Raising Financially Fit Kids

Print Course

Print Handouts

COURSE DESCRIPTION

Raising Financially Fit Kids is a 60-minute course designed to help parents learn how to teach their children sound financial management skills. During the course, parents will examine their own financial skills and behaviors so that they can determine how to best implement age-appropriate financial practices for their children.

Facilitators, especially those who are not parents, are encouraged to use the collective knowledge of the group to guide the session. Allow learners time to talk among themselves and compare and share any challenges, lessons learned, tips and best practices.

LEARNING OBJECTIVES

Terminal: Upon completion of this course, learners should be able to assess their own financial situation and establish financial practices that will help their children develop sound financial management skills.

Enabling:

- In the *Your Financial Fitness* activity, learners will examine their own past and current financial behaviors and note four changes they would like to make to model good financial skills to their children.
- In the *Chat it Up!* activity, learners will note three communication tips that could benefit them in future family conversations about money.
- In the *Action Plan* activity, learners will use course information, tips and resources to develop at least three actions that will help them implement sound financial management skills and raise financially fit kids.

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Useful Websites:

- It's a Habit: (Sammy the Rabbit savings site for kids): www.itsahabit.com

- It All Adds Up: (financial education website for middle school and high school students): www.italladdsup.org
- Jump$tart Coalition for Personal Financial Literacy: (resources for all ages): www.jumpstartcoalition.org
- Family Education: (money education resources and activities for children): http://life.familyeducation.com/money-and-kids/personal-finance/34481.html
- Federal government financial education: https://kids.usa.gov/money/index.shtml
- Kids' Money (financial site for parents and children): www.kidsmoney.org
- The Mint (financial education for kids): www.themint.org
- Money as You Grow (the President's Advisory Council on Financial Literacy): http://moneyasyougrow.org
- Money Instructor (lessons for kids): www.moneyinstructor.com

COURSE PREPARATION

Handouts:

- *Financial Fitness*
- *Financial Planning Worksheet* (optional)
- *Resources for Raising Financially Fit Kids*

Materials (vary depending on activities chosen):

- Pens, pencils
- Internet connection, where available
- *Raising Financially Fit Kids* PowerPoint slides

SUMMARY OF LEARNER ACTIVITIES

- *Your Financial Fitness:* Learners examine their own financial habits and look for areas of improvement.
- *Goals and Change:* Learners list habits and behaviors they want to change or begin.
- *Chat it Up!:* Learners note communication tips that could benefit them in future family conversations.
- *Action Plan:* Learners make an action plan that will help them raise financially fit kids.

CONTENT OUTLINE

1. Welcome and Introduction (5 minutes)
    a. Agenda
2. How You Manage Your Money (20 minutes)
    a. What's Your Relationship with Money?
    b. Learner Activity: *Your Financial Fitness,* Part 1
    c. Change Your Behavior
    d. Learner Activity: *Your Financial Fitness,* Part 2
3. Developing Effective Communication Skills (10 minutes)
    a. Learner Activity: *Chat it Up!* Part 1
    b. How We Talk to Each Other
    c. How We Talk to Kids
    d. How Kids Talk to Us
    e. How Kids Talk to Other Kids
    f. Learner Activity, *Chat it Up!* Part 2
4. Growing the Financially Fit Child (20 minutes)
    a. Allowances
    b. Saving, Spending and Sharing
    c. Budgeting
    d. Learner Activity: *Action Plan*
5. Summary (5 minutes)
    a. Setting the Example
    b. Sources of Help

CONTENT

WELCOME AND INTRODUCTION

SLIDE 1

Every parent wants to raise healthy, happy children capable of managing their adult lives in an increasingly complex world. This includes raising financially fit kids. Although children learn their financial management skills from many different sources, studies show they learn the most by observing the financial behaviors of their parents. Studies also show that the earlier children are introduced to the fundamentals of money and money management, the more financially fit they are as adults. With the right information and a little commitment, parents can prepare their children to conquer the many financial challenges they will face as adults.

SLIDE 2

Agenda

Although financial education is available, it is often too little, too late. Today, most formal financial education is limited and takes place in high school, yet before children even get to kindergarten they have received thousands of indirect lessons about money through the media and by observing their parents' financial behaviors.

A child's understanding of money matters – even if what they know is wrong – may be too ingrained by the time they get to high school for financial classes to effect much change. In fact, research suggests children may be more receptive to learning financial concepts between the ages of 8 and 12. This course will help you bridge that gap by providing the information, tools and tips to create a "money smart" home for your kids. To help you achieve this goal, this course will ask you to:

- explore your own money values and habits.
- discuss effective communication skills.
- examine ways to teach your children sound financial management skills.

HOW YOU MANAGE YOUR MONEY

What's Your Relationship with Money?

SLIDE 3

Because children model the behavior of their parents, the first step in raising financially fit kids is to examine how you manage your money and what money messages you send to your children. Think about your own childhood. What financial management lessons did you learn from your parents? Some of you may have had wonderful role models and intend to use those same lessons with your children. In some cases, however, these may not be lessons that served you well or that you want to pass on. So let us first examine your relationship with money and what you want financially for your children.

LEARNER ACTIVITY: *Your Financial Fitness, Part 1*

Time: 10 minutes

Materials: *Financial Fitness* handout, pens and pencils

Procedure: Divide the class into pairs or small groups and distribute the *Financial Fitness* handout. If you have married couples or partners, pair them together or keep them in the same group. Explain that they will get an opportunity to explore their own financial fitness. Each learner should complete their own handout and then discuss with their partner or group.

