

# **MONEY AS YOU GROW**

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES

PRESENTED BY BETH KOBLINER

PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY

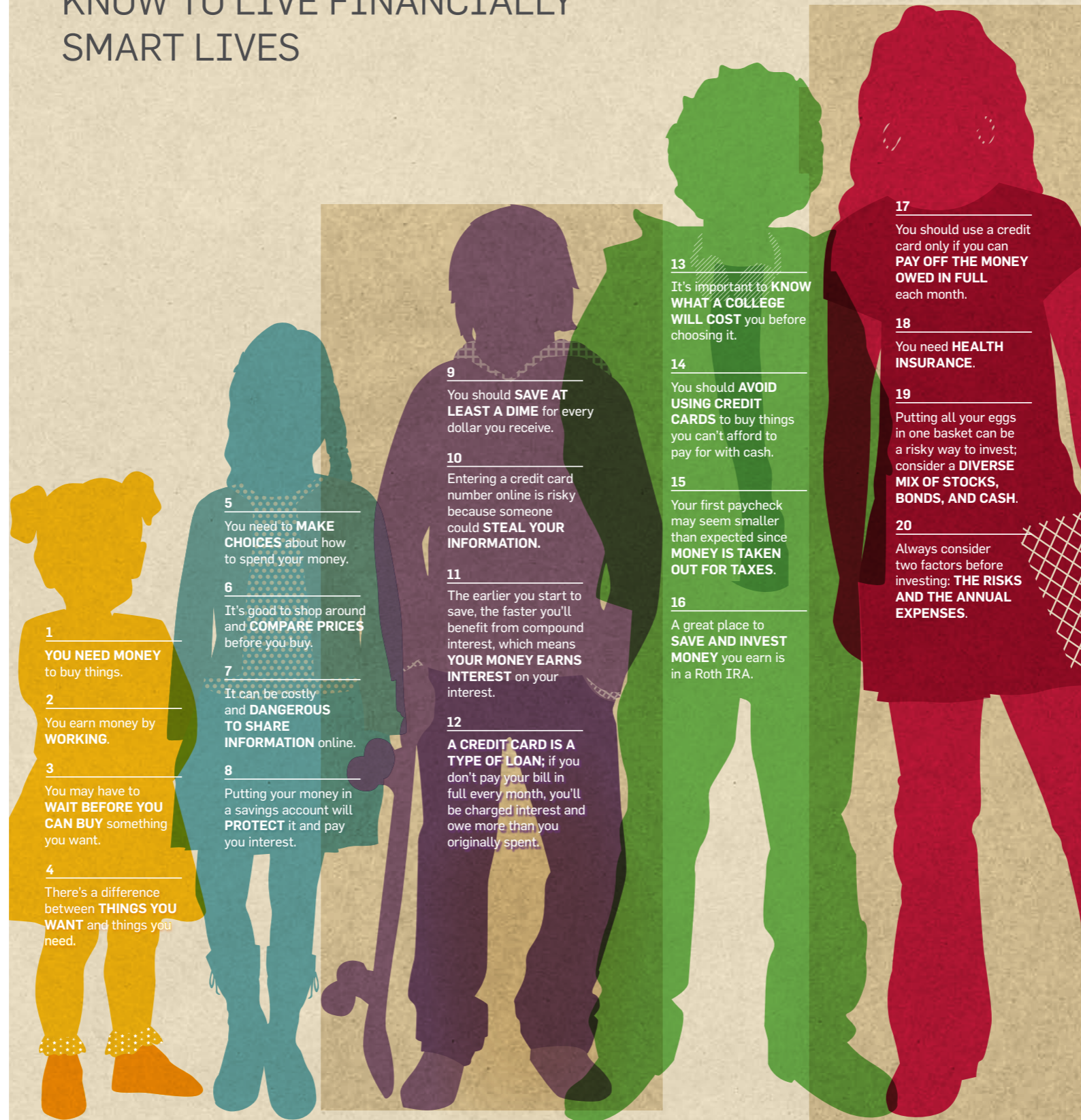
YOUTH SUBCOMMITTEE:

AMY ROSEN (CHAIR), TED BECK, JOHN BRYANT, SAMUEL JACKSON,  
BETH KOBLINER, JOHN ROGERS (EX-OFFICIO), SHERRY SALWAY BLACK,  
CARRIE SCHWAB-POMERANTZ

TO SEE THE FULL PRESENTATION, GO TO [MONEYASYOUGROW.ORG](http://MONEYASYOUGROW.ORG)

# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES



**1**  
**YOU NEED MONEY**  
to buy things.

**2**  
You earn money by  
**WORKING.**

**3**  
You may have to  
**WAIT BEFORE YOU**  
**CAN BUY** something  
you want.

**4**  
There's a difference  
between **THINGS YOU**  
**WANT** and things you  
need.

**5**  
You need to **MAKE**  
**CHOICES** about how  
to spend your money.

**6**  
It's good to shop around  
and **COMPARE PRICES**  
before you buy.

**7**  
It can be costly  
and **DANGEROUS**  
**TO SHARE**  
**INFORMATION** online.

**8**  
Putting your money in  
a savings account will  
**PROTECT** it and pay  
you interest.

**9**  
You should **SAVE AT**  
**LEAST A DIME** for every  
dollar you receive.

**10**  
Entering a credit card  
number online is risky  
because someone  
could **STEAL YOUR**  
**INFORMATION.**

**11**  
The earlier you start to  
save, the faster you'll  
benefit from compound  
interest, which means  
**YOUR MONEY EARNS**  
**INTEREST** on your  
interest.

**12**  
**A CREDIT CARD IS A**  
**TYPE OF LOAN;** if you  
don't pay your bill in  
full every month, you'll  
be charged interest and  
owe more than you  
originally spent.

**13**  
It's important to **KNOW**  
**WHAT A COLLEGE**  
**WILL COST** you before  
choosing it.

**14**  
You should **AVOID**  
**USING CREDIT**  
**CARDS** to buy things  
you can't afford to  
pay for with cash.

**15**  
Your first paycheck  
may seem smaller  
than expected since  
**MONEY IS TAKEN**  
**OUT FOR TAXES.**

**16**  
A great place to  
**SAVE AND INVEST**  
**MONEY** you earn is  
in a Roth IRA.

**17**  
You should use a credit  
card only if you can  
**PAY OFF THE MONEY**  
**OWED IN FULL**  
each month.

**18**  
You need **HEALTH**  
**INSURANCE.**

**19**  
Putting all your eggs  
in one basket can be  
a risky way to invest;  
consider a **DIVERSE**  
**MIX OF STOCKS,**  
**BONDS, AND CASH.**

