Money Smart

for Grades 6–8

Parent/Caregiver Guide

A fun way for parents and caregivers to help kids get smart about money.

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WHAT IS MONEY SMART?

Welcome to the ***Money Smart*** guide for parents and caregivers of children in grades 6–8. Discussing money throughout a child's life helps to build a strong foundation for healthy financial habits in the future. Within these pages you will find information, resources, activities, and conversation starters about money to help build that foundation.

This guide corresponds to the ***Money Smart*** curriculum that would normally be delivered by an educator in a classroom or other group setting. This resource can also be used by all families with middle school children, whether or not your child is learning about these topics in school.

To support everyday explorations of money, each theme, or chapter, includes the following:

- **Topics/Lesson Connections:** Connections to the ***Money Smart*** curriculum in the classroom.
- **Topic Overview:** A brief overview of each section.
- **From the Classroom:** Parent and caregiver information about the topic in the form of key questions that are used as part of the ***Money Smart*** curriculum in the classroom. Questions are answered in the same language used by educators to provide consistency from classroom to home.
- **Words to Know:** Key vocabulary terms about money.
- **Conversation Starters…Ask Your Teen:** Thought-provoking conversation starters that can be discussed anywhere, at any time, to encourage interesting discussions between you and your child around the topic of finances.
- **Try This…:** Simple and fun activities that engage your children in the topic while supporting parents in their job of raising children.
- **Resources:** Books, articles, online resources, games, and apps that engage teens and help reinforce the topics. These are just a few of many existing resources and are not endorsed by the Federal Deposit Insurance Corporation (FDIC).

We hope you find these pages useful and fun for the whole family! To find more resources, visit:

- **http://www.fdic.gov/moneysmart** (for the FDIC's financial education curriculum)
- **http://www.consumerfinance.gov/parents/** (to find age-appropriate information and activities for children)
- **http://www.mymoney.gov** (to find financial education resources from more than 20 federal agencies)

YOUR CHILD'S FUTURE

Part of building a strong foundation for your child's financial future is making sure his or her personal information stays secure. Controlling and limiting access to a child's information is one of the best ways to protect him or her from identity theft.

Keep in mind that scammers also use social networking sites to gather even small tidbits of information that can be used to commit fraud. Parents and caregivers can learn more about how to help keep their child safe when using mobile phones and computers by visiting OnGuardOnline (**http://www.onguardonline.gov**), the federal government's website to help you be safe, secure, and responsible online.

TIPS FOR TALKING ABOUT MONEY

As kids grow and mature from elementary to middle school students, they may naturally ask a lot of questions as they take on more adult behaviors and responsibilities. Sometimes, questions about money can be awkward or seem hard to answer, but it's important to engage your child in understanding the value of money and how it works. This guide includes "Conversation Starters…Ask Your Teen" and fun and useful "Try This" activities to support these conversations and allow your child an opportunity to share his or her thoughts and ask questions. These activities also help you to bond with your child by creating comfortable ways to talk about money and financial security.

You can use these questions and activities to ask about specific topics that may have been covered in the classroom or as boredom busters while running errands or eating dinner. They are designed to fit into your schedule and make it easier to talk to your child about money.

However you engage with your child around the topic of money, you are sure to gain some wonderful insight into your child's interests and understanding of the world. And, remember, you are your child's best role model. You may not have all the answers, but engaging in these conversations and activities offers opportunities to learn together.

ABOUT THE RESOURCES

The resources listed in this guide are just a few possibilities available in the wide world of books, apps, and games that explore the topics found in these pages. A local librarian or your child's teacher may have other suggestions.

WAYS TO USE ARTICLES:

- **Read together.** This is a wonderful way to bond with your child and support his or her literacy skills while talking about money.
- **Ask for a summary.** Whether your son or daughter reads with you or on his or her own, ask them to explain what the text is about and how it applies to your lives.

WAYS TO USE WEBSITES, TOOLS, GAMES, AND APPS:

- **Play and learn together.** Notice how your child approaches decision making. Ask: *What did you discover while playing a game?*
- **Discuss games.** After your child has explored the games, ask: *Which one was your favorite? How did you play the game? What skills did the game require? What did you learn?*
- **Explore together.** Explore the tools and apps together. How can they apply to your financial lives?