Tell learners:

First, think about what you have done right with your money that you hope to pass along to your children. In the first column of "Your Financial Fitness," make a list of all of your successes and good habits, skills and values. Perhaps you have a budget, keep your debt down to a minimum, shop with a list and/or save regularly. Write down all of the positive characteristics of your money-management techniques.

Second, think about what you wish you had done with your money (up to this point in your life). What do you consider the "lost opportunities"? List all of these items in the second column. Items could include your wish that you had started to save sooner, that you had bought a less-expensive car, that you did not give in to your children's wants so much, that you did not allow yourself to be pressured into buying things because other people do, etc. Be honest and compose your wish list.

Third, honestly consider the mistakes you have made with your money and put those in the third column. This includes the things you do not want your child to do or mistakes you do not want them to make. This list could include not having a budget, not saving any money, spending on impulse, using money as a weapon, keeping up with the Joneses, etc.

Instruct learners to take about five minutes to fill out their handout and then five minutes to discuss their findings with their partner or group. Explain that you will build on that information a little later in the course.

Change Your Behavior

SLIDE 4

Financial success is not just about how much money you have but what you do with it. From the previous activity, you should have an idea of the financial behaviors that you could improve. Think about what type of budgeting system you use. Are you saving for your future? Could you stand to improve your credit?

Some habits and behaviors may need to be changed so that you can be financially successful. Other habits and behaviors may need to be started and become routine. As with any practice, it takes time for an action to become an ingrained habit – one that you do without thinking. First you need to determine what it is you want or need to change or start.

Your next step is to set goals that will help you make those changes. Goal setting forces you to decide what you want to accomplish with your money and clearly defines the steps to take. The more specific you can be with your goals, the better prepared you will be to achieve them.

For example, maybe you determined that your budget is working but you really need to be saving more each month. Many people want to be saving more, but this goal does not have a specific plan. Without a plan, it is unlikely that you will change your behavior and establish a new financial routine. If you want to raise financially healthy children, you should be modeling sound financial practices.

LEARNER ACTIVITY: *Your Financial Fitness, Part 2*

Time: 10 minutes

Materials: *Financial Fitness* handout

Procedure: Ask learners to take a look what they have already filled out on the *Financial Fitness* handout. Next, instruct learners to choose at least four actions that could improve their own financial fitness and help them become the best possible financial role models for their children. Tell learners to write those four behaviors/habits for change on the "Goals for Change" section of the handout. These behaviors/actions should be as specific as possible. Give learners a couple of minutes to complete this step. Ask for volunteers to share the behaviors/habits they would like to change. Discuss as appropriate.

Tell learners:

You do not have to be perfect or have all the answers. There are many resources to help you get on or stay on the right financial track. Remember that your Command Financial Specialist (CFS) or FFSC financial counselor can help you establish a plan and goals that will help you implement these changes. You might also consider taking some of the financial classes offered at the FFSC. And remember that as you improve your own financial management skills, you can include your children in the process so that you can teach them as you go.

DEVELOPING EFFECTIVE COMMUNICATION SKILLS

SLIDE 5

Clearly our behavior speaks loudly to our children. In fact, 80 to 90 percent of all communication is nonverbal. We may demonstrate healthy financial behaviors, which is a good thing, but often we are not actually talking with our family about money. We need to hone our verbal communication skills and get a healthy financial dialogue going with the people in our family.

LEARNER ACTIVITY: *Chat it Up!* Part 1

Time: Ongoing through this section of the course

Materials: *Financial Fitness* handout, pens and pencils

Procedure: Explain to learners that the following section will offer many communication tips that will help them communicate with each other and their children about money. Instruct learners to turn to the "Chat it Up!" section of their *Financial Fitness* handout. As you go through this section, learners are to consider their own communication style and challenges and identify three tips that they want to try at home. Explain that you will discuss their answers at the end of this section.

How We Talk to Each Other

SLIDE 6

Now that you have examined your current financial situation and areas for improvement, consider how you will talk with your spouse or partner about your finances and financial goals. Remember that with each conversation you are modeling behavior for your child/children. Here are some tips for communicating with your spouse or partner.

Establish regular check-ins: Do not assume your finances are running on autopilot. Establish regular times to discuss your budget, re-examine your spending and make plans for the future. Having regular check-ins will not only help you stay on track financially, it will help reduce conflict over your finances.

Accept financial differences: Each person brings his or her own financial habits and values to a relationship. Your habits and values are shaped by your experiences growing up and by the things that you have experienced as an adult. You may find, however, that your spouse or partner has very different experiences and/or goals. Do not try to change the other person. Instead, accept his/her financial differences and establish an open line of communication so that you can work toward common financial goals.

Learn to compromise: With every relationship there must be give and take. Considering that each person in a relationship is different and is likely to have different priorities and goals, establishing a plan for the future could present challenges. Talk openly about your desires, but remember that you need to establish goals that benefit the entire family. Frequently the best solution to determining common goals is a compromise by both individuals.

Bring in a third party: If you have tried these suggestions and are still experiencing difficulty communicating about your finances, consider speaking with a clinical counselor or marriage counselor to learn effective communication skills. You may also benefit from seeing a financial counselor to help you develop a financial plan. Most FFSCs offer both clinical counseling and financial counseling services or can provide information on and referral to local resources.

Once you have a healthy financial dialogue going, discuss how you are going to pass on good behaviors to your children. Make sure you agree on what methods and techniques you use before you engage your children.

