assess a college through various attributes like sports teams or academics. It is also important to consider costs and how these costs can affect their future. Costs include loans, debt, scholarships, etc. All of these factors are vital to discuss with your HS junior/senior. School is a package and money is an important factor in it.

Activities you can do with your kids:

- 1) Point out that college grads earn almost twice as much as people who did not go to college.
- 2) Discuss how much you can contribute to your child's college tuition and expenses each year.
- 3) Compare college costs, graduation rates, loan default rates, average monthly loan payments, and employment prospects by using the "College Scorecard" at collegecost.ed.gov/scorecard.
- 4) See what schools cost by finding the "net price calculator" on their websites; know that most families don't pay the tuition sticker price.
- 5) Use the Consumer Financial Protection Bureau's Paying for College tool to compare financial aid offers at consumerfinance.gov.
- 6) To estimate your financial aid, use the FAFSA4caster tool at fafsa.ed.gov.

- 7) Go to studentaid.ed.gov to research additional loans, scholarships, and grants, and use the calculators to estimate your monthly loan payments.

8) Schedule an appointment with Clarifi College Advisors
(Call: 888-657-4922 or visit ww.clarifi.org)

Lesson 4: Negotiation skills—compare and negotiate prices from different stores.

This may sound like reinforcement from a previous lesson, but here is how it is different.

Though there are many stores that have listed prices and cannot be negotiated, there are many stores that have negotiable prices and it is important for your kids to keep in account of which stores these are and how to negotiate with them.

Further, in this way they also learn to negotiate with themselves.

It is important for them to be aware of surrounding prices before they buy anything, Need or Want.

Lastly, incorporate this into their daily lives:

- When they accompany you while grocery shopping with you
- When you give them pocket money to buy something
- When they ask you for money

Associating these things lessons with examples is important.

Activities you can do with your kids:

- 1) Make them tag along with you as you do the same
- 2) Openly talk about savings you made by buying something at a cheaper store

Age Eighteen+

Teach them about:

Lesson1: They need health insurance.

Tips to teach your kids:

- 1) Comparison shop for insurance like you would for any other product.
- 2) If you have health insurance, see if they can stay on your policy—with some exceptions, they are entitled to, by law, until you turn 26.
- 3) Get more information about the health insurance available at healthcare.gov.
- 4) Purchase renter's insurance if you lease an apartment, and auto insurance if you own, lease, or rent a car.



Lesson 2: Your Credit Report is like your Report Card

Tips to talk to your kids:

- 1) Discuss importance of grades with them
- 2) Entice them to have good credit reports
- 3) Discuss credit scores

Lesson 3: Financial Maturity.

Getting a 401k, 403b, IRA for example

Tips to talk to your kids about:

- 1) Mention your savings
- 2) Discuss the implications of having this and the future benefits
- 3) Help them assess their current financial situation
- 4) Give them examples of how adults can struggle without it.

Lesson 4: The Importance of Saving

Tips to talk to your kids about:

- 1) Make a list of your expenses (rent, bills, food) to see how much you spend each month; this will help you estimate how much you'll need to save for three months' worth of expenses.
- 2) Store the money in a safe place, like a federally insured bank or credit union.
- 3) If you're able to, try saving six to nine months' worth of living expenses instead of only three.
- 4) Don't stop once you've built your emergency fund; try to automate your savings so you stash away 10% of your earnings.

Lesson 5: They should use a credit card only if they can pay off the money owed in full

Tips to talk to your kids about:

- 1) Understand that when a parent cosigns, any late payments you make will also affect their credit history and vice versa.
- 2) Paying bills late can hurt your credit history and affect your chances of getting a job.
- 3) Get free credit reports once a year at annualcreditreport.com.
- 4) Look for a credit card with a low interest rate and no annual fee.
- 5) There may be an emergency expense that you can't pay off immediately and need to charge. That's why it's important not to charge everyday items.
- 6) To learn more about the credit card rules, go to federalreserve.gov.