TOPIC CONNECTIONS:

Connects with ***Money Smart*** curriculum in the classroom:
Lesson 1 (Career and Job Opportunities), and Lesson 2 (Introduction to Taxes).

TOPIC OVERVIEW:

For children, play money and toys are usually enough to feel wealthy. As teens, small part-time jobs and internships are on the horizon. In the middle-grade years, though, it can be hard to talk to kids about earning money. However, the middle grades are just the time when kids start to understand the connection between their academic lives and their future careers.

In the middle-school grades, adolescents often are beginning to earn money doing small jobs, through gifts, and sometimes through an allowance. Middle-school students are consumers more than ever before; so earning money is more frequently on their minds. Help your child begin to understand the long-term investments needed to achieve his or her dream career: from fostering academic interests in school to valuing continued education. Continuing education beyond high school can increase career options significantly. Students who do well in school may earn scholarships and the U.S. Department of Education gives and states may provide aid to students who may not be able to afford to pay for college. This is also a good time to discuss with children, the deductions made from their earnings. Soon enough, they will be paying income tax, so help them to appreciate the community benefits of paying income tax.

FROM THE CLASSROOM:

What is the difference between a career and a job? A career is a profession or field of employment for which one studies or trains. A job is a position of employment with specific duties and regular compensation. Jobs fall in the category of a career field. See the chart below for some examples.

CAREER FIELD	JOB
Medical	Nurse, Doctor, Medical Clerk, Therapist
Education	Teacher, Principal, College Professor, Teacher’s Aide, Tutor
Business	Store Manager, Entrepreneur, Accountant, Human Resources Manager
Law	Lawyer, Police Officer, Correctional Officer
Engineering	Engineer, Surveyor, HVAC Technician, Electrician, Automotive Mechanic

How can academic or personal interests be relayed into a career field? Academic and personal interests are often indicators of a child's interest in a career field. For example, if your child has a passion for debate, argument, and evidence, he or she child might gravitate toward a career in law. If your child has a passion for computers and technology, he or she may find a fit in the information technology field.

How do opportunities and education improve a career? A government organization, The National Center for Education Statistics, collected information in 2012 showing that, the more education a person had, the more likely he or she were to have a full-time, year-round job. These same people also had higher yearly incomes. So, not only can getting a college degree or graduate degree help you find a more secure job, it can also help you make more money. Still, some skilled trades provide opportunities without a college degree. Plumbers, for example, often go to trade schools and/or work apprenticeships for four to five years. For more statistics, visit **http://nces.ed.gov/fastfacts/display.asp?id=77**.

What is the best path to take to succeed in my chosen field? Education and experience are major factors in succeeding in any career field. Research shows that workers who hold degrees in higher education hold more full-time, year-round jobs and are paid more. Education may also come in the form of a degree from a trade school. Experience can come in many forms: previous jobs, internships, job shadowing, apprenticeships, and volunteering are some ways to improve skills in a given career field.

Why do we pay income tax? Income tax is a government fee on individual income. Our governments – local, state, and federal – spend money on a wide variety of programs and services, like Social Security and the military. Some of that money is raised through collecting income taxes from citizens.

How does paying income tax affect my life and my community? Many government programs and services are funded or partially funded through income tax from citizens. Some government programs that are paid for through tax money are: Social Security, the military, Medicare and Medicaid, schools, and government assistance for natural disasters. Visit **http://www.whitehouse.gov/2013-taxreceipt** to find out more about the programs and services that your federal income tax funded.

WORDS TO KNOW:

Career: The type of work a person pursues for the majority of their life that may involve formal education, special training, or be within a specific industry.

Income: Money that you receive from jobs, allowances, gifts, interest, dividends, and other sources.

Income Tax: Taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Income taxes can be levied on both individuals (personal income taxes) and businesses (business and corporate income taxes).

Job: A specific duty, task, or activity someone completes using his or her time, skills, and energy to earn money.

Payroll Deduction: Money that an employer withholds from earnings.

Tax: Money that has to be paid to a government to provide public goods and services.

