KIDS & MONEY

YOUR COMPLETE GUIDE TO RAISING TOMORROW'S MILLIONAIRES

Horizon
Federal Credit Union



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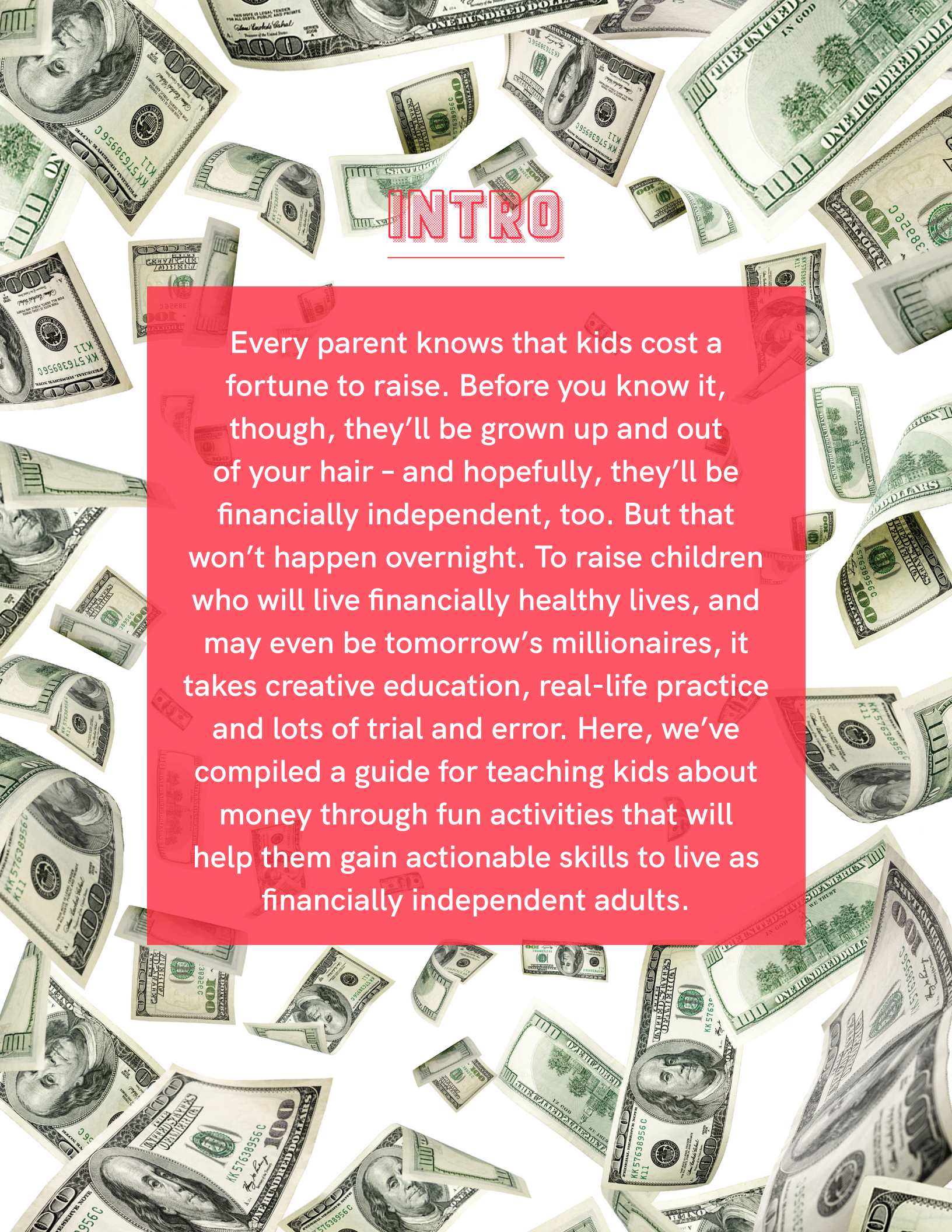
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INTRO

Every parent knows that kids cost a fortune to raise. Before you know it, though, they'll be grown up and out of your hair – and hopefully, they'll be financially independent, too. But that won't happen overnight. To raise children who will live financially healthy lives, and may even be tomorrow's millionaires, it takes creative education, real-life practice and lots of trial and error. Here, we've compiled a guide for teaching kids about money through fun activities that will help them gain actionable skills to live as financially independent adults.

BUILD A BUDGET

Though it's hard to believe it when you're knee-deep in their laundry and begging them to do their homework, your little ones won't be young forever. Some day, they will be all grown up and have homes of their own. And while you can lecture them about budgeting, spending their allowances wisely and saving up for the occasional expensive purchase, running the finances of an entire household is a whole different ballgame.

Short of actually putting your kids in charge of the family budget for a month, how can you teach them this crucial skill? This simple yet challenging activity will do just that.