Activity

1. How old do you think a child should be before you can talk to them about money?
 - a) At least four
 - b) At least eight
 - c) Old enough to count money
 - d) At least sixteen
2. How old do you think a child should be before they can receive an allowance?
 - a) At least four
 - b) Old enough to count money
 - c) At least eight
 - d) Kids don't need allowance
3. When your child asks for a raise in allowance you...
 - a) Ask what they will do with that money
 - b) Give it to them
 - c) Ask what they think to deserve it
 - d) Say no
4. You think your son should start receiving an allowance; you must decide on an allowance for him, you...
 - a) Give him what your brothers kids get
 - b) Give him what his friends are getting
 - c) Tie the amount to the amount of household work he is routinely doing
 - d) Calculate the equivalent today of the amount you received when you were his age and give them that amount
5. Your teenage daughter wants to start a car-washing business with some of her friends and asks you for some money, you...
 - a) Tell her to fund raise herself
 - b) Invest as much money as she needs
 - c) You tell her that you will help her set it up and even help her
 - d) Tell her it's a silly idea and her business most likely fail

6. Your business just dropped into significant losses, your thirteen year-old daughter notices that you are stressed and asks you what's wrong, you...
- a) Pretend not to hear her
 - b) Tell her everything is okay, you are just tired
 - c) Explain to her what is going on
 - d) Tell her to stop bothering you
7. Your nine year old son has been begging for a video game since last summer but you can't afford it, you...
- a) Buy him something that you can afford to make up for it
 - b) Buy it anyway. Your child's happiness is most important
 - c) Explain to him the difference between needs and wants
 - d) Tell him that he has to earn it
8. Hypothetically, there is a huge recession in the country and over 500,000 people lost their jobs you are afraid you will too. Your daughter is a senior in high school and you have not saved for college expenses, you...
- a) Start saving right now
 - b) Borrow money from your bank/a family member
 - c) Tell your daughter what is going on
 - d) Tell her that college is not an option unless she gets full scholarship
9. Child-care expenses are increasing by the day and you cannot seem to cover your costs. You...
- a) Leave your 6 year old alone at home
 - b) Continue paying the costs with your credit card
 - c) Suggest that your 85 year old aunt babysits
 - d) Stop working and take care of your child

10. You want to start talking to your children about finances and money you...
- a) Ask them where they spend their allowance
 - b) Lecture them with the standard “money does not grow on trees”
 - c) Discuss it with your significant other or people that you trust and assess how to address the issue
 - d) Take away their allowance and tell them to earn it back, so that they learn about the importance of money

Number of times you selected a

Number of times you selected c

Number of times you selected b

Number of times you selected d

Rating for Activity

If you selected more **a's**

- You want to talk to your children about financial matters but are unsure how
- You create a budget for every month but fail to adhere to it
- You over spend sometimes
- You are aware of your financial situation but think there is nothing you can do about it
- You are most likely to agree with the statement “I should have started planning a long time ago”

If you selected more **b's**

- You are most likely to be over budget
- You are most likely to consider that your children will never learn about financial responsibility
- You don't know how deep in debt you are yourself
- You are most likely to never talk to your family about financial matters

If you selected more **c's**

- You are most likely to talk about finances and financial responsibility with your kids
- you are most likely to write down your monthly expenses and budget in advance
- You are most likely to encourage open communication with your significant other and your children
- You are honest about your financial situation with your family
- You know when you are over-spending

If you selected more **d's**

- You do not think you are in a problem
- You most likely think that everything will take a turn for the better eventually
- You think that your children will eventually learn about finances and you don't have to teach them
- You have given up on your family ever learning from their mistakes

Ending Notes - Top Teaching Tips:

1. You do not have to be perfect to teach good financial habits .
2. You need to be committed to teaching financial lessons. Teaching requires you to slow down to talk to children while going through your day .
3. Mistakes are lessons, don't be afraid to share errors with your children.
4. As parents we have to decide what type of adult we want our children to be and then raise them to be that...children learn by what we say and do.
5. If you don't teach your children, who will?
6. Be an example
 - Actions speak louder than words.
7. Slow down!
8. You HAVE made mistakes and will in the future
 - Share them with your kids.
9. This is part of your job description as a parent.
10. You do what it takes—you're doing it every day!
11. Create a support system.



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- Housing Counseling

We counsel over the phone and in-person in 13 Offices throughout the Philadelphia region (please call ahead to schedule your appointment).



Financial Empowerment Centers

Connect with a Financial Counselor at a Financial Empowerment Center near you. Schedule your appointment today.

855-FIN-PHIL (346-7445)

An appointment at a Financial Empowerment Center can help you to:

- Set up a bank account
- Avoid unnecessary bank fees
- Start saving with a savings account
- Deal with collection agencies
- Reduce expenses, including your utility bills
- Work one-on-one with your own Financial Counselor

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