How We Talk To Kids

SLIDE 7

It is not always easy to talk with your kids about money. Some parents think that a conversation about money, and family finances in particular, is inappropriate to have with a child. But how else will they learn the life lessons and skills they need? By preparing yourself, you can have healthy and productive conversations and you can bet your children will be interested.

Young people view managing money as a symbol of maturity and independence. Discussing personal finances with them shows that you expect them to behave appropriately with money and that you see them as capable and responsible. To help ensure a successful conversation, keep these tips in mind and tailor them to the age of your children:

- Approach the discussion with a positive attitude.
- Set a tone of confidence, openness and trust.
- Make the talk an equal exchange, not a lecture.
- Ask plenty of questions and listen carefully to the answers.
- Do not talk down to your child.
- Do not bring up old financial disagreements you may have had with your children.
- Make sure your kids know they can always turn to you for financial advice, information or help.

A great way to get financial conversations going with your kids is to involve them in some of your family's typical financial matters. Look for everyday opportunities to slip in money lessons. If you pay with a credit card, explain to your child that the bill will be sent to you and that if you do not pay in full, you will be charged more. Introduce the concept of taxes when garbage collectors pick up your trash by explaining that you have to give money to the government to pay for those kinds of services. Allow younger children to count out change or carry coupons.

How Kids Talk to Us

SLIDE 8

How does your child talk to you about money? Are they curious, looking to learn or are they simply trying to manipulate you into buying them things? Children and teens are exposed to a great deal of peer pressure. Part of a child's financial education needs to be learning to deal with peer pressure and live within their means. As parents, we want our kids to be happy, but if you give in to every wish it is not sending the right message or teaching your child sound financial behaviors.

For example, your child might say, "Mom, if you love me you will get me an iPad" or "I'll be the only one in my class without it." This is an opportunity for you to discuss financial behavior and turn that demand into a lesson. Ask your child how much the item costs. Ask them how they could save for this purchase. Help them come up with ways to earn the money needed.

When kids ask questions about money, explore why they are asking. Be ready to talk about the tough topics, even those where the answer may not be easy or comfortable. Go over your budget with your child and explain the concept of needs versus wants. Finally, learn to use the phrase, "That is not in our budget." By using this phrase when your children ask for money, you are telling them that you have a plan in place and are going to stick to that plan.

How Kids Talk to Other Kids

SLIDE 9

Listen to what your children say to other children. "My Dad is having my party at the best club in town!" "My prom dress cost $2,000!" "I can't believe you're wearing those!" "We're poor!" "You do not have a cellphone?" Kids feel pressure in many areas of their lives, and certainly one of those is financial: how they use money, what they spend it on, etc. Use these conversations with other kids as a platform to discuss peer pressure and help your child develop the skills necessary to stand up against it.

Start by talking with your child about these pressures and listen to them with compassion and without judgment. Share your story. Show that you can identify with the pressures they may be feeling. Even as we grow older, peer pressure is not a phenomenon that fades away. It just shifts from bikes, video games and clothing to homes, cars and vacations.

Do not back down from your values. Talk about your family money values and teach your children to stand up for them. It is OK to tell them, without condemning their friends, that in your family this is how you behave. Encourage your children to choose their friends wisely when it comes to attitudes about money. When they do, praise them for doing the right thing.

Help young people understand the thousands of advertising messages and other influences to which they are exposed. Are their self-esteem and spending decisions being affected as a result? An easy way to jump-start the conversation is to try this exercise: For one day, have your children keep track of every time they feel they are influenced by peer pressure or advertising as it applies to money decisions. In fact, this might be a good exercise for the whole family. Set up a time to discuss what your children saw and heard and how it affects their financial behavior.

LEARNER ACTIVITY: *Chat it Up! Part 2*

Time: 5 minutes

Materials: *Financial Fitness* handout, pens and pencils

Procedure: Ask for volunteers to share any communication challenges they have experienced in the past and which tips they identified to try. Ask learners to share any additional communication techniques not mentioned in the course that they have found useful. Comment and discuss as appropriate.

GROWING THE FINANCIALLY FIT CHILD

> ***Trainer's note:*** Distribute the *Resources for Raising Financially Fit Kids* handout. Explain that the handout includes some of the age-appropriate tips and activities discussed in this section, along with a list of useful resources and websites. If time allows, you may wish to display some of the websites listed on the handout to show parents the resources available to help them teach their children sound financial habits and skills.

SLIDE 10

As a parent, you have the opportunity to develop a learning environment that is suitable to your child's age and to do activities with them that will teach and/or reinforce healthy financial habits. Not all children advance through developmental stages at the same pace. So, what might be appropriate to teach the average 8-year-old could be learned and practiced by your precocious 6-year-old. Only you will be able to assess what money concepts and activities are appropriate for your child and determine whether they are able to successfully put into practice what you teach them.

Keep in mind that you should start with the easier and fun tasks first to get your child interested. You want to keep your child excited to learn about money, because it is something they will have to manage their entire lives. Their first experience with money management should be rewarding. As they grow and mature, you can make the activities more challenging.

Do not expect miracles overnight. Regardless of your child's age and development, good habits can take a long time to develop. If you manage your expectations appropriately, your child will have a better experience overall. There is no rush to learn everything in one day.

After you take care of your own financial health and begin to start a healthy dialogue about money with all of the people in your family, use specific, age-appropriate activities to teach your children about money. There are three major categories of information to discuss with your child, whatever their age: 1) allowances, 2) saving/spending/sharing and 3) basic budgeting.