MATERIALS NEEDED:

1. The following bills accounting for one full month's worth of payments:
    - Household utilities
    - Transportation-related bills, including car payments, insurance, auto loan payments, EZ pass bills, repairs and gas receipts
    - Health insurance

- Cellphone
- Mortgage, including all taxes and insurance
- Credit cards and any other monthly bill

2. All grocery receipts
3. Clothing, recreation and all other miscellaneous receipts
4. Paycheck stubs (optional)
5. Spreadsheet
6. Writing materials
7. Calculator
8. Grocery store circulars
9. Piggy bank



INSTRUCTIONS:

1. Present your child with all your bills and receipts from one month. If you don't have every receipt, give your child an estimate for all your monthly household expenses in the following areas: housing, utilities, health care, food, transportation, clothing, recreation etc.

Give your child all pay stubs from the same month. If you don't feel comfortable revealing exactly how much income you and/or your spouse earn, you can create a fake paycheck. Make sure, though, that the amount you provide is reasonable and sufficient to cover all expenses.

2. Tell your child you are challenging them to create a monthly budget. They must use the spreadsheet and materials given to



tally up all expenses and income. They need to determine specific, practical amounts for groceries (drawn from the circulars) and all discretionary spending.

3. Offer bonus points for any money your child manages to allocate for the piggy bank.

4. Sit back and observe, withholding any advice or tips, as your child works out the budget.

Variation: If your child is a visual learner or too young to do this on paper, you can try this activity with props. Offer him a pile of play money that's equal to the income earned. Line up a row of empty shoeboxes, each labeled with another monthly expense, and have

him place the amount he believes each category requires in the corresponding shoebox.

To make it simpler, you can label the boxes for fixed expenses (utility bills, mortgage, insurance, etc.) with the amount they need each month. Your child only has to place the correct amount in those boxes and then divide up the rest among the fluctuating expenses to the best of his ability.

Can your child successfully create a family budget for a month? Review the results aloud and make sure your budding economist included all categories. If your child was able to put any money away, you can reward them with a bonus on their allowance.

They definitely deserve it!

EMERGENCY FUNDS - NOT JUST FOR ADULTS!

Divvying up your kid's allowance into different jars, each with a specific label and purpose, has become pretty standard. Your kids probably have one jar for savings, one for spending and maybe another for giving.

What most parents and kids omit, though, is one more jar for emergencies. Yes, emergencies, even for kids. Granted, they won't be shelling out thousands of dollars for a roof repair or a medical crisis like their parents might, but emergencies come in all shapes and sizes, and to all-sized people.

No one needs convincing that having funds for an unexpected expense is crucial to financial security. In fact, building an emergency fund is the first of Dave Ramsey's famous seven baby steps for getting out of debt. It's definitely something you want to build into your kids' psyche. So why not start now?

Some examples of small and not-so-small emergencies for kids include:



- The pair of new sneakers left in the locker room after PE, now gone forever
- The shattered car window from an overeager, but poorly aimed, baseball
- The huge data plan overage charge
- The misplaced spending money for an afternoon at the mall

Yes, kids have emergencies. Helping them set up a fund to pay for some of these mini-crises instead of bailing them out each time will teach them to be prepared.

Here's how to do it:

1. Help your kid add an extra jar to their existing set and mark it for emergencies.
2. Allocate a portion of your kid's weekly allowance or chore payment to the emergency fund.
3. With your child, create a goal for the new jar. For a younger child, $25 should be enough, with the number steadily growing to about $100 for preteens.
4. Once the jar has hit its target, revert back to the original division of money among the other jars.

The next time your child has a financial emergency, have them pay for all or part of it. It's OK to share the costs for larger emergencies, or even for smaller ones. Your child will still learn responsibility by coughing up some of the funds on their own.

It's important to note that these emergencies should be situations due to negligence, irresponsible behavior or simple forgetfulness on the part of your child.

When the fund is depleted for an emergency, encourage them to replenish it by going back to step two.

Remember; it's baby steps like these that may prevent your child from having to crawl their way out of debt later on in life.

GIVE YOUR KIDS THE GIFT OF GIVING

The holiday season brings a flurry of frenzied consumerism, unabashed greed and endless shopping. As a parent, though, you want your kids to associate this time of year with giving and not just with getting. How can you give your kids a joyous holiday season and teach them about kindness at the same time?

The best way to do this is by actively encouraging your children to think of others. Try these activities to help bring the spirit of giving into your home this year:

1. ONE IN = ONE OUT

Is your toy chest overflowing? Do your kids have more games than they need? Institute a rule this holiday season: When you've gotten a new toy, choose one to give away. Set up a large box in the corner of your playroom and have your children place one toy in the giveaway box for every new one they receive. They can choose older toys they've lost interest in or those they've outgrown. When the box is full, take a family trip to the local toy drive or to a needy family in the

neighborhood. Watch your kids' faces light up as they make others happy with their thoughtful donations.