**20**  
Always consider  
two factors before  
investing: **THE RISKS**  
**AND THE ANNUAL**  
**EXPENSES.**

BETH KOBLINER, PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY

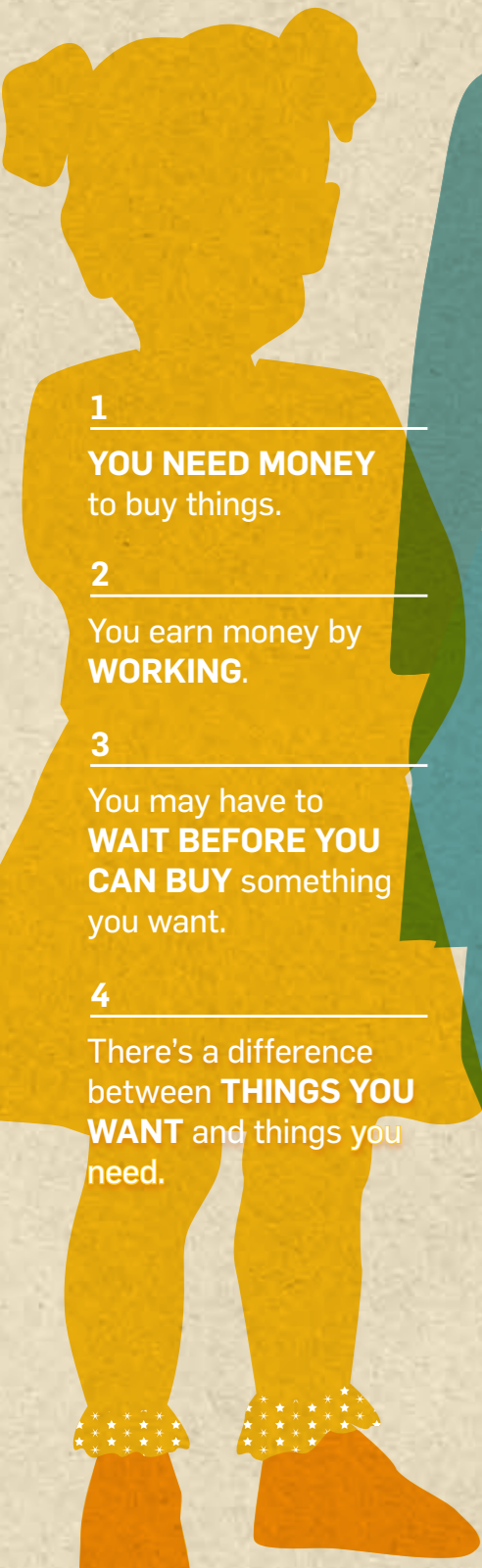
3-5 YRS

6-10 YRS

11-13 YRS

14-18 YRS

18+ YRS



**1**  
YOU NEED MONEY to buy things.

**2**  
You earn money by WORKING.

**3**  
You may have to WAIT BEFORE YOU CAN BUY something you want.

**4**  
There's a difference between THINGS YOU WANT and things you need.

**5**  
You need to MAKE CHOICES about how to spend your money.

**6**  
It's good to shop around and COMPARE PRICES before you buy.

**7**  
It can be costly and DANGEROUS TO SHARE INFORMATION online.

**8**  
Putting your money in a savings account will PROTECT it and pay you interest.

**9**  
You should SAVE AT LEAST A DIME for every dollar you receive.

**10**  
Entering a credit card number online is risky because someone could STEAL YOUR INFORMATION.

**11**  
The earlier you start to save, the faster you'll benefit from compound interest, which means YOUR MONEY EARNS INTEREST on your interest.

**12**  
A CREDIT CARD IS A TYPE OF LOAN; if you don't pay your bill in full every month, you'll be charged interest and owe more than you originally spent.

**13**  
It's important to KNOW WHAT A COLLEGE WILL COST you before choosing it.

**14**  
You should AVOID USING CREDIT CARDS to buy things you can't afford to pay for with cash.

**15**  
Your first paycheck may seem smaller than expected since MONEY IS TAKEN OUT FOR TAXES.

**16**  
A great place to SAVE AND INVEST MONEY you earn is in a Roth IRA.

**17**  
You should use a credit card only if you can PAY OFF THE MONEY OWED IN FULL each month.

**18**  
You need HEALTH INSURANCE.

**19**  
Putting all your eggs in one basket can be a risky way to invest; consider a DIVERSE MIX OF STOCKS, BONDS, AND CASH.