After discussing these three major areas, age-specific activities will be presented to help you teach your children about these fundamental areas of money management.

Allowances

SLIDE 11

One of the best ways to learn about money is to actually work with it. Let us consider some of the questions most parents ask concerning allowances.

Why Should I Give My Child an Allowance?

Having a regular amount of their own income is a great way for kids to learn how to manage money. They need to make mistakes when the cost is minimal. Knowing the limit of available funds forces children to think about how much things cost and to make spending choices between the many wants they may have. Ultimately, children will have a better appreciation for the purchases they make when they use their own money.

Some parents tie an allowance to chores. If you opt to tie an allowance to chores, be sure that children understand that chores are a family responsibility and that there will be consequences for not completing them. You do not want to send the message that a child can forgo household chores if they are willing to give up that week's allowance.

When to Start?

Once your child shows both an interest in and an understanding of the concept of money – the fact that it can be exchanged for goods or services – they are ready to start learning the basics of money management. Although some parents start as early as age 3 or 4, many parents will wait until children are old enough to understand the basic value of money. Initially, allowance should be given at least once a week. For older children and teens, you can decide whether you want to stretch the time frame, but it will be easier for children to learn first to budget a smaller sum on a weekly basis.

How Much?

Deciding on the amount of allowance is a function of your family values, money available, what the child needs, the child's age and the "going rate."

Determine how much money you already give your children. If you do not give allowances, you are managing your children's money for them by deciding what they will buy and what they will do. Their role is salesperson and manipulator. Instead, let them learn to manage their own money. Total up the amount you are giving them now. Give that to them as an allowance and let them make their own decisions – and learn from those decisions.

Once you have settled on an amount, sit down with your child and make a list of everything they are expected to pay for. This resolves the conflicts that may come up in stores or as they walk out the door to go to the movies. The total required becomes their allowance. As their needs change, so can the amount. Be open to reviewing it when appropriate.

Keep in mind that kids have three uses for their money – spending, saving and sharing. Consider all three areas when you are deciding on an amount for allowances. In addition to setting the allowance, this process puts an end to the constant requests to buy this and that and to give them money to do whatever their hearts desire.

SLIDE 12

Additional allowance tips:

- Give allowances at a specific time (i.e., the beginning of the week, on set dates during the month, etc.)
- Make sure they have enough to set aside as savings.
- Increase the amount as they get older and have more needs.
- Clothing allowances help children learn to manage larger amounts of money.
- Negotiating raises teaches a valuable money management lesson.

Some problems you may encounter with allowances include your child running out of money before the next allowance is paid (more week than allowance), losing allowance money, lending allowance money to a friend who does not pay it back and/or saving all of it (never spending any money). Each of these problems presents parents with excellent opportunities to teach your child useful money management skills. Help create solutions by getting all of the facts and identifying the root cause of the problem together. Then you can jointly brainstorm to find a solution. Be sure to provide encouragement and financial assistance as appropriate.

Saving, Spending and Sharing

SLIDE 13

Help children understand that there are multiple uses for money. An easy division is:

- Saving – money put aside for a rainy day or for future spending
- Spending – money spent to buy the things we need and want
- Sharing – money shared with others (family, community, charity)

Start by showing your children how you save, how you spend and how you share. Set up a jar system for younger children – one for saving, one for spending and one for sharing. When giving allowances, give money that they can easily allocate; that is, rather than giving a $5 bill, give five $1 bills. Include a few dollars worth of change. For older kids, give them the opportunity to determine how much goes into each area or fund. For working teens, help them manage their pay into these three areas, and take it further by helping them budget for more complex needs.

When setting up a saving/spending/sharing division of money with your children, discuss how much should go into each category. A suggested amount would be 10 percent into saving, 10 percent into sharing and the rest into spending. Help them set goals for their saving and spending dollars. As children get older, introduce them to different savings and investment products. For wage-earning teens, talk with them about participating in retirement plans and/or opening an individual retirement account (IRA).

Budgeting

Trainer's note: Offer learners the *Financial Planning Worksheet* and encourage them to see their CFS or FFSC financial counselor for assistance in establishing or fine-tuning their household budget based on the information discussed in this course.

SLIDE 14

The rule for budgeting is "keep it simple." This applies to you and your children. The saving/spending/sharing approach forms the foundation for a budget, but a true budget is some type of a written system (including software and online systems) that tracks what comes in and what goes out and lists financial goals. For help establishing a household budget, you can use the *Financial Planning Worksheet*. You can also see your CFS or FFSC financial counselor for help in establishing a sound budget. Here are some age-appropriate techniques for introducing budgeting to your children.

SLIDE 15

Ages 3 to 5: As soon as children can count, introduce them to money. Take an active role in providing them with information. Observation and repetition are two important ways that children learn. Talk to them about money and show them how much things cost. Have them start making choices about buying small items. Help them learn about coins, paper money and basic counting. Communicate with children about your values concerning money – how to save it, spend it wisely and, most importantly, how to make it grow. Help children learn the differences between needs and wants. This will prepare them for making good spending decisions.

Suggested activities:

- Help your child understand income by talking with him/her about your job and how a job helps you to earn money. Pick some small chores or jobs that your child can do to earn extra money.
- Point out the costs of items in a store. Ask your child to identify which item costs more.

SLIDE 16

Ages 6 to 9: Introduce an allowance. Introduce children to the concept of saving/spending/sharing. Provide your children jars or envelopes, or have them make their own piggy banks. Give them money every week and help them to start setting short-term goals. Let them see you budgeting and paying bills. Answer any questions they have about money in a short and concise way. Be positive and encouraging.

