

Raising Money-Savvy Kids

Your Role as
Chief Financial Parent



Agenda

An Early Start

Getting Prepared

The Money Talk

The Bottom Line

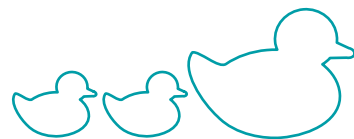


RAISING MONEY-SAVVY KIDS

An Early Start

Our Parents Influence How We Think About Money...

Parents and other financial role models matter. Remember, your beliefs and actions can become your children's.



37%

of Americans say that their parent is their financial role model. ⁽¹⁾



62%

of kids said the conversations they have with their parents about finances makes a difference. ⁽²⁾

1. [Americans are More Confident About Their Finances](#). CNBC. 2019

2. [Parents, Kids & Money Survey](#). T. Rowe Price. 2020

...But Money is Hard To Talk About



40%

of parents agreed that they would rather have their child take a finance class versus teaching them themselves. ⁽¹⁾

40%

of parents said they don't always know the best way to talk to their kids about financial topics. ⁽¹⁾

56%

of divorced Americans almost never talk about their finances, even with family. ⁽²⁾

1. [Parents, Kids & Money Survey](#). T. Rowe Price. 2020

2. [Don't Let Money Woes Silence you After a Divorce](#). CNBC. 2019



Everyone's situation is different, but all children can benefit from an open dialogue about money.

There are many ways to approach this topic, and we're providing some ideas to consider.

Remember: Do what works for you.

RAISING MONEY-SAVVY KIDS

Getting Prepared

Before You Begin, Ask Yourself...

“ How does my financial situation impact my child?



“ How did my upbringing influence my relationship with money?

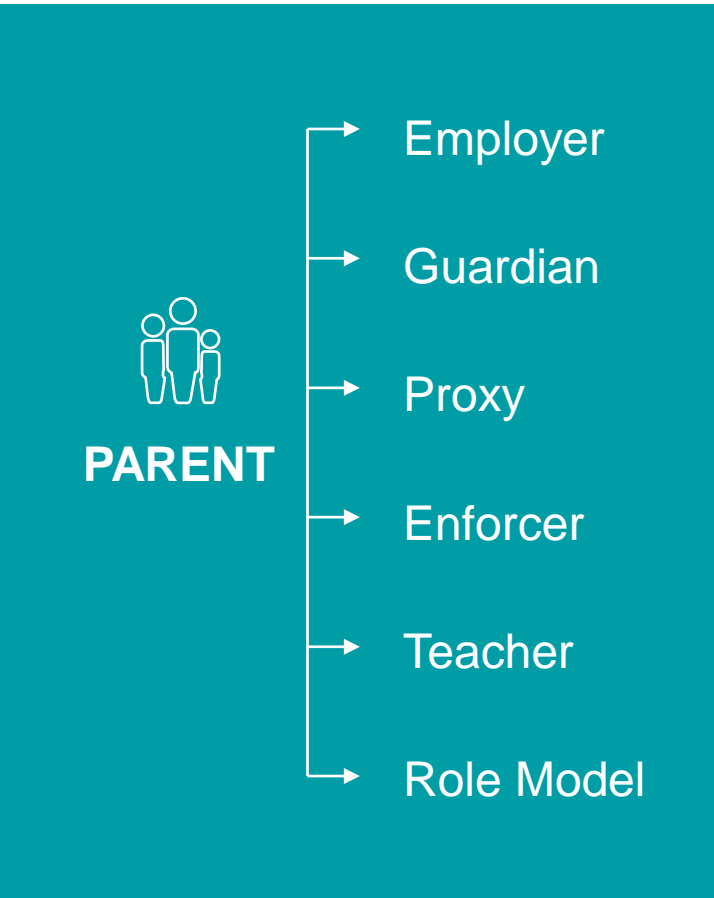
“ Which topics are age-appropriate for my child?