**20**  
Always consider two factors before investing: THE RISKS AND THE ANNUAL EXPENSES.



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES



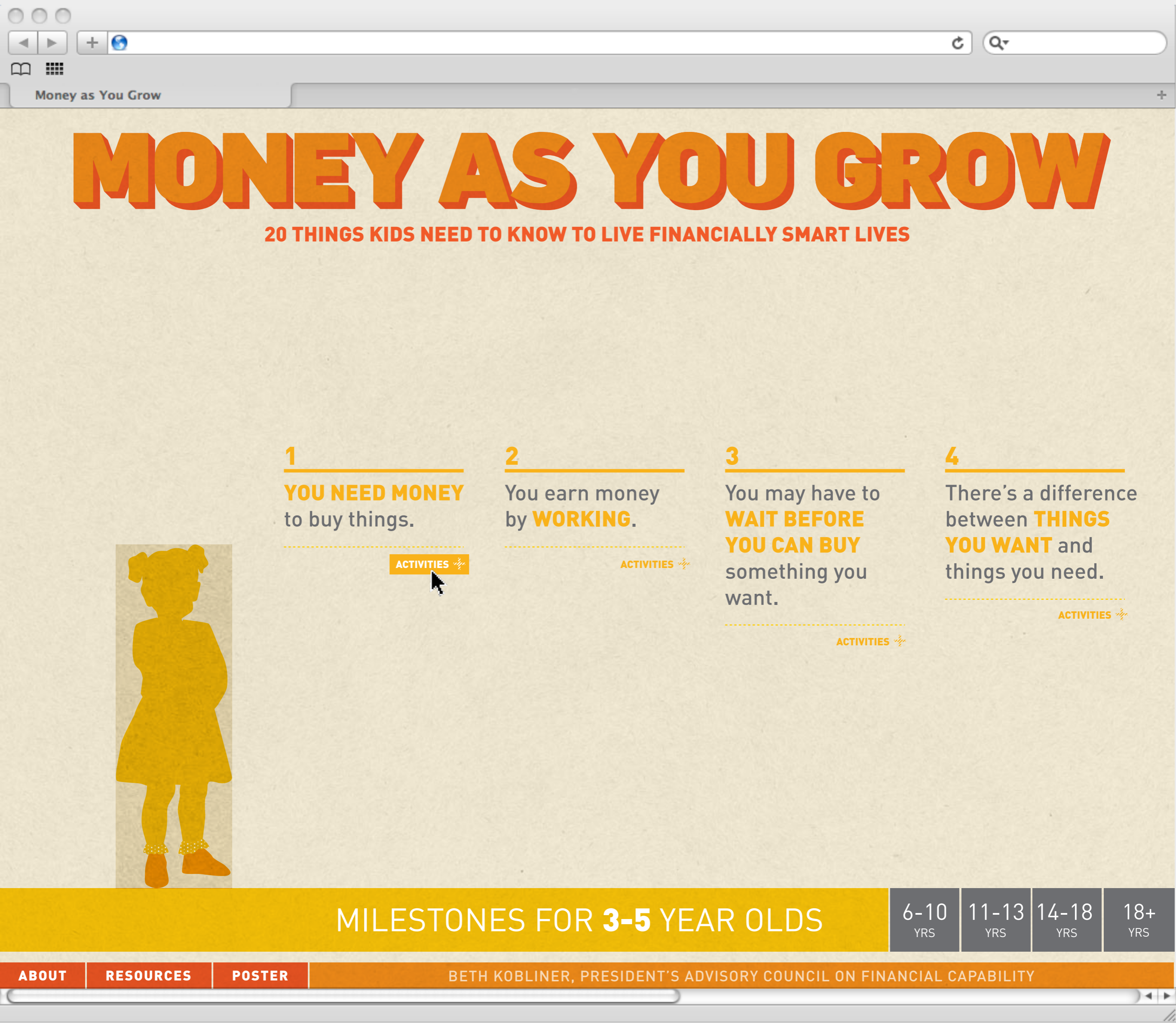
3-5  
YRS

6-10  
YRS

11-13  
YRS

14-18  
YRS

18+  
YRS



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES



**1**  
**YOU NEED MONEY**  
to buy things.

ACTIVITIES

**2**  
You earn money  
by **WORKING**.

ACTIVITIES

**3**  
You may have to  
**WAIT BEFORE**  
**YOU CAN BUY**  
something you  
want.

ACTIVITIES

**4**  
There's a difference  
between **THINGS**  
**YOU WANT** and  
things you need.

ACTIVITIES

MILESTONES FOR **3-5** YEAR OLDS

6-10 YRS	11-13 YRS	14-18 YRS	18+ YRS
-------------	--------------	--------------	------------



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES

3

You may have to **WAIT BEFORE YOU CAN BUY** something you want.



ACTIVITIES

## ACTIVITIES TO HELP YOUR KIDS REACH THIS MILESTONE

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

4

There's a difference between **THINGS YOU WANT** and things you need.