Suggested activities:

- Talk with your child about sharing or giving back. Explain how "shared" money is used to help those in need or to support the community. Find a way for your child to share part of their allowance through giving to a community organization, faith community or charity. Help them see the end result of how that money helps others.

- Help your child to become a savvy shopper. Show them how the same item may cost more or less at a different store. Have them identify an item they want to purchase and show them how to find the lowest cost on that item.

SLIDE 17

Ages 10 to 12: Take a trip to the bank and help them open a savings account. Explain the power of interest and saving for the future. Think about setting up a savings-matching plan to help them achieve their goals more quickly. If appropriate, continue using savings banks or jars for saving/spending/sharing, and build on that by introducing them to a tracking system or basic budget. This can be as simple as a notebook listing "Income," "Expenses" and "Goals." Educate them on the power of advertising. Talk about peer pressure.

Suggested activities:

- Have your child help with the grocery shopping. Establish a budget, let them help with the list and then make it a game to see whether the child can buy everything on the list without going over the budget.
- Let your child help make the holiday shopping lists based on a budget for each gift. Encourage them to come up with low-cost or no-cost alternatives to regular gift buying.

SLIDE 18

Ages 13 to 15: Help them find paying jobs outside the home, such as baby-sitting, yard work, etc. Help them set long-range goals. If they do not already have a savings and/or checking account at a credit union or bank, take them to open an account. Help them learn to access their accounts online and teach them how to protect their identity online. Talk with them about credit and the cost of borrowing money.

Suggested activities:

- Go over a credit card or loan statement together. Show your teens what using credit costs in finance charges. If you do not carry a balance on your credit accounts, there are multiple online calculators that will show the total cost of credit.
- Go over the household budget with your teen. Explain the difference between wants and needs and have your teen pick out the items in the budget that are wants and those that are needs. Ask them to identify items that could be cut from the budget if there were a reduction in income or if there were a major purchase the family wanted to fund.

SLIDE 19

Ages 16 to 19: Help older teens develop more independence. Support their savings strategies. Help them assess job opportunities, standards of living and major life purchases. Show them financial planning software. Discuss the costs of college, what your family can realistically afford and explore funding alternatives. Ensure that when they leave home they have the skills to function in the financial marketplace, including:

- They have established checking and savings accounts and can track account balances.
- They know how to use an ATM, debit and check cards and can write a check.
- They know how to budget and have written financial goals.
- They understand how compound interest and time works.
- They understand how to establish and maintain good credit.
- They understand how to comparison shop and research the items that they want to purchase.

Suggested activities:

- Help them to establish a balanced budget that accounts for all of their expenses and helps them to save for short- and long-term financial goals.
- Ask your older teen to list the top five "must have" items among their peer group. For example, this might be the latest cellphone, an iPad, a particular type of handbag or even a car. Now ask your teen to look at their budget and figure out how much they would have to save monthly to pay for one of these purchases or what it would cost in interest to buy that item on credit. Ask whether the item is worth the cost when they figure out how long they will have to save or after they determine the true cost of the purchase on credit.

LEARNER ACTIVITY: *Action Plan*

Time: 10 minutes

Materials: *Financial Fitness* handout, pens and pencils

Procedure: Tell learners that the last activity for the course will be to commit in writing their next steps for growing a financially fit child. Instruct learners to list three actions that they will commit to doing in the next 30 days on the "Action Plan" section of their *Financial Fitness* handout. This could be something to improve their own financial situation, such as seeing their CFS to establish a budget. It could also be establishing goals for regular money conversations or implementing learning activities with their children.

Give learners five minutes to make their list and then ask for volunteers to share their action items. Congratulate learners for taking the first steps toward raising financially fit kids. Encourage them to follow up on their action plan by enlisting help from their family or other valuable resources.

SUMMARY

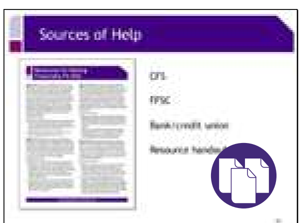
Setting the Example

SLIDE 20

Once again, *you* set the example for raising financially fit children. Show your children that learning never ends and that it is important to keep up with the world of money. Read the financial pages of your local newspaper or read a financial blog. Subscribe to a financial magazine, such as *Money* or *Kiplinger's Personal Finance*. Visit websites geared to financial education and find new activities that you can do with your child. Pick up a book on personal financial management from your local library. For every age and stage of your life, there is something new to learn.

Sources of Help

Trainer's note: Refer learners to the "Resources" section of their *Resources for Raising Financially Fit Kids* handout.



SLIDE 21

Service members and their families have access to many free financial resources. A great first stop is your CFS, who has special training to help you with most aspects of financial management. Check out the local FFSC; they have financial counselors and parenting educators who can work with you one-on-one, or attend some of the great financial classes they offer. Stop by your bank or credit union for resources and suggestions on working with children and money. And do not forget to check out the websites listed on your *Resources for Raising Financially Fit Kids* handout.

NOTES:

Financial Fitness

YOUR FINANCIAL FITNESS

Great Things I Do With My Money	Great Things I Wish I Had Done With My Money	Mistakes I Have Made With My Money

GOALS FOR CHANGE

List four financial habits or behaviors you want to establish or change.

Areas of Improvement:

1. ______________________________
____
2. ______________________________
____
3. ______________________________
____
4. ______________________________
____

Specific Goals and Other Notes:

ACTION PLAN

List three actions you will commit to doing in the next 30 days.