2. SEASON'S GREETINGS

Designate one evening this season for writing holiday cards. No, not to your family and friends – these cards are for children who've been stricken with illness. Set up a table with lots of cardstock and all your kids' favorite crafts supplies. Speak to your family about sick children who might be sad this Christmas and could use a simple homemade greeting card to cheer them up. Have fun creating your masterpieces and inscribing them with positive, encouraging messages. Then, get your gang into the car and drive over to the local hospital to deliver them personally!

3. GROCERY GIVEAWAY

Many grocery stores hold food drives during the holiday season. Help support a local cause and teach your children about giving to others at the same time. Take your child along with you on your next trip to the grocery and have them choose one food item to purchase for the food drive. If you usually let your child pick a treat at the grocery, ask them if they'd like to forego it this time and instead buy something for the needy. Make sure your child is the one to actually place the chosen food item into the collection bin so they can personally experience the joy of giving.

4. SENIOR MOMENTS

Does your child love performing? If you've got a young star at home, this is the perfect way to teach them to use their talents to make others happy. Have your child invite several friends over one afternoon and ask them to prepare a small dance or a short comedy routine. Let them dig through your costume collection to outfit themselves for their grand debut and practice their gig until it's perfect. Then, deliver them to the local nursing home for spreading cheer among the residents. They'll relish the stardom and the residents will adore the little performance. That's a win-win all around!



PLAN THE ULTIMATE FAMILY VACATION - TOGETHER!

Planning the ultimate family vacation is quite a challenge. This is especially true when you're trying to fit in the best attractions and give your kids the vacation of a lifetime while staying within a budget.

How can you accomplish all that and still keep your kids happy?

The solution is simple, yet brilliant: Let your kids be a part of planning that vacation! This way, they'll be making many of the choices, thus eliminating the usual complaints and groans about your chosen attractions. Plus, your job will be that much easier. As an added bonus, your kids will learn invaluable lessons about budgeting, making choices and tradeoffs.

Several weeks before your planned vacation, hold a family meeting. Then, let your kids know what your destination is before enlisting



their help in planning the itinerary. Make sure they know what your exact budget is and fill them in on all the best attractions in the area.

Tell them they are going to have to make some very hard choices. They need to decide exactly what they want to do with the vacation budget.

Do they want to try out the famously fantastic Thai restaurant near the hotel and then spend a day at the beach? Or, would they rather pick up a budget meal and take in the huge amusement park in the area? Do they want to go horseback riding and skip the ATVing? Or, would they rather pass on both activities and spend the money on

water-skiing? Let them know that each option is going to make a dent in the budget, so they need to choose wisely!

To make it even more tangible for your kids, use play cash for the entire amount you plan to spend on your vacation and place it on the table. Then, when a choice is made, physically subtract the amount it would cost you from the stash of cash. This will allow your kids to actually see how much each attraction will "cost" them and force them to make better choices.

When your meeting is through, you will have your itinerary planned and your kids will have gained an invaluable life lesson in budgeting and decision-making.



DO YOUR KIDS HAVE VIRTUAL SHOPPING SMARTS?

Did you know that 73% of millennials questioned in a Bazaar Voice survey do all their shopping on their smartphones? It's not surprising. The world of commerce is constantly becoming more digitized as retailers focus on improving their online presence to cater to cyberspace shoppers.

Online shopping has its downsides, though, mainly in the form of unpleasant surprises when the item arrives, costly shipping expenses and impulse buys that are made too easily.

Fortunately, it has its upsides, too. Comparing prices between stores is a lot simpler when all it takes is clicking through a few sites instead of traipsing all over town. Couponing is now also just a matter of seconds, with no need for tedious clipping and saving.

Teach your kids to make the best of online shopping with this fun, educational activity. All you need is a computer!



Sit down with your child to brief them on the pros and cons of online shopping. Talk about comparing prices, sniffing out discount codes and being wary of overspending or buying items of inferior quality. Teach them about reading reviews and looking for reputable companies. Mention comparison-shopping engines like Google, and others they may have never used, like PriceGrabber, Shopping.com and Shopzilla.

When they have the information down pat, tell them they will now be tasked with buying an item online! The item should be something popular and one they're interested in.

