

# YOUR MONEY 101

## TEACHING KIDS ABOUT MONEY



# GREENPATH SERVICES

GreenPath provides a variety of different services including one on one financial assessments, housing counseling, bankruptcy counseling, and a Debt Management program.



FINANCIAL  
ASSESSMENTS



HOUSING  
COUNSELING



CREDIT REPORT  
REVIEW



DEBT  
MANAGEMENT



A study by the University of Cambridge found that money habits in children are formed by the time they're 7 years old. Little eyes are watching you. If you're slapping down plastic every time you go out to dinner or the grocery store, they'll eventually notice. Or if you and your spouse are arguing about money, they'll notice that too. Whatever you do now, they'll be much more likely to follow it when they get older.

LEAD BY  
EXAMPLE





# SHOW THEM THAT STUFF COSTS MONEY

You've got to do more than just say, "That pack of toy cars costs \$5." Help them grab a few dollars out of their jar, take it with them to the store, and physically hand the money to the cashier. This simple action will have more impact than a five-minute lecture.





## TEACH THEM ABOUT OPPORTUNITY COST

You've got to do more than just say, "That pack of toy cars costs \$5." Help them grab a few dollars out of their jar, take it with them to the store, and physically hand the money to the cashier. This simple action will have more impact than a five-minute lecture.



An allowance is different than commission. An allowance provides the mindset that you'll get money regardless of what you are doing. A commission is money that you earn. You are able to make more money if you do more or if you do it better. This teaches valuable life lessons.


ALLOW THEM TO  
EARN COMMISSION



**AVOID  
UNPLANNED  
PURCHASES**

**MODEL A  
PLANNED  
APPROACH**

This is a combination of leading by example and opportunity cost. If your child always wants something when they go into the store then they aren't able to learn about the benefit of saving for that item over time. It's important to teach them how to save, then when they do buy something it will be more meaningful and it will be easier to take them to the store.



Show them that there are ways to have fun without spending money. This allows an internal contentment versus having a child who is always seeking out an activity that costs money.

ENJOY FREE ACTIVITIES







## OPEN A JOINT ACCOUNT

By the time your kid's a teenager, you should be able to set them up with a simple bank account if you've been doing some of the above along the way. This takes money management to the next level, and will (hopefully) prepare them for managing a much heftier account when they get older.