1. ______________________________
____
2. ______________________________
____
3. ______________________________
____
4. ______________________________
____

Other Ideas and Goals:

Resources to Try:

CHAT IT UP!

List three communication tips you want to try with your family.

1. ______________________________
____
2. ______________________________
____
3. ______________________________
____

Other Communication Tips or Goals:

Financial Planning Worksheet

Date ____________________ Rate ____________________

Name ____________________ Age ____________________

Pay Grade ______________ Yrs. in Svc. ______________ Date Reported/PRD (Transfer) ________

Marital Status ______________ Spouse's Name ______________ Age ______________

Spouse's Place of Employment ____________________

Number of Children and Ages ____________________

Home Address ____________________

Work Telephone ____________________ Home Telephone ____________________

Command & Referred By (Self, CMD, NMCRS, FFSC, etc.) ____________________

Amount of SGLI Elected ____________________ Amount of FSGLI Elected ____________________

TSP Monthly Contribution ____________________ MGIB Monthly Contribution ____________________

STATEMENT OF NET WORTH

ASSETS

Cash on hand	$ ________
Checking Accounts	$ ________
Savings Accounts	$ ________
Certificates of Deposit	$ ________
Cash Value of Life Insurance	$ ________
U.S. Savings Bonds	$ ________
Mutual Funds/Money Market	$ ________
Stocks/Bonds	$ ________
College Funds	$ ________
401(k)/403(b)/TSP	$ ________
Other (IRAs, etc.)	$ ________
Real Estate (Market Value)	
Home	$ ________
Rental Property	$ ________
Other (vacation home/trailer/time share)	$ ________
Personal Property	
Vehicles/Motorcycles/Boats	$ ________
Furniture	$ ________
Jewelry	$ ________
Other (collectibles, etc.)	$ ________

LIABILITIES

Signature Loans	$ ________
Auto Loans or Leases	$ ________
Consolidation Loans	$ ________
Student Loans	$ ________
NEX/AAFES (Star Card)	$ ________
Department Store Credit Cards	$ ________
Other Credit Cards	$ ________
NMCRS (loan)	$ ________
Other (friends, relatives, etc.)	$ ________
Advance/overpayments	$ ________
Mortgages-Balances Due	
Home	$ ________
Rental Property	$ ________
Other (vacation home/trailer/time share)	$ ________

TOTAL ASSETS	$ ________
TOTAL LIABILITIES	$ ________
NET WORTH (Assets – Liabilities)	$ ________

Counseling Provided By: ____________________

Counselor Phone #: ____________________

Appointment Date: ______________ Time: ________

Place: ____________________

MONTHLY INCOME

	ENTITLEMENTS	ACTUAL		PROJECTED		REMARKS
*	Base Pay					
	Basic Allowance for Housing (BAH I or II)					
	Overseas Housing Allowance (OHA)					
	Basic Allowance for Subsistence (BAS)					
	Family Separation Allowance (FSA)					
*	Flight Pay/Diving Pay/Flight Deck Pay					
*	Submarine Pay					
*	Other Hazardous Duty Pay					
*	Sea Pay					
	Taxable COLA					
	Other (tax exempt/allowance eg. COLA/FSSA)					
	TOTAL MILITARY COMPENSATION (A)					
*	Taxable pay ( )					Excludes pretax ded for TSP/MGIB
	DEDUCTIONS	**ACTUAL**		**PROJECTED**		**REMARKS**
	ALLOTMENT					For/ends?
	ALLOTMENT					For/ends?
	ALLOTMENT					For/ends?
	ALLOTMENT					For/ends?
	ALLOTMENT					For/ends?
	Family SGLI (for spouses)					
	Servicemembers' Group Life Insurance (SGLI)					
	Uniform Services TSP					
	MGIB					
	FITW Filing Status Actual					Proj. Status:
	FICA (Social Security)					Base Pay Only, Excludes MGIB
	FICA (Medicare)					Base Pay Only, Excludes MGIB
	State Income Tax					State Claimed:
	AFRH (Armed Forces Retirement Home)					
	TRICARE Dental Plan (TDP)					
	Advance Payments					Ends:
	Overpayments					Ends:
	TOTAL DEDUCTIONS (B)	$		$		
	CALCULATE NET INCOME	**ACTUAL**		**PROJECTED**		**REMARKS**
	Service Member's Take Home Pay (A-B)	$		$		Divide by 2 for Payday Amount
	Service Member's Other Earnings (less taxes)					
	Spouse's Earnings (less taxes)					
	ALLOTMENT					
	ALLOTMENT					
	ALLOTMENT					
	ALLOTMENT					
	ALLOTMENT					
	Family SGLI (For Spouses)					
	Servicemembers' Group Life Insurance (SGLI)					
	Uniform Services TSP					
	MGIB					
	TRICARE Dental Plan (TDP)					
	Advance Payments					
	Overpayments					
	Child Support/Alimony (received/income)					
	Other Income (e.g. SSI, rental income)					
	TOTAL MONTHLY NET INCOME	$		$		

*Note: *Pay Entitlements are taxable. Allowance Entitlements are non-taxable.*

MONTHLY SAVINGS AND LIVING EXPENSES

Note: Actual or Projected figures can be carried forward to spending plan.

