

Kids and Money



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Introduction

Congratulations! You have taken the first step in preparing your children for their financial future. This packet is for you and your kids. There are fun exercises you can do with your kids to make learning about money fun!

At Prosperwell Financial, our mission is to coach, mentor and inspire you to achieve financial independence and happiness and we would love to help you with your investing and financial planning. In addition to helping you with your financial planning, we are here to help you with any of the following:

- Establishing a college savings account for your child or grandchild.
- Setting up a Roth IRA for your child as soon as they start working.
- A complimentary asset allocation review of any investments. You can send us your investment account statements and we will give you an analysis and our opinion at no cost.
- Analyzing your insurance such as Life, Disability and Long-Term Care Insurance. We can review your current policies or get you quotes for a new policy. We can also help you analyze the proper amount of insurance.
- Send us your Social Security statement for a Social Security Analysis.
- Setting up a 401(k), Simple IRA or SEP IRA for your business or Traditional/Roth IRA.
- Rollover your old 401(k) and consolidate your accounts so it makes it easier to manage your money.
- Charitable Giving and Donor Advised Funds.

If you have any questions about the information in this packet, would like a second opinion on your investments or would like to start planning for your future, please call us at 763-231-9510 or reach out via our website at www.prosperwell.com.

Sincerely,

Nicole

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CEO, Prosperwell Financial
Wealth Advisor, RJFS

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How to Teach Your Kids About Money

How you think, feel, spend, and save your money has a correlation in how you were raised and the memories you have of money. Kids are very observant and watch us spend money, but how often do they see us save or invest? The first thing to do is realize where you are spending and investing your own money; then you can help your kids.

Keeping your kids involved and having a goal that is important to them can get them excited about saving. The satisfaction they get from achieving their goals can help create good saving and spending habits for the rest of their lives. Here are some ways to help your kids become wise in regards to money:

1. Practice what you preach. Sit down together and set goals with your kids. This way they are saving towards something that matters to them, while they see you saving to achieve your goals. Also watch your own spending and investing. Make sure you are living within your means and are investing and planning of your future.
2. The earlier money lessons are learned, the better. Work with your kids as soon as they start asking for something. When you go to a cash machine, explain to your child how it works, show them your paycheck and explain how many hours you worked, how much was taken for taxes, etc.
3. Give your children an allowance. It's not so much the dollar amount you are giving them, it is the underlying principles and the money memories your instilling in your kids.
4. Once your child gets an allowance, help them divide it into three piggy banks. The money in one bank they can spend on whatever they want. The money in the second goes to a charity of their choice, and the money in the third goes to savings for their future.
5. Set up a family 401(k). With a family 401(k), you as a family come up with a goal for your money; as a parent, you can offer a matching program. The goal could be a trip or a new toy. So, for example, if your daughter puts in \$1.00 to the family 401(k), you could match her 50 cents. This way she can learn about a 401(k) so that when she starts her first job she understands the concept.

Age Guidelines for Teaching Kids About Money

Age appropriate guidelines for helping your children learn money management skills

Age 3

- To identify coins by their correct name
- To keep money in a safe place
- How to trade money for something when you go shopping

Age 4

- To know how many cents each coin is worth
- When we spend money, it is gone!
- We can't buy everything, so we make choices
- Wants vs. needs

Age 5

- To start managing a small allowance
- To know where money comes from
- Banks and Investment firms help keep money safe until we need it
- Writing a check takes money out of a bank

Age 6

- To identify bills and coins of larger denomination
- To understand an ATM
- To make simple change
- To divide allowance three ways between spending, saving and sharing

Age 7

- To read price tags
- To look for things on sale
- To make sure he/she receives correct change for a purchase

Age 8

- To recognize TV commercials aren't real life
- To save for a short-term goal (no longer than one month)
- To earn extra money by doing odd jobs
- To deposit money in a savings account

Age 9

- To make a simple spending plan for the week
- To compare prices when shopping
- To cooperate with family efforts to save on water, gas, electricity, etc

Age 10

- To read and understand sale ads in the paper or online
- To use the phone book and call stores for information or look them up online
- To use the internet to check prices
- To look at value, not just cost of products
- To be aware of how peer pressure affects decisions

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Age 11

- To understand the principle of compound interest
- To understand the time value of money chart
- To understand fixed and flexible expenses
- To shop classified ads for bargains on used items

Age 12

- To devise and operate on a two-week spending plan
- To understand and use correct terms for banking transactions
- To understand the value of wise investing
- To recognize advertising techniques
- To read fabric-care labels and examine clothing for quality