CONVERSATION STARTERS...ASK YOUR TEEN:

- **What career fields interest you?**
- **What subjects are most interesting to you? Do you think any of these interests could turn into a career?**
- **Have you ever heard of taxes? What do you know about them?**
- **What are some examples of the benefits or services that we have available to us in our community from taxes?**

TRY THIS AT HOME:

Peruse a Pay Stub: Look at the sample pay stub together. Review the frequency of the pay, how taxes are taken out, and the variety of taxes taken. Talk about any additional deductions and why someone might choose to make those deductions. This is also a good time to discuss the role of financial institutions. Explain how a direct deposit works, for example. This resource is helpful for that conversation at **https://www.frbservices.org/files/eventseducation/pdf/DepositGuide.pdf**.

Talking Tax Returns: Either allow your child to "shadow" you as you prepare your tax return, or review the sample tax return with you. What paperwork is necessary to file a tax return? How can you file a tax return?

Income Opportunities: Create an opportunity for your teen to earn – chores, allowance, starting a small business. Small business ideas could include having a bake sale, crafting, providing a neighborhood service like raking leaves or shoveling snow, pet-sitting, or babysitting.

Cultivate Career Interests: Assist your child in developing his or her interests. Research career fields in interest areas (**http://www.mynextmove.org/**) and identify local volunteer or community service opportunities for developing career experiences (**http://www.idealist.org/info/Volunteer/Ideal**).

TRY THIS AROUND TOWN:

Where do tax dollars go? Point out examples of ways in which paying taxes benefits the community, like transportation systems, infrastructure (like roads and bridges), public schools and universities, and military bases.

Careers and Jobs in the Real World: Discuss career fields and jobs as you encounter them in the real world. If you go to the doctor's office, for example, discuss the medical profession, examples of jobs within the profession (like doctor, nurse, X-ray technician, medical clerk, insurance specialist, and so on).

RESOURCES:

ARTICLES:

- *Earning and Saving* by The Mint: A description of six ways to earn or save money. **http://www.themint.org/parents/7-to-13.html**
- *Allowances* by The Mint: Ideas for how to create an allowance with your child. **http://www.themint.org/parents/allowances-trial-and-error.html**
- *Summer Jobs: 5 Questions for Parents to Consider* by Jennifer Griffin-Wiesner: Read this if your child is thinking about getting a summer job. **http://www.bankit.com/resources/summer-jobs**
- *Income of Young Adults* by the National Center for Education Statistics: Statistics about the correlation between jobs, income, and education. **http://nces.ed.gov/fastfacts/display.asp?id=77**
- *Parents Checklist* by the US Department of Education: includes items, such as how to support your child in his or her studies, where to set up a college savings account, and what to do when it's time to apply for financial aid.

  https://studentaid.ed.gov/sa/prepare-for-college/checklists

ONLINE TOOLS:

- *IRS Withholding Calculator* by the Internal Revenue Service: A tool to help determine how much money you should withhold from your paycheck. **http://www.irs.gov/Individuals/IRS-Withholding-Calculator**
- *My Next Move* by the U.S. Department of Labor: A searchable, browsable resource to help figure out dream careers and match interests to career options. **http://www.mynextmove.org/**
- *Taxpayer Receipt* by The White House: Enter your federal tax contributions to see where your tax money is distributed. **http://www.whitehouse.gov/2013-taxreceipt**
- *Connection to Education* by youth.gov: Learn about the data that links educational attainment with employment outcomes. http://youth.gov/youth-topics/youth-employment/education-and-employment

GAMES/APPS:

- *Be Your Own Boss Challenge* by The Mint: Students take a quiz to determine whether entrepreneurship is the right career path for them. **http://www.themint.org/teens/be-you-own-boss-challenge.html**

TOPIC CONNECTIONS:

Connects with ***Money Smart*** curriculum in the classroom:
Lesson 3 (Financial Goals), Lesson 4 (Smart Shopping), Lesson 5 (Cash Flow and Budgeting), and Lesson 12 (Spend, Save, or Give?).