MILESTONES FOR **3-5** YEAR OLDS

6-10 YRS

11-13 YRS

14-18 YRS

18+ YRS



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES



## 5

You need to **MAKE CHOICES** about how to spend your money.

ACTIVITIES

## 6

It's good to shop around and **COMPARE PRICES** before you buy.

ACTIVITIES

## 7

It can be costly and **DANGEROUS TO SHARE INFORMATION** online.

ACTIVITIES

## 8

Putting your money in a savings account will **PROTECT** it and pay you interest.

ACTIVITIES

3-5 YRS

MILESTONES FOR **6-10** YEAR OLDS

11-13 YRS

14-18 YRS

18+ YRS

ABOUT

RESOURCES

POSTER

BETH KOBLINER, PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES

stly  
ROUS  
ON  
ACTIVITIES



**8**  
Putting your money in a savings account will **PROTECT** it and pay you interest.

ACTIVITIES

**ACTIVITIES TO HELP YOUR KIDS REACH THIS MILESTONE**

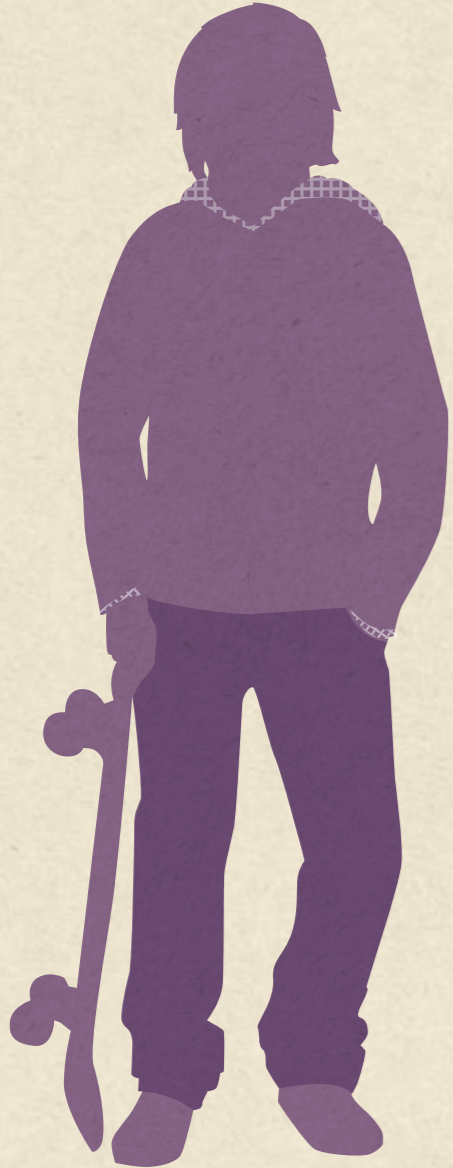
- Visit a nearby federally insured bank or credit union with your child.
- Ask about the interest rates on a savings account.
- Discuss with your child how money in savings accounts is protected by federal insurance. If the bank goes out of business, she will get her money back.
- Open a savings account for your child.





# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES



**9**  
You should **SAVE AT LEAST A DIME** for every dollar you receive.

ACTIVITIES

**10**  
Entering a credit card number online is risky because someone could **STEAL YOUR INFORMATION.**

ACTIVITIES

**11**  
The earlier you start to save, the faster you'll benefit from compound interest, which means **YOUR MONEY EARNS INTEREST** on your interest.

ACTIVITIES

**12**  
**A CREDIT CARD IS A TYPE OF LOAN;** if you don't pay your bill in full every month, you'll be charged interest and owe more than you originally spent.

ACTIVITIES

3-5 YRS | 6-10 YRS

MILESTONES FOR **11-13** YEAR OLDS

14-18 YRS | 18+ YRS



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES

credit  
al  
mber  
you at  
neone  
**YOUR**  
**ON.**

ACTIVITIES



**11**

The earlier you start to save, the faster you'll benefit from compound interest, which means **YOUR MONEY EARNS INTEREST** on your interest.

