



## CREATING A MILLION DOLLAR FUTURE FOR YOUR CHILDREN

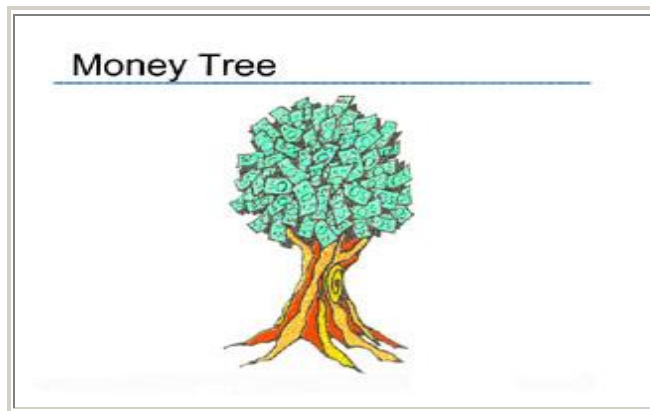


Teaching your children about how to effectively manage their finances will be one of your kid's most important lessons in life. To assist you, we have put together some information that you can refer to when discussing money matters with your children. We hope that you can benefit from this useful information and we welcome your responses and opinions. Send an [e-mail to edf@moneyful.com](mailto:edf@moneyful.com) and let us hear how you are doing.

### KEY TOPICS

- Where Does Money Come From?
- Learning What Money Can Buy
- Learning What Work Can Earn
- Learning To Make Choices
- Learning To Save And Invest
- Family Dinner Conversations
- How To Get Started With A \$100 Or Less Per Month
- What Can \$ 50 Get Me?
- What Can \$100 Get Me?
- What Can An Extra 2% Rate of Return Do?
- What Are The Important Factors In Selecting Good Investments?

# WHERE DOES MONEY COME FROM?



### ANSWERS:

|                         |            |   |
|-------------------------|------------|---|
| <b>ATM?</b>             | <b>NO</b>  | Parents deposit Money into Banks and Withdraw it using ATMs.                  |
| <b>Money Tree?</b>      | <b>NO</b>  | Money Trees do not exist.   |
| <b>Working Parents?</b> | <b>YES</b> | Working Parents earn incomes, save and invest. That's where money comes from. |

## LEARNING WHAT MONEY CAN BUY

- Relate cost in terms kids can understand
    - Toy=1.5 burger and fries
  - Compare the price of ice cream in the grocery store to ice cream truck
  - Pretend catalog shopping spree
  - Difference in plain jeans vs designer jeans
  - Grocery store
  - Analyze pay stub
  - Challenge kids to lower utility bill and split savings
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## LEARNING WHAT WORK CAN EARN

- Older children need small neighborhood jobs
  - Lemonade stand concept
  - Game of Jobs
    - Pay
    - Education
    - Attractiveness
    - Trade off of leisure time, money and personal satisfaction
  - Discuss Local Businesses
    - Which ones are good and why?
    - What you would do, if you were the business owner
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## LEARNING TO MAKE CHOICES

- Allowance
  - Spending
  - Savings
  - Investing
- Increase scope and time of child's budget
- Pick one treat from the store
- Picking out a gift for a friend
- Involve children in major family purchases
- Get teenagers in the practice of paying off their credit card
- Institute-constitute choices
  - Don't replace lost coins
  - Let child earn money for broken items
  - Who pays for car insurance before and after accident

- Give college student budget and let them have what's left
- Share choices made for the family
  - Family trip instead of bigger house

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## LEARNING TO SAVE AND INVEST

- Parent matching program
- Family "vacation" or "new car" jar
- Kids calculate how long it takes to payoff \$1,000 at \$50 per month at 20% interest
- Show your 401K statement and why you chose which funds
- Build a mock portfolio of stocks or mutual funds
- Start an investment club with family members
- Consider buying shares in a company who offers perks that may be of interest to kids
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- Children identify companies with products that appeal to them
- Show children educational material from mutual funds
  - Risk and Return
  - Power of Diversification
  - Dollar Cost Averaging
  - Compounding

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## FAMILY DINNER CONVERSATIONS

- What increased responsibility should kids get each year
- When are kids expected to become financially independent
- When did each parent become financially independent
- What would each family member do with a million dollars
- What can money not buy?
- What are some of the different attitudes about money within our own family
- Who controls spending of allowances and why?
- How much financial help did you get from your parents?
  - School
  - Setting up an apartment
  - First car
- What makes someone a saver, a spendthrift or indifferent to money?

- What are some mistakes that parents made in earlier years with respect to money?
- What are luxuries?
- What are necessities?

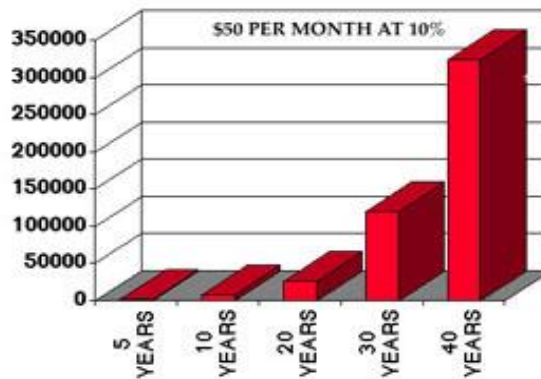
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## HOW TO GET STARTED WITH \$100 or LESS PER MONTH

- Dividend Reinvestment Programs (DRIPS)
- Mutual Funds who waive their minimum initial investment amounts for automatic debits

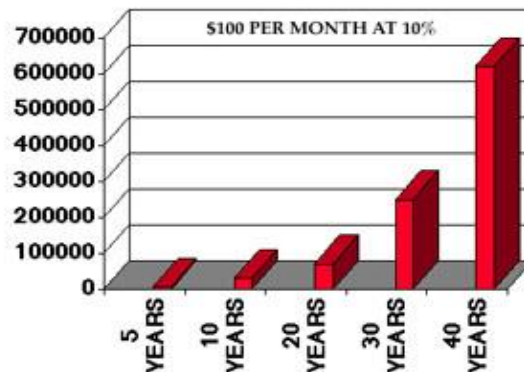
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### WHAT A \$50 per MONTH INVESTMENT CAN EARN YOU

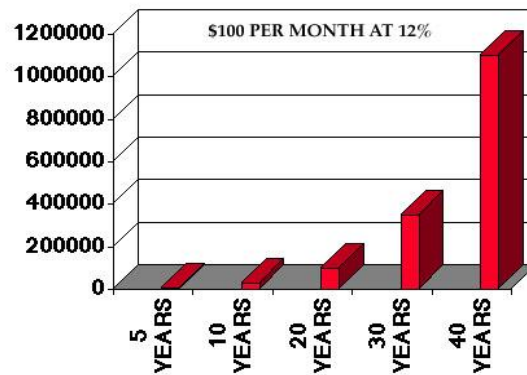


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### WHAT A \$100 per MONTH INVESTMENT CAN EARN YOU



## WHAT AN EXTRA 2% RATE of RETURN CAN EARN YOU



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## WHAT ARE THE IMPORTANT FACTORS IN SELECTING GOOD INVESTMENTS?

- What is the length of time committed?
- What asset classes will be invested in?
- How much will be invested in each asset class?
- Within each asset class, what strategies or styles will be used?
- Which manager(s) will be selected to manage each specific strategy or style?