TOPIC OVERVIEW:

Young people are consumers. They are influenced by advertisers and their peers to spend money on things that they need and want. At this age, children often still don't have much of a grasp of the value of money. Adolescence is the time to help kids take some financial responsibility. Explain the tactics advertisers use, budget money together, and allow your child some leeway to make spending mistakes and learn from them.

FROM THE CLASSROOM:

What is an opportunity cost? An opportunity cost is the value of possible alternatives that a person gives up when making one choice instead of another; also known as a "trade-off." For example, if someone chooses to purchase an expensive new outfit at the store, he or she is missing out on the opportunity to purchase a couple of less expensive outfits. On the one hand, that person could have a fancy outfit to wear to job interviews; on the other hand, he or she could have a few nice outfits for going to job interviews and work on a daily basis.

How do I navigate the marketplace to be a smart shopper? There are several strategies that smart shoppers use to navigate the marketplace. Some of these strategies include (but are not limited to): evaluating their needs and wants before making a purchase, understanding advertising tactics, evaluating the use of a planned purchase, weighing opportunity costs, understanding the value of an item relative to its costs, reevaluating financial goals, and creating a budget.

What is a budget? A budget is either 1) A spending plan, or 2) A record of projected and actual income and expenses over a period. Budgets can be short-term or long-term. They can be done with a specific goal in mind, or they can be done simply as a method of tracking finances from month to month.

What financial goals are most important? Financial goals will vary from person to person and situation to situation. When developing financial goals, a person should weigh his or her financial values. What values do you hold most dear when it comes to spending money: education, travel, family, or something else? A person should also evaluate his or her needs and wants. Are all needs met prior to considering setting a goal for a want? How important is it to attain that want? How can you make a plan to attain that want?

How can you reach financial goals? There are several strategies to reach financial goals. Creating a budget and limiting spending are great ways to set yourself on the course to attaining your goal. Evaluating your cash flow (income and expenses) can also help you determine whether your goal is realistic or you need to revisit your budget.

WORDS TO KNOW:

Budget: A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time.

Cash Flow: Income and expenses over a given period of time.

Need: Something you must have to survive, such as clothes, shelter, or food.

Opportunity Cost: The next best thing that you give up in order to do something else; a trade-off of a decision you make.

Want: Something that you would like to have but that you could live without, such as a TV or tickets to a baseball game.

CONVERSATION STARTERS...ASK YOUR TEEN:

- **How do you like to spend money?**
- **What shopping strategies have you learned that help you protect yourself and save money?**
- **How do you prioritize your spending? How do you choose what you will buy and what you won't buy or what you'll save for later?**
- **If you want something, but you can't afford it yet, what do you do?**

TRY THIS AT HOME:

Advertising Awareness, Part 1: Young people are easily swayed by advertisements. Watch some TV advertisements and/or view some magazine or newspaper advertisements. Discuss the tactics that the advertisements use to persuade consumers to buy. Then, discuss needs and wants and how personal financial goals fit into being a smart shopper.

Building a Budget: Create a budget to help your child meet a short- or long-term financial goal. For example, if your child asks you every year about buying the latest sneakers, discuss creating a budget ahead of time and build the budget so that your child can eventually purchase the sneakers on his or her own.

Cleaning Conversation: Cleaning up around the house? While you and your child clean up, take the time to talk about the items you plan to throw away or give away. Discuss needs versus wants and whether you would choose to purchase this item if you had the choice to make the purchase decision over.

Guess the Cost: Our children often do not have a realistic understanding of the value of things. Ask your child to try to guess the cost of items around the house. Discuss the value of household items, the cost of maintenance, and the decisions you made to purchase these items.

Purchase Power, Part 1: Are you in the midst of making a major purchasing decision, like buying a car, a home, a TV, or a computer? Explain your decision making process to your child. Think aloud as you consider what qualities you look for in a product, comparing prices, and your spending strategy.

TRY THIS AROUND TOWN:

Advertising Awareness, Part 2: Point out ways in which stores try to convince consumers to spend more money – from “Buy One, Get One” advertisements, to the placement and color of products. Then, discuss strategies for overcoming those persuasive techniques.