Give your child a debit or credit card, a fixed budget for the item and the following instructions:

The goal is to purchase the lowest-priced, yet best-made product. This will earn a minimum of 100 points. They will earn points for each part of the process, using the following guidelines:

1. The purchase must be of decent quality. They can earn 25 points for this category.
2. Shipping costs should not constitute more than 10% of the object's price. The lower the shipping costs, the more they earn for this category, with free shipping earning the full 15 points.
3. They must search for discount codes and coupons before making the purchase. This can be done by checking coupon sites like Retailmenot and Couponcabin, or by signing up for a store's emails and earning a promotional discount. Five points will be awarded for every discount search/website visited in search of a coupon code. Actually finding and using a discount can earn them 15 points.
4. If your child is ordering from eBay or another site with multiple sellers, they should be careful to only make purchases from sellers having excellent ratings. Buying from a badly rated seller can cost them 5 points and using a high-rated seller can earn them 5 points.
5. Price is of utmost importance. If their object is of decent quality and very well-priced, they can earn up to 40 points. Five points will be given for every search for a cheaper product.
6. Points will be taken off for any random ad-clicks, failure to do

substantial price-checks and comparisons, and for ignoring discount offers.

7. Sit back and watch, being careful not to offer any advice as your child makes a purchase.

8. Tally up the score and explain the points you gave, congratulating your child on their online shopping skills.

Your child is now cyberspace-savvy!



BUILDING A WORK ETHIC: TRAINING YOUR YOUNG ENTREPRENEURS

Your kids may be too young to know the first thing about running a business, but that doesn't mean they can't learn! Teach them all about scouting a market, creating a great business model and earning money with this fun and educational activity.

Spring is the season of vibrantly colored flowers, musical ice cream trucks and heated baseball games. It's also the season of the yard sale. These homespun markets, each of which features a household's hoard of forgotten treasures, dot neighborhood lawns every weekend. Cash in on the front-yard retail storefront by using them to teach your kids invaluable life lessons as they open their very first business.

First, spend a weekend canvassing all the local yard sales with your children. Before you set out on your adventure, though, give each of your kids a rating sheet to use after every yard sale you visit. Instruct them to give each one a score for important business factors, with 5

being the highest and 1 being the lowest.

The rating sheet can look something like this:

SALE	LOCATION	PRICING	ADVERTISING	SERVICE	QUALITY	ATTRACTIVENESS
A						
B						
C						
D						

Tell your kids to be on the lookout for these specific components, and then start scouting! After leaving each yard sale, have your kids score it in each category. You might even suggest they jot a couple bullet points of observations – what they liked and didn't like.

When you've made the rounds of all the sales in the neighborhood, go home and review the rating sheets with them. Talk to your kids about what made them favor some yard sales, why they gave higher scores in different areas to certain ones and which business practices they saw that made them want to hightail it out of there without buying anything.

After reviewing the rating sheets, tell your kids they are going to be hosting their very own yard sale!

Talk to them about ways to build on their experiences. Ask them

how they can incorporate everything they've learned to create the ultimate business model and the perfect yard sale. Be sure to observe their planning, but do not interfere or offer suggestions. For them to learn what works, they need to own their decisions.

And then, watch as they plan, set up and operate the best yard sale in the neighborhood!

Review their success with them when the sale is over. Discuss what worked, what didn't and how they can do even better next time.

Your young entrepreneurs have learned how to create a business!



BEWARE OF SCAMS! GIVE YOUR KIDS TOOLS FOR STANDING UP TO CON ARTISTS

The world is a big and beautiful place.

Unfortunately, it is also filled with unethical people who are trying to take advantage of the innocent and the naive at every turn. Your kids may be too young to have been burned, but that doesn't mean they aren't old enough to start protecting themselves. Teach them about scams and con artists and then bring it all home for them with this short, interactive activity.

To talk to your kids about con artists, gently explain that there are some people who will always try to cheat others out of their money or personal information.



Your child may have actually been hustled on the playground when a dominant child promised to give them a toy for a set amount of money and then took their money but "forgot" the toy at home the next day. And the next day. And the next. Or, a classmate may have marketed a toy as the genuine thing when it was actually just a bootleg version of the real one. Online scams are another area where your kids may have encountered fraud.

To begin the activity, help familiarize your children with these four rules:

1. Never agree to give anyone money for a toy or candy until you see the object that is for sale.
2. Never give money for something until you've received the item.
3. Never give anyone your personal information, whether online or in person, without your parents' permission.
4. Never download anything onto your phone or computer without your parents' permission.

Once your kids have the rules down pat, begin role-playing with them. Act out a scenario where you play the initiator of a business deal or act like someone using a phone or computer. Be sure to verbalize loudly what you are typing or downloading. When your child suspects a scam, they need to shout out "scam alert!"

When your child has successfully spotted all your "scams," switch roles and let them be the dominant actor in the scenarios with you acting as scam-spotter.

Your child will now be ready to face the most crooked con artists out there!



OUTRO

Your kids won't be young forever, and one day, they'll be earning their own money and paying for their own expenses while living out their lives. Use the activities and lessons outlined here to teach them how to manage money responsibly. With some effort and dedication, you'll build lasting memories and give them the tools they need to live as financially independent adults.

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