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Time Value of Money

Age	Investment	Total Value	Age	Investment	Total Value
22	\$6,000	\$6,600	22	\$0	\$0
23	\$6,000	\$13,860	23	\$0	\$0
24	\$6,000	\$21,846	24	\$0	\$0
25	\$6,000	\$30,630	25	\$0	\$0
26	\$6,000	\$40,293	26	\$0	\$0
27	\$6,000	\$50,922	27	\$0	\$0
28	\$6,000	\$62,615	28	\$0	\$0
29	\$6,000	\$75,477	29	\$0	\$0
30	\$0	\$83,024	30	\$6,000	\$6,600
31	\$0	\$91,327	31	\$6,000	\$13,860
32	\$0	\$100,460	32	\$6,000	\$21,846
33	\$0	\$110,506	33	\$6,000	\$30,630
34	\$0	\$121,556	34	\$6,000	\$40,293
35	\$0	\$133,712	35	\$6,000	\$50,923
36	\$0	\$147,083	36	\$6,000	\$62,615
37	\$0	\$161,791	37	\$6,000	\$75,477
38	\$0	\$177,971	38	\$6,000	\$89,624
39	\$0	\$195,768	39	\$6,000	\$105,187
40	\$0	\$215,344	40	\$6,000	\$122,305
41	\$0	\$236,879	41	\$6,000	\$141,136
42	\$0	\$260,567	42	\$6,000	\$161,850
43	\$0	\$286,624	43	\$6,000	\$184,635
44	\$0	\$315,286	44	\$6,000	\$209,698
45	\$0	\$346,815	45	\$6,000	\$237,268
46	\$0	\$381,496	46	\$6,000	\$267,595
47	\$0	\$419,646	47	\$6,000	\$300,954
48	\$0	\$461,610	48	\$6,000	\$337,650
49	\$0	\$507,771	49	\$6,000	\$378,015
50	\$0	\$558,548	50	\$6,000	\$422,416
51	\$0	\$614,403	51	\$6,000	\$471,258
52	\$0	\$675,844	52	\$6,000	\$524,984
53	\$0	\$743,428	53	\$6,000	\$584,082
54	\$0	\$817,771	54	\$6,000	\$649,090
55	\$0	\$899,548	55	\$6,000	\$720,599
56	\$0	\$989,503	56	\$6,000	\$799,259
57	\$0	\$1,088,453	57	\$6,000	\$885,785
58	\$0	\$1,197,298	58	\$6,000	\$980,964
59	\$0	\$1,317,028	59	\$6,000	\$1,085,660
60	\$0	\$1,448,731	60	\$6,000	\$1,200,826
61	\$0	\$1,593,604	61	\$6,000	\$1,327,509
62	\$0	\$1,752,965	62	\$6,000	\$1,466,860
63	\$0	\$1,928,261	63	\$6,000	\$1,620,146
64	\$0	\$2,121,087	64	\$6,000	\$1,788,760
65	\$0	\$2,333,196	65	\$6,000	\$1,974,237

TOTAL INVESTED \$48,000

Earnings Beyond Original Investment **\$2,285,196**

TOTAL INVESTED \$216,000

Earnings Beyond Original Investment **\$1,758,237**

*Based on a compound rate of 10% with investments made on Jan 2 of each year. This is a hypothetical example for illustration purpose only and does not represent an actual investment

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Wants vs. Needs

Have your child cut out photos from magazines or advertisements and paste them onto the correct section below. For example, a need is something you need to survive such as food, shelter, clothing. A want is something that is not required such as a TV, toys, etc.

WANTS	NEEDS
	

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Questions For Parents to Answer

1. How were financial decisions made in your home:
2. What did you see adults doing with money? What did you hear them saying?
3. Did money ever create conflicts in your family? If so, how were those issues resolved?
4. What lessons did you learn about money from your childhood?
5. What is your favorite money memory?
6. What are some intentional choices your family makes when it comes to money? For example, saving for retirement or college before going out to dinner.
7. How does your family participate in the following:

Shares: Charity, Sharing, Donations? _____

Saving/Investing? _____


Spending? _____

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Questions for Your Kids to Answer

1. How are financial decisions made in your home:
2. What do you see adults doing with money? What did you hear them saying?
3. Does money ever create conflicts in your family?
4. What is the first thing that comes to mind when you think about money?

I want to share my money with:

- 
1. _____
2. _____
3. _____

Draw a picture of how you like to share your money or who you like to share it with:

I want to save my money for:

1. _____
2. _____
3. _____

Draw a picture of what you are saving your money for:



Make a list of all the things you want. Keep this list and add to it as new things come up. Have your parents help you with the last column of “actual cost” so you know how much you need to get it.

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At Prosperwell Financial, we believe that life is not just about money, but instead it is about doing things that truly make you happy and living your life to the fullest. Our mission is to coach, mentor and inspire you to achieve financial independence and happiness. We would love the opportunity to work with you to help you achieve your goals, work towards what makes you happy and help you live your very best life.

If you are interested in meeting with one of our Wealth Advisors to help you get started on investing, rolling over your 401(k), to get a second opinion on your investments or to set up an account for your kids, we would be happy to offer you a complimentary consultation. You can call our office at 763-231-9510 to schedule.



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