Opportunity Cost in the Real World: As you shop together, discuss the concept of “opportunity cost,” or the idea that when you purchase one thing, you are missing out on the “opportunity” of something else. For example, if you choose to purchase an expensive new outfit at the store, you are missing out on the opportunity to purchase a couple of less expensive outfits.

Purchase Power, Part 2: Are you out with your child, buying something for him or her? Give the money to your child and coach him or her through good spending habits. In the end, allow your child to make the spending decision.

RESOURCES:

ARTICLES:

- *Model Smart Money Habits* by The Mint: Helping kids understand smart habits for spending. **http://www.themint.org/parents/model-money-smart-habits.html**
- *The Cost of Living* by The Mint: Understanding the costs of living, including regular costs and unexpected costs. **http://www.themint.org/parents/the_cost_of_living.html**
- *Kids and Giving* by Parent Further: Advice for teaching kids about being charitable with their money. **http://www.parentfurther.com/parenting/money/recession-parenting**

ONLINE TOOLS:

- *Online Budgeting Tool* by Mint: **https://www.mint.com/t/hzpc/**

GAMES/APPS:

- Admongo: Dissect advertisements and recognize the techniques advertisers use to sell products. **http://www.admongo.gov/**
- You Are Here: Where Kids Learn to Be Smarter Consumers: Play consumer-oriented games, design advertisements, and learn to protect yourself and your finances. **http://www.consumer.ftc.gov/sites/default/files/games/off-site/youarehere/index.html**

TOPIC CONNECTIONS:

Connects with ***Money Smart*** curriculum in the classroom:
Lesson 3 (Financial Goals), Lesson 6 (The Importance of Saving), Lesson 7 (Savings Options), Lesson 8 (Investing Options), and Lesson 12 (Spend, Save, or Give?).

TOPIC OVERVIEW:

Approximately 56 percent of Americans do not have an emergency savings fund that could cover three months of unanticipated financial emergencies, according to the FINRA Foundation's *America's State-by-State Financial Capability Survey* (2012). An emergency savings fund is helpful to withstand a major reduction in income, such as from a job loss, or to pay for a major, unexpected home or car repair. And, the sooner you can start to save for long-term goals, the more you can take advantage of the compound growth that savings accounts offer. It can be difficult to stick to savings plans. But, like every other habit, saving money must be developed over time. Creating goals, understanding the difference between needs and wants, and knowing your savings options can help develop that habit. And, don't forget to "pay yourself first." Foster the habit of savings through conversations and activities about why we save and how to save.

FROM THE CLASSROOM:

How do you save money? There are several methods for saving money. One method is to change habits to free up more money to save. For example, instead of driving to every location, you could save money by walking occasionally. Another method is to cut back in areas where you may be overspending. One method is to go cheaper. Sometimes we spend money on things that are too expensive when the same product can be purchased for less money. Then, it is key to have a savings account where you can easily deposit savings. Financial institutions offer a variety of savings accounts. Savings accounts allow you to earn interest on your money while it remains in your account.

Why should I save money? Saving money allows you to achieve financial goals, comfortably spend on needs and wants, be able to pay for unexpected expenses, and earn interest.

What are the benefits of saving with a financial institution? Having a savings account at an FDIC-insured institution provides consumers with advantages such as FDIC deposit insurance and protections related to a variety of risks, including bank failure, theft, and fraud. Specifically, if you have less than $250,000 in an FDIC-insured bank account, you can rest easy knowing that no depositor has lost a penny of insured funds since the FDIC's creation in 1933. Financial institution savings accounts also allow customers to earn interest on savings. Savings accounts can vary. Contact multiple institutions and look at the related fees, how much you need to open an account, and any penalties if the balance drops below a minimum. Ask a bank employee to give you the Truth in Savings disclosures, and use them to shop around as you make a decision.

Which financial goals are most important? Financial goals will vary from person to person and situation to situation. When developing financial goals, one thing a person should do is weigh his or her financial values. Financial values may vary when it comes to spending money, from education, to travel, to family, and more. People should also evaluate their needs and wants. It is important to meet needs before wants. Additionally, not all wants are equally valued. It's important to weigh the value of wants and prioritize the more important wants on that list.