As You Get Started, Remember:

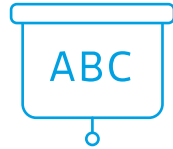


- ✓ Kids know more than you think
- ✓ You'll want to speak authentically and be prepared to model the behaviors you discuss
- ✓ A question is worth a thousand words – a dialogue is better than a lecture
- ✓ You should make this an ongoing conversation, not a one-time talk

Consider Your Role Through Their Eyes



You are uniquely qualified to help your child:



BEGIN

- Being disciplined
- Creating goals
- Differentiating between wealth and self-worth
- Giving to charity
- Setting healthy priorities
- Saving



AVOID

- Controlling behaviour
- Obsessing over money
- Prioritizing money above family and friends
- Trying to “buy” love

Talk About What Matters To Your Family's Situation

Families that try to “keep up with the Joneses” have a different view on money from those who don't. ⁽¹⁾

While only 35% of families report being in this group, being a part of it can have a significant impact on the financial actions you model and teach your children.



60%

have a budget but rarely follow it



40%

cite a lack of financial knowledge

(compared to 20% of families who do not try to keep up with the Joneses)



27%

have given their child a credit card

(compared to 6% of families who do not try to keep up with the Joneses)

1. [Parents, Kids & Money Survey](#). T. Rowe Price. 2020

RAISING MONEY-SAVVY KIDS

The Money Talk

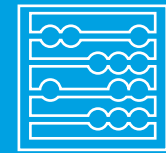
Money is A Complex Topic

You know best when your child is ready for various stages of the money talk.

LESS COMPLEX

Topics in Order of Complexity

MORE COMPLEX



Earning

Saving

Spending

Donating

Borrowing

Investing

Earning: For Younger Children

In Advance, You May Want to Consider:

- Do you believe in giving your child an allowance?
 - Starting at what age?
 - For what type of work?
- Are there additional opportunities to earn?

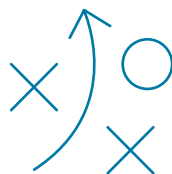
Topics To Talk About:



Why do people work?



What work do you do?



What is an allowance?



Why is it important to earn money?

Earning: For Older Children

In Advance, You May Want to Consider:

- Are you comfortable with your child working outside of your home?
 - Starting at what age?
- What are the parameters for holding a job?
Maintaining grades,
balancing sports, others?

Topics To Talk About:



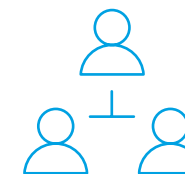
Why do you want to work?



What type of work is interesting to you?



What are the rules for keeping a job?



Do you want to work for someone else? For yourself?

Saving

In Advance, You May Want to Consider:

- Is your child ready for a savings account?
- How can you encourage your child to save?
- Would you want to match the amount your child deposits into his/her savings account?

Topics To Talk About:



Why Save?

This is a good opportunity to reinforce the importance of having goals and being prepared for an emergency.



How To Save?

Young children may benefit from a piggy bank, but older children may be ready to have their own savings account at a bank.



What are the Benefits of Saving?

For older children, you may want to introduce the concept of earning interest on money and how that money can work for you.

Spending: Creating A Budget

In Advance, You May Want to Consider:

- How you can translate your spending habits to your children?
- Do you want to talk about socially responsible spending?
- How can financial planning build both stability and independence?

Topics To Talk About:



What do You Want?

Stress the importance of creating a goal, understanding the cost, and giving purpose to the work you are doing.



What do You Have?

Talk through which resources are available and what is on the horizon (allowance, job, birthday money, etc.).



How Will You Get What You Want?

Help connect the concept of saving money, planning for a goal, and working hard to reach it.