ACTIVITIES

## ACTIVITIES TO HELP YOUR KIDS REACH THIS MILESTONE

- ▄ Show your child the following: If he sets aside \$100 every year starting at age 14, he'd have about \$23,000 at age 65. However, if he begins saving at age 35 he'd have about \$7,000 at age 65. Assume the account earns 5% every year.
- ▄ To compute compound interest, use the calculators at **investor.gov**.
- ▄ Discuss how much your child can save. What will he have to give up? Is it worth it?

**12**

**A CREDIT CARD**  
**A TYPE OF**  
if you don't pay  
bill in full every  
month, you'll  
charged interest  
and owe more  
than you originally  
spent.

3-5  
YRS

6-10  
YRS

MILESTONES FOR **11-13** YEAR OLDS

14-18  
YRS

18+  
YRS

ABOUT

RESOURCES

POSTER

BETH KOBLINER, PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES



## 13

It's important to know **WHAT A COLLEGE WILL COST** you before choosing it.

ACTIVITIES

## 14

You should **AVOID USING CREDIT CARDS** to buy things you can't afford to pay for with cash.

ACTIVITIES

## 15

Your first paycheck may seem smaller than expected since **MONEY IS TAKEN OUT FOR TAXES.**

ACTIVITIES

## 16

A great place to **SAVE AND INVEST MONEY** you earn is in a Roth IRA.

ACTIVITIES

3-5 YRS

6-10 YRS

11-13 YRS

MILESTONES FOR 14-18 YEAR OLDS

18+ YRS

ABOUT

RESOURCES

POSTER

BETH KOBLINER, PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES

...ycheck  
...smaller  
...ed since  
**AKEN**  
**XES.**

ACTIVITIES



**16**

A great place to **SAVE AND INVEST MONEY** you earn is in a Roth IRA.

ACTIVITIES

## ACTIVITIES TO HELP YOUR KIDS REACH THIS MILESTONE

- ☞ If your child has a job, encourage him to open a Roth IRA (Individual Retirement Account).
- ☞ Explain that a Roth IRA allows the interest you earn to grow tax-free for life.
- ☞ Experiment with different amounts of savings and interest rates. Use a compound interest calculator at **investor.gov**.
- ☞ Use the "Rule of 72" to estimate how many years it would take to double your money. If you invest in an account that earns 8% interest, you'll double your money in nine years (72 divided by 8 is 9).
- ☞ Explain to your child that once he starts a job, he may be offered a similar account at work called a 401(k). Some employers even provide matching contributions.

3-5  
YRS

6-10  
YRS

11-13  
YRS

MILESTONES FOR **14-18** YEAR OLDS

18+  
YRS

ABOUT

RESOURCES

POSTER

BETH KOBLINER, PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES

**17**

You should use a credit card only if you can **PAY OFF THE MONEY OWED IN FULL** each month.

ACTIVITIES 

**18**

You need **HEALTH INSURANCE**.

ACTIVITIES 

**19**

Putting all your eggs in one basket can be a risky way to invest; consider a **DIVERSE MIX OF STOCKS, BONDS, AND CASH**.

ACTIVITIES 

**20**

Always consider two factors before investing: **THE RISKS AND THE ANNUAL EXPENSES**.

ACTIVITIES 

3-5  
YRS

6-10  
YRS

11-13  
YRS

14-18  
YRS

MILESTONES FOR **18+** YEAR OLDS

ABOUT

RESOURCES

POSTER

BETH KOBLINER, PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY



# MONEY AS YOU GROW

20 THINGS KIDS NEED TO KNOW TO LIVE FINANCIALLY SMART LIVES

HEALTH  
E.

ACTIVITIES

**19**

Putting all your eggs in one basket can be a risky way to invest; consider a **DIVERSE MIX OF STOCKS, BONDS, AND CASH.**

ACTIVITIES

## ACTIVITIES TO HELP YOUR KIDS REACH THIS MILESTONE

- Invest in an IRA or a 401(k) as soon as you have some income.
- Understand that investments have different levels of risk; learn the advantages and disadvantages of investment products, such as stocks, bonds, and mutual funds.
- Ask for the “annual expense ratio,” and compare it to that of other mutual funds before you invest.
- Understand any commissions or fees you’ll pay to a broker if you’re buying stocks and bonds.
- Ask about index funds, which tend to have low annual fees.