SAVINGS		ACTUAL	PROJECTED	REMARKS
SAVINGS	Emergency Fund (1-3 months)			Monthly Contribution Amount
Goal: 10% of Net Income	Reserve Fund			
Actual Projected	Goal-Getter Fund			
$ $	Investments/IRAs/TSP/etc.			
TOTAL SAVINGS AND INVESTMENTS (10%)		$	$	

LIVING EXPENSES		ACTUAL	PROJECTED	REMARKS
HOUSING	Furnishings			
	Maintenance/Repairs			
	Mortgage/Rent			
	Taxes/Fees			
FOOD	Dining Out			
	Groceries			
	Lunches			Include school and work lunches
	Vending Machines			
	Meal Deductions			
UTILITIES	Cable/Satellite/Internet TV/Gaming subscriptions			
	Cellular/Phone Cards			
	Electricity			
	Internet Service			
	Natural Gas/Propane			
	Telephone			Local=$_____Long Distance=$_____
	Water/Garbage/Sewage			
CHILD CARE	Allowances			
	Daycare			
	Support			Include other dependent care
AUTOMOBILE	Gasoline			
	Maintenance/Repairs			
	Other			
CLOTHING	Laundry/Dry Cleaning			
	Purchases ($50 monthly per person)			
INSURANCE	Automobile			
	Health/Life			
	Homeowners/Renters			
	SGLI/FSGLI			Both service member/Family SGLI
	TRICARE Dental			
HEALTHCARE	Dental			
	Eye Care			
	Hospital/Physician			
	Prescriptions			
EDUCATION	Books			
	Fees (Other/Room & Board)			
	Tuition			
	MGIB			Montgomery GI Bill (MGIB)
CONTRIBUTIONS	Charities (CFC/NMCRS)			
	Club Dues/Association Fees			
	Religious			
LEISURE	Athletic Events/Sporting Goods			Include spectator sports
	Books/Magazines			
	Computer Products (software/hardware)			
	Movie/Music/Game Rentals or Downloads			
	DVDs & CDs			
	Entertainment			
	Lessons			Dance, music, self-defense, tutor
	Toys & Games			
	Travel/Lodging			
PERSONAL	Beauty Shop/Nails			
	Barber Shop			
	Cigarettes/Other Tobacco			
	Vending Machines			
	Liquor/Beer/Wine			ABC, package store, etc.
	Other (toiletries, supplements, etc.)			
GIFTS	Holidays			
	Birthdays/Anniversaries			
PET CARE	Food/Supplies			
	Veterinarian/Service (boarding/grooming)			
MISCELLANEOUS	ATM Fees/Stamps/etc.			
	Other			Recommend $50-$150 buffer
TOTAL MONTHLY LIVING EXPENSES (70%)		$	$	

INDEBTEDNESS 20%

CREDITOR	PURPOSE	MONTHLY PAYMENT	BALANCE	PROJECTED PAYMENT	REMARKS (Mos Behind, Pd by Allotment, etc.)	APR %
1. US Govt.	Advance Pay				Automatic Deduction	
2. US Govt.	Overpayments				Automatic Deduction	
3.						
4.						
5.						
6.						
7.						
8.						
8.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						
21.						
22.						
23.						
24.						
25.						
	TOTAL					

SUMMARY

		ACTUAL	PROJECTED
NET INCOME (Bottom of Page 2)			
SAVINGS AND INVESTMENTS (Page 3)	-		
LIVING EXPENSES (Page 3)	-		
AMOUNT LEFT TO PAY DEBTS	=		
TOTAL MONTHLY DEBT PMTS (Page 4)	-		
SURPLUS OR DEFICIT	=		
DEBT-TO-INCOME RATIO	=		

(Total Monthly Debt Payments ÷ Net Income x 100 = Debt-to-Income Ratio)

ACTION PLAN

INCREASE INCOME

1. ____
2. ____
3. ____
4. ____
5. ____
6. ____

DECREASE LIVING EXPENSES

1. ____
2. ____
3. ____
4. ____
5. ____
6. ____

DECREASE INDEBTEDNESS

1. ____
2. ____
3. ____
4. ____
5. ____
6. ____

REFERRALS/RECOMMENDED TRAINING

1. ____
2. ____
3. ____
4. ____
5. ____
6. ____

SETTING YOUR GOALS (Short and Long Term)

GOAL	COST	DATE WANTED	= MONTHLY SAVINGS TO REACH GOAL
1.			
2.			
3.			
4.			
5.			
6.			

MONTHLY SPENDING PLAN

☐ TOTAL NET INCOME ☐ TOTAL TAKE-HOME PAY	MONTH		MONTH		MONTH	
BY PAYDAY	1st	15th	1st	15th	1st	15th

*If using take-home pay amount, do not include any savings, expenses or debt payments that are deducted from pay or paid by allotment.

P = Planned Expenses A = Actual Expenses	Budgeted Amount	P	A	P	A	P	A	P	A	P	A	P	A
Savings & Investments													
Housing													
Food													
Utilities													
Transportation													
Clothes													
Insurance													
Health													
Education													
Contributions													
Subscriptions													
Personal													
Entertainment													
Dependent Care													
Miscellaneous													
Creditors													
TOTALS	$												

DAILY EXPENSES

Keep track of your daily expenses for two weeks

Keep a record of how you spend your money for the next two weeks. The secret is to record it when you spend it. Using a "stickie" note in your wallet or purse will help you track your expenditures. When you go for your money, make a note on your "stickie" (write the amount and the item). At the end of the day, transfer the recorded amounts to this record. Be sure to include bills paid, along with sodas, lunches, etc.