Spending: Needs vs. Wants



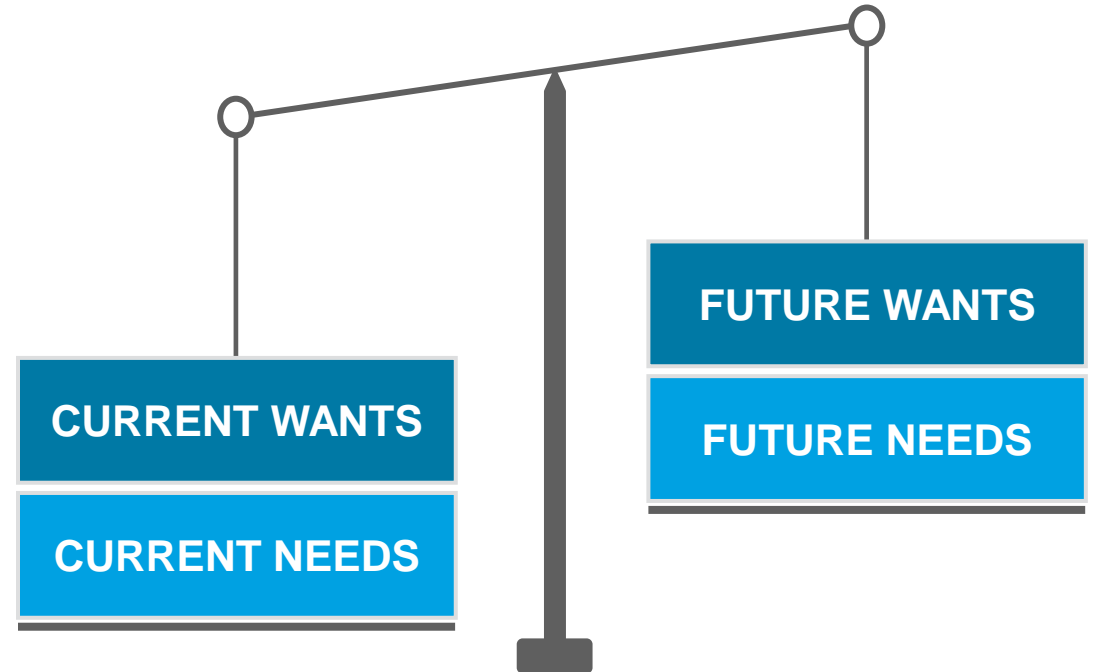
We all want lots of things, but not all desires are the same.

NEEDS

Needs are the items you can't live without – shelter, foods, clothes, etc.

WANTS

Wants are the nonessential things you wish to have or do – toys, vacations, electronics, etc.



Donating

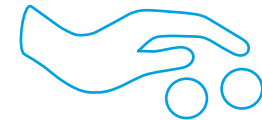
In Advance, You May Want to Consider:

- Are there volunteering activities you could do with your children?
- Are there current events that may require assistance (e.g., natural disasters)?
- Do you want to choose a new charity together?

Topics To Talk About:



What causes are you interested in?



Why would you want to get involved in a charity?



What is important to look for in a charity?



How can you get involved? Donate clothes, toys, or time?

Borrowing

In Advance, You May Want to Consider:

- How to articulate your philosophy on borrowing.
- How to talk about the dangers of credit card debt.
- How not all borrowing is bad – it can be a part of a sound financial strategy.

Topics To Talk About:



Borrowing money isn't free.

Interest is the cost of borrowing money.



The cost to borrow money depends on how reliably you've paid back debts in the past, which is tracked by your **credit score**.



Car loans, credit cards, student loans, and mortgages are all examples of borrowing.

Investing

In Advance, You May Want to Consider:

- Is your child ready to discuss investing concepts?
- What are your investing strategies?
- What investments are good examples to talk about?
- Do you want to track the market together?

Topics To Talk About:

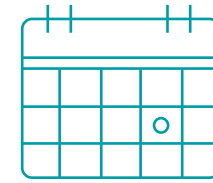


Investing is how you can make your money work for you, and you can support companies you care about.



There is a “market” for investing.

- You can lend money: **bonds.**
- You can buy a piece of a company: **stocks.**



Investing over a period of time can be impactful.

Markets will fluctuate, but time is money.

Money and Values



Beyond the fundamentals of how money works, it is important to talk about your financial values:

What does money mean to you?

What does it mean to be wealthy?

What are the responsibilities, obligations and challenges that come with having money?

How did we accumulate our money, and what did we learn from the effort of accumulation?

How, if at all, would we be different if we lost all our money?

What do we want to accomplish with the money we have?

RAISING MONEY-SAVVY KIDS

The Bottom Line

Empowering Kids Makes a Difference



YOUNG ADULTS WHO
DID DISCUSS MONEY
WITH THEIR PARENTS

YOUNG ADULTS WHO
DID NOT DISCUSS MONEY
WITH THEIR PARENTS

Likely to have a budget

88%

73%

Likely to have an emergency fund

60%

43%

Likely to put 10% or more of their income toward savings

66%

48%

Likely to have a retirement account

56%

36% ⁽¹⁾

1. [Parents, Kids & Money Survey](#). T. Rowe Price. 2018



Ongoing conversations about money and financial empowerment are important.

Maintaining an open dialogue can help you raise money-savvy kids.

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