**20**

Always consider two factors when investing: **THE RISKS AND THE ANNUAL EXPENSES.**

3-5  
YRS

6-10  
YRS

11-13  
YRS

14-18  
YRS

MILESTONES FOR **18+** YEAR OLDS

ABOUT

RESOURCES

POSTER

BETH KOBLINER, PRESIDENT’S ADVISORY COUNCIL ON FINANCIAL CAPABILITY

# THE FOLLOWING RESOURCES WERE REVIEWED IN THE PROCESS:

## STANDARDS AND CURRICULA

- Council of Chief State School Officers and the National Governors Association's Common Core State Standards for Mathematics
- Council for Economic Education's Financial Fitness for Life
- Jump\$tart Coalition's National Standards
- Junior Achievement's \$ave USA
- National Endowment for Financial Education's High School Financial Planning Program
- Network for Teaching Entrepreneurship's Your Financial Future
- Schwab's MoneyWise
- Sesame Workshop's For Me, for You, for Later: First Steps to Spending, Sharing, and Saving
- Treasury and Financial Literacy and Education Commission's Financial Education Core Competencies
- Treasury's Money Math: Lessons for Life
- Wisconsin's Model Academic Standards for Personal Financial Literacy

## ACADEMIC PAPERS

- Ashraf, Nava, Dean S. Karlan, and Wesley Yin. (2004). SEED: A Commitment Savings Product in the Philippines. (Policy Paper).
- Dhar, Ravi, Joel Huber, and Uzma Khan. (2005). The Shopping Momentum Effect. *Journal of Marketing Research*.
- Dupas, Pascaline, and Jonathan Robinson. (2011). Why Don't the Poor Save More? Evidence from Health Savings Experiments. *The National Bureau of Economic Research*.
- Education Pays. Bureau of Labor Statistics, 2011.
- Hershfield, Hal E., et al. (2011). Increasing Saving Behavior Through Age-Progressed Renderings of the Future Self. *Journal of Marketing Research*.
- Hira, Tahira K. (2010). Childhood Consumer Experience and the Financial Literacy of College Students in Malaysia. *Family & Consumer Sciences Research Journal*, 38, 4, 455-467.
- Hogarth, Jeanne M. (2003). Household Financial Management: The Connection between Knowledge and Behavior. *Federal Reserve Bulletin July 2003*, 309-322.
- Holden, Karen. (2009). Financial Literacy Programs Targeted on Pre-School Children: Development and Evaluation. La Follette School Working Paper No. 2009-009.
- Lusardi, Annamaria. (2007). The Importance of Financial Literacy: Evidence and Implications for Financial Education Programs. Policy brief.
- Mandell, Lewis. (2009). Two Cheers for School-Based Financial Education. Issue brief: The Aspen Institute Initiative on Financial Security.
- Moffitt, Terrie E., et al. (2011). A Gradient of Childhood Self-control Predicts Health, Wealth, and Public Safety. *Proceedings of the National Academy of Sciences of the United States of America (PNAS)*.
- Madrian, Brigitte C., and Dennis F. Shea. (2001). The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior. *The Quarterly Journal of Economics*.
- Norton, Michael, and Leonard Lee. (2007). The "Fees → Savings" Link, or Purchasing Fifty Pounds of Pasta. Harvard Business School Marketing Research Paper No. 08-029.
- Pleskac, Timothy J., et al. (2010). A Detection Model of College Withdrawal. *Organizational Behavior and Human Decision Process*.
- Prelec, Drazen, and Duncan Simester. (2000). Always Leave Home Without It: A Further Investigation of the Credit-Card Effect on Willingness to Pay. *Marketing Letters*, 12:1, 5-12.
- Sherraden, M.S. (2007). From Financial Literacy to Financial Capability Among Youth. *Journal of Sociology and Social Welfare* 34(3), 119-145.
- Shim, Soyeon, et al. (2009). Financial Socialization of First-year College Students: The Roles of Parents, Work, and Education. *Journal of Youth and Adolescence*, 39(12), 1457-1470.
- Shim, Soyeon, and Joyce Serido. (2011). Young Adults' Financial Capability: APLUS Arizona Pathways to Life Success for University Students Wave 2. Take Charge America Institute for Consumer Financial Education and Research.
- Staten, Michael. (2007). Academic Success and Well-Being of College Students: Financial Behaviors Matter. Take Charge America Institute for Consumer Financial Education and Research.
- Tisdell, Elizabeth J., Edward W. Taylor, and Karin Sprow. (2010). Financial Literacy Education for Adult Learners in Community-Based Programs: Report on the Mixed Method Study of Financial Educators. The National Endowment for Financial Education (NEFE).
- Ulkumen, Gulden, and Amar Cheema. (2011). Framing Goals to Influence Personal Savings: The Role of Specificity and Construal Level. *Journal of Marketing Research*.