# START A COLLEGE SAVINGS FUND



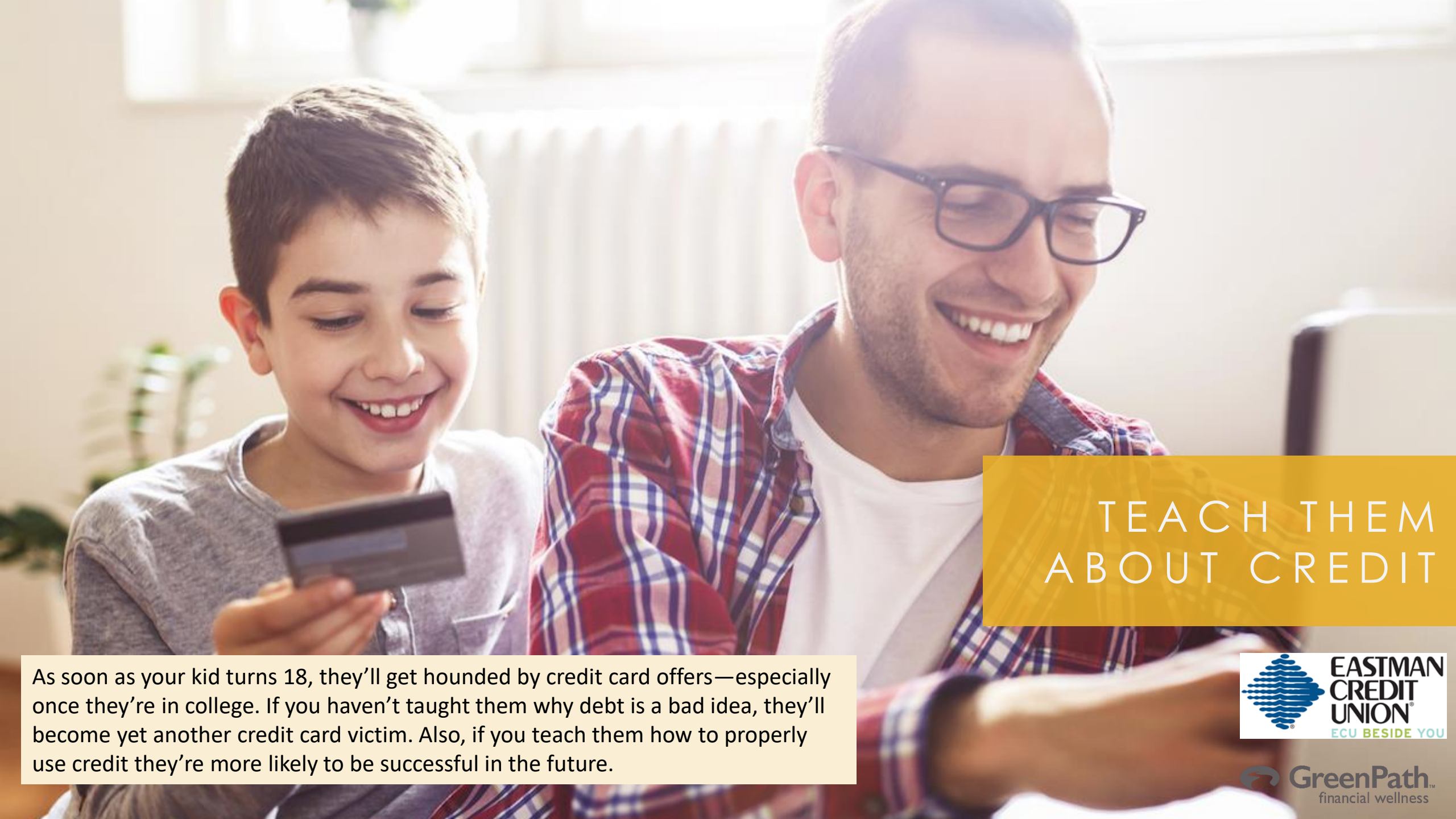
There's no time like the present to have your teen start saving for college. Do they plan on working a summer job? Perfect! Take a portion of that (or more) and toss it in a college savings account. Show them the account so they can see the power of compounding interest and also see how much they are able to spend on college.



## SHOW THEM THE COST OF DEBT

Before your teen ever applies to college, you need to sit down and have the talk—the “how are we going to pay for college” talk. When they ask for a car, show them how much the car payment is, the insurance and the maintenance. Explain the cost of gasoline. Opening their minds to these ideas will help them later in life.





# TEACH THEM ABOUT CREDIT

As soon as your kid turns 18, they'll get hounded by credit card offers—especially once they're in college. If you haven't taught them why debt is a bad idea, they'll become yet another credit card victim. Also, if you teach them how to properly use credit they're more likely to be successful in the future.



<u>MONTHLY BILLS</u>	
ELECTRICITY	\$110.00
GAS	\$55.00
WATER	\$70.00
INSURANCE	\$100.00

Encourage your teens to be part of the process, how are they planning out the commission they are earning, how are they able to be successful? The more you can do with them now the more seeds you are planting for their future success.

## CREATE A BUDGET



# TALK ABOUT COMPOUNDING INTEREST

We all know if we'd started saving at 18 we could likely be retired as you can't compete with compounding interest. Compound interest is a magical thing! Introduce your teen to it at an early age, and they'll get a head start on preparing for their future.





# ENCOURAGE THEM TO GET A JOB

When you think about it, teenagers have plenty of free time—fall break, summer break, winter break, spring break. If your teen wants some money (and what teen doesn't?), then help them find a job. A job allows them to see the value of money and to learn skills that they won't get anywhere else.





ANY QUESTIONS?







GREENPATH

FINANCIAL WELLNESS

is a nationwide non-profit that provides financial education and tools for people to lead *financially healthy lives*.