



## Resolutions help kids start new year with financial awareness

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**W**e traditionally kick off a new year with positive attitudes and life-improving declarations. Why not help kids start off 2010 with some financial resolutions of their own? During my years in the classroom, I managed our school's on-site bank for students. I asked my young depositors to develop goals for their savings accounts, such as making a certain number of deposits and setting a yearly deposit total. I would review these goals periodically during the school year to see their progress and to keep them on track. The same idea can be easily implemented at home. Parents can help their children develop goals by using the "Go-Getter Goal Setter" planner on Page 30. Each of the five planner areas below—saving, earning, spending, donating and learning—contains a saying to illustrate the goal and help kids remember its importance. These resolutions will benefit children of all levels of financial knowledge and can be tailored to the appropriate age groups.

**2010 Saving Goal:** "Don't save what is left after spending, spend what is left after saving."

Ask your child to list one or more saving goals to accomplish during the upcoming year. Listing items or events will help him plan long-term and budget accordingly. Examples could be a bike or video game, spending money for vacation, or holiday gifts. After listing his goals on the Goal Setter sheet, have him decide what portion of his income he needs to save. As he earns his income, that amount should be de-

posited in a bank account to earn interest. Older children can develop a budget sheet listing goal items, income to purchase items and amount left to save monthly.

**2010 Earning Goal:** "Never depend on a single income source."

Once your child's savings goals are in place, discuss how he will meet them by earning income. Ask him to list current sources, including allowance, cash gifts and any odd jobs he regularly gets paid for doing. Now brainstorm potential new income sources, such as garage sales, lemonade stands, dog walking or pet-sitting, and outdoor jobs, such as raking leaves or shoveling snow. Teens could include babysitting and running errands for family members and neighbors, as well as part-time employment. Ask your child to pursue two or three of these potential income sources during the year to develop new streams of income. Make sure additional income is earned and not just given to them. Earned income is usually valued—and spent more carefully—than money received without any work on their part.

**2010 Spending Wisely Goal:** "A fool and his money are soon parted."

When it's time for kids to spend hard-earned dollars, discuss tips to help them make wise purchases. Ideas include looking at store ads and online sales to find the best prices; making a list to comparison shop; buying quality goods instead of a quantity of goods; and evaluating purchases. Introduce the term "buyer's remorse" to older children and ask them for examples of times they've regretted their choices.

**2010 Donating Goal:** "It is better to give than receive."

Many families believe in donating a portion of their earnings to charitable organizations.

Whether it's giving to their church, synagogue or a nonprofit, it is satisfying for kids to know they've helped others. Think of several causes your family believes in and ask your child to make a choice for his own donations. Decide on an appropriate amount to give and how often to donate. For teens, discuss the word "philanthropy" as an active effort to promote goodwill toward others. Ask them to research nonprofits online and decide on a favorite.

**2010 Learning Goal:** "An investment in knowledge always pays the best interest."

Help kids increase their financial knowledge

this year. They can develop their "money sense" through exploring the books and online materials suggested in the resource section. In addition, parents can teach the personal finance concept words on Page 31, reinforcing the words with the activities suggested. Ask kids to set the number of resources they will read and words they will master on their planner. Focusing on these personal finance resources should help kids move toward their goals successfully and aid them in becoming more financially literate. And, they will be able to apply their new knowledge to next year's financial resolutions.



## Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public.

### Online at **KansasCityFed.org/TEN:**

**Fifty Nifty Econ Cards** help educators teach economic and personal finance words and their meanings. A resource guide with activities and games accompanies the cards. The cards and guide can be downloaded, or educators can order them for free from the Kansas City Fed. For ages 5-12.

**Piggy Bank Primer** introduces children to saving, spending and budgeting through a story format. For ages 6-9.

**FederalReserveEducation.org** is the Fed's website for economic and personal finance education. It includes free curriculum and publications for all ages, as well as information on monetary policy, banking supervision and financial services. For all ages.

**Econ Explorers Journal** helps children discover economics and personal finance in their home, neighborhood and school through five individual projects. For ages 8-11.

### Fiction Books:

#### **Max Malone Makes a Million**

by Charlotte Herman

Max and friend Gordy try several money-making schemes with limited success. Younger neighbor Austin shows them his business know-how by considering location and market to make big profits. For ages 6-9.

#### **Rock, Brock and the Savings Shock**

by Sheila Bair

Twins Rock and Brock have different ideas about saving money earned from grandpa. Introduces

compound interest in an understandable way and highlights "six savings tricks" for kids. For ages 7-10.

### Non-Fiction Books:

#### **The Kids Money Book: Earning\* Saving\* Spending\* Investing\* Donating\***

by Jamie McGillian

Offers an introduction to setting financial goals with quizzes and guides to help ensure success. For ages 8-12.

#### **Raising Money Smart Kids:**

##### **What They Need to Know**

by Janet Bodnar

Touches on mastering six money skills; setting allowance systems; and helping kids learn the virtues of working for pay. For adults.

## 2010 Financial Resolutions and Planner



### Savings Goal:

I will save my money for \_\_\_\_\_

I will save \_\_\_\_\_ of my income weekly/monthly to reach my goal by \_\_\_\_\_



### Earning Goal:

My current income is earned through \_\_\_\_\_

I might earn new income through \_\_\_\_\_



### Spending Wisely Goal:

Tips I will use to make wise spending decisions: \_\_\_\_\_



### Donating Goal:

I will donate a part of my income to \_\_\_\_\_

I will donate \$ \_\_\_\_\_ weekly/monthly/quarterly to this organization.



### Financial Knowledge Goal:

I will learn more about using money wisely by reading \_\_\_\_\_ books or online resources.

I will learn and add \_\_\_\_\_ finance words to my vocabulary this year.



### Goal Evaluation:

I will discuss my progress on these financial goals monthly/quarterly.

Signed, \_\_\_\_\_

# Learn the financial fundamentals

Challenge kids to learn these finance words and their meanings listed on the back of the cards. Use the activities to help kids remember the money concepts.

## Activity suggestion:

**Finance Pictionary (Ages 5-10)** Ask your child to choose a card to illustrate on paper, drawing and labeling a picture of the word in use. (For example, income could be drawn as money being paid to a worker.) Discuss the word, meaning and finished picture. Continue this activity periodically until pictures are drawn for all 10 words. Have your child alphabetize the words and drawings to create a pictionary of finance words to keep.

**Earn**

**Save**

**Bank**

**Spend**

**Interest**

**Account**

**Budget**

**Income**

**Finance**

**Consumer**

# Learn the financial fundamentals

## Activity suggestion:

**World of Finance (Ages 10+)** Ask older children to read the business section of the newspaper, or go online, to find these words and any other finance-related terms they see. Have them keep track of the number of words found and try to beat their score by periodically repeating this activity with new reading material. This is a good review of concepts learned, a way to introduce new ideas and show real-world application of this knowledge.

### Save

To keep money to spend later

### Spend

To use money to buy goods and services

### Account

A record of money deposited or withdrawn from a bank

### Income

Amount of money you earn or receive from different sources

### Consumer

Someone who buys or uses goods and services to satisfy wants

### Earn

To receive money for doing work

### Bank

A business that provides money services

### Interest

Payments made for the use of money

### Budget

A plan showing how income is to be spent

### Finance

The management of money