## WITH GRATITUDE TO THE FOLLOWING EXPERTS FOR SHARING THEIR TIME AND INSIGHTS:

### **PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL CAPABILITY: YOUTH SUBCOMMITTEE**

- JOHN ROGERS, Chair, President's Advisory Council on Financial Capability, and Chairman, CEO, and Chief Investment Officer of Ariel Investments
- AMY ROSEN, Vice Chair, President's Advisory Council on Financial Capability, Chair, Youth Subcommittee, and President and CEO of the Network for Teaching Entrepreneurship
- TED BECK, President and CEO of the National Endowment for Financial Education
- JOHN BRYANT, Founder, Chairman, and CEO of Operation HOPE
- SAMUEL JACKSON, Founder, Chairman, and CEO of the Economic Empowerment Initiative, Inc.
- SHERRY SALWAY BLACK, Director of the Partnership for Tribal Governance at the National Congress of American Indians
- CARRIE SCHWAB-POMERANTZ, President of the Charles Schwab Foundation

### **OTHER EXPERTS**

- BRENDA BARR, Colorado Department of Education
- J. MICHAEL COLLINS, University of Wisconsin Madison
- ADRIAN FRANCO, Columbia University
- MARY HAGERTY, Operation HOPE
- JULIE HEATH, University of Memphis
- JIM HEDEMARK, Rhode Island Jump\$tart Coalition
- BILLY J. HENSLEY, National Endowment for Financial Education
- TAHIRA K. HIRA, Iowa State University
- JEANNE M. HOGARTH, Board of Governors of the Federal Reserve System

- KAREN C. HOLDEN, University of Wisconsin-Madison
- CHUCK KALISH, University of Wisconsin-Madison
- PUNAM ANAND KELLER, Tuck School of Business at Dartmouth
- CLAUDIA KERBEL, University of Rhode Island
- HAROLD KOBLINER
- SHIRLEY KOBLINER
- LAURA LEVINE, Jump\$tart Coalition
- ANNAMARIA LUSARDI, George Washington University School of Business
- LEWIS MANDELL, The Aspen Institute
- KRISTEN MCDANIEL, Wisconsin Department of Public Instruction
- NAN J. MORRISON, Council for Economic Education
- LUKE RHINE, Maryland State Department of Education
- MARY ROSENKRANS, Pennsylvania Office of Financial Education
- PATRICIA SEAMAN, National Endowment for Financial Education
- MARGARET SHERRARD SHERRADEN, Center for Social Development at Washington University in St. Louis
- ROBERT I. SOLOMON, Ariel Investments
- MARTHA STATEN
- MICHAEL E. STATEN, Take Charge America Institute at the University of Arizona
- JENNIFER THIBEAUX, Operation HOPE
- RICHARD M. TODD, Federal Reserve Bank of Minneapolis
- LOIS A. VITT, Institute for Socio-Financial Studies
- WILLIAM B. WALSTAD, University of Nebraska-Lincoln