Remember, this is for tracking your take home pay. Do not include allotments.

TAKE-HOME PAY FOR TWO WEEKS Dates

DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		Take-Home Pay: $ __________	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Amount Spent: $ __________ Balance: $ __________ (+ or -)	

Resources for Raising Financially Fit Kids

Ages 3 to 5: As soon as children can count, introduce them to money. Take an active role in providing them with information. Observation and repetition are two important ways children learn. Talk about money and show them how much things cost. Have them start making choices about buying small items. Help them learn about coins, paper money and basic counting. Communicate with children about your values concerning money – how to save it, spend it wisely and, most importantly, how to make it grow. Help children learn the differences between needs and wants. This will prepare them to make good spending decisions.

Suggested activities:

- Help your child understand income by talking with him/her about your job and how a job helps you to earn money. Pick some small chores or jobs that your child can do to earn extra money.
- Point out the costs of items in a store. Ask your child to identify which item costs more.

Ages 6 to 9: Introduce an allowance. Introduce children to the concept of saving/spending/sharing. Provide your children jars or envelopes, or have them make their own piggy banks. Give them money every week and help them to start setting short-term goals. Let them see you budgeting and paying bills. Answer any questions they have about money in a short and concise way. Be positive and encouraging.

Suggested activities:

- Talk with your child about sharing or giving back. Explain how "shared" money is used to help those in need or to support the community. Find a way for children to share part of their allowance through giving to a church, community organization or charity. Help them see the end result of how that money helps others.
- Help your child to become a savvy shopper. Show them how the same item may cost more or less at a different store. Have them identify an item they want to purchase and show them how to find the lowest cost on that item.

Ages 10 to 12: Take a trip to the bank and help them open a savings account. Explain the power of interest and saving for the future. Think about setting up a savings-matching plan to help them achieve their goals quicker. If appropriate, continue using savings banks or jars for saving/spending/sharing, and build on that by introducing them to a tracking system or basic budget. This can be as simple as a notebook listing "Income," "Expenses" and "Goals." Educate them on the power of advertising. Talk about peer pressure.

Suggested activities:

- Have your child help with the grocery shopping. Establish a budget, let them help with the list and then make it a game to see whether the child can buy everything on the list without going over the budget.
- Have your child/children help make the holiday shopping lists based on a budget for each gift. Encourage them to come up with low-cost or no-cost alternatives to regular gift buying.

Ages 13 to 15: Help them find paying odd jobs outside the home. Help them set long-range goals. If they do not already have a savings and/or checking account at the credit union or bank, take them to open an account. Help them learn to access their accounts online and teach them how to protect their identity online. Talk with them about credit and the cost of borrowing money.

Suggested activities:

- Go over a credit card or loan statement together. Show your teens what using credit costs in financial charges. If you do not carry a balance on your credit accounts, there are multiple online calculators that will show the total cost of credit.
- Go over the household budget with your teen. Explain the difference between wants and needs and have your teen pick out the items in the budget that are wants and those that are needs. Ask them to identify items that could be cut from the budget if there were a reduction in income or if there were a major purchase the family wanted to fund.

Ages 16 to 19: Help older teens develop more independence. Support their savings strategies. Help them assess job opportunities, standards of living and major life purchases. Show them financial planning software. Discuss the costs of college and what your family can realistically afford, and explore funding alternatives. Ensure that when they leave home they have the skills to function in the financial marketplace, including:

- They have established checking and savings accounts and can track account balances.
- They know how to use an ATM, debit and check cards and can write a check.
- They know how to budget and have written financial goals.
- They understand how compound interest and time works.
- They understand how to establish and maintain good credit.
- They understand how to comparison-shop and research the items that they want to purchase.

Suggested activities:

- Help them to establish a balanced budget that accounts for all of their expenses and helps them to save for short- and long-term financial goals.
- Ask your older teen to list the top five "must have" items among their peer group. For example, this might be the latest cellphone, an iPad, a particular type of handbag or even a car. Now ask your teen to look at their budget and figure out how much they would have to save monthly to pay for one of these purchases or what it would cost in interest to buy that item on credit. Ask whether the item is worth the cost when they figure out how long they will have to save or after they determine the true cost of the purchase on credit.

Allowance Tips:

- Give allowances at a specific time (i.e., the beginning of the week, on set dates during the month, etc.).
- Make sure children receive enough allowance to save some.
- Increase the amount as they get older and have more needs.
- Clothing allowances help children learn to manage larger amounts of money.
- Negotiating raises teaches a valuable money management lesson.

Resources for Financially Fit Kids

- Your Command Financial Specialist (CFS)
- The Fleet and Family Support Center (FFSC)
  - Financial counselors
  - Parenting educators
  - Clinical counselors
- Your bank or credit union
- Military OneSource

Useful Websites:

- It's a Habit (Sammy the Rabbit savings site for kids): www.itsahabit.com
- It All Adds Up (financial education website for middle school and high school students): www.italladdsup.org
- Jump$tart Coalition for Personal Financial Literacy (resources for all ages): www.jumpstartcoalition.org
- Family Education (money education resources and activities for children): http://life.familyeducation.com/money-and-kids/personal-finance/34481.html
- Federal government financial education: https://kids.usa.gov/money/index.shtml
- Kids' Money (financial site for parents and children): www.kidsmoney.org
- The Mint (financial education for kids): www.themint.org
- Money as You Grow (the President's Advisory Council on Financial Literacy): http://moneyasyougrow.org
- Money Instructor (money lessons for kids): www.moneyinstructor.com