How can you reach financial goals? There are several strategies to reach financial goals. Creating a budget, or spending plan, is a great way to set yourself on the course to attaining your goal. Evaluating your cash flow can also help you determine whether your goal is realistic or you need to revisit your budget. And, consider a combination of regular, automated deposits into a savings fund.

What is investing? To achieve long-term savings goals, including retirement savings, young adults may want to consider supplementing their insured deposits with low-fee, diversified mutual funds (a professionally managed mix of stocks, bonds, and so on) or similar investments that are not deposits and are not insured against loss by the FDIC. With nondeposit investments, you assume the risk of loss for the opportunity to have a higher rate of return over many years.

What are some investment vehicles? There are several investment vehicles, or ways to invest money. Savings Bonds are documents (generally issued electronically) representing a loan of more than one year to the U.S. government, to be repaid, with interest, on a specified date. You lend your money to the government and it guarantees your money back, plus some interest. A stock is an investment that represents shares of ownership in the business and earning of a company. It is an investment made in a business. When you buy a stock, you become a partial owner of the company and you may get a say in certain decisions about how the company is run. You can earn or lose money as the company does. Mutual funds are an investment tool that pools the money of many shareholders and invests it in a diversified portfolio of securities, such as stocks, bonds, and money market assets. When you invest in a mutual fund, you purchase a small piece of several stocks, bonds, or money market assets.

What does it mean to "pay yourself first"? Paying yourself first means that, when you earn money, you set some of it aside into investments or savings first (paying yourself), before you take care of monthly bills and other financial requirements. Many people follow this concept by automatically routing some of their paycheck into savings and investment accounts, like retirement funds.

WORDS TO KNOW:

Bank: A financial institution and business that accepts deposits, makes loans, and handles other financial transactions.

Budget: A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time.

Financial Institution: A bank or credit union.

Interest: Money that a bank or other financial institution pays you for keeping money on deposit with them, or the amount of money you pay a bank as a fee when you borrow money.

Invest: To put money at risk with the goal of making a profit in the future.

Mutual Fund: An investment tool that pools the money of many investors and invests it in stocks, bonds, and money market assets, or other securities.

Return: Money made (profit) from an investment.

Risk: The possibility that something unplanned or unintended may happen (such as losing money). Uncertainty about outcomes that are not equally desirable. In finance, it refers to the degree of uncertainty about the rate of return and the potential harm that could arise when financial returns are not what the investor expected.

Risk Management: The process of calculating risk and choosing approaches to minimize or manage loss.

Save: Setting something, like money, aside to use in the future.

Savings Account: A bank account that you can use to set aside money, and that pays you interest.

Savings Bond: People lend money to the Government so it can pay its bills. Over time, the Government gives that money, plus a bit extra (interest), back to those people as payment for using the borrowed money.

Stock: An investment that represents a share of ownership in a company

CONVERSATION STARTERS...ASK YOUR TEEN:

- **If you received $500, what would you do with it, and why?**
- **Why is saving money important?**
- **Do you ever save the money that you earn (from allowance, gifts, chores, or jobs)? How has your savings plan been going?**
- **What are you saving up to buy? Why? Do you have a plan for saving up to buy this item?**
- **What are your financial goals? What things are you doing to reach those goals?**
- **What are your thoughts about investing money? What are the benefits and risks of investing?**

TRY THIS AT HOME:

Start Saving Soon: If your child earns an allowance, receives a monetary gift, or earns money through a job, encourage your child to save money by separating it. Create envelopes for “Savings” and “Spending” and explain the importance of saving some of the money that he or she earns.

Focus on Financial Goals: Does your child want a new phone? New clothes? Extra spending money? Instead of giving a flat “Yes” or “No,” develop a financial goal together. Discuss your child’s earning (through gifts, jobs, and/or allowance) and create a plan for how he or she will need to manage money in order to save and reach the goal.

The Stock Market Game: Play the stock market game together. Pick a stock and pretend to invest some money. Track the stock over time to see whether your investment pays off.

TRY THIS AROUND TOWN:

Understanding the Options: Take your child with you the next time you visit a financial institution, or make a special trip if you don't normally go into a branch. Pick up some free informational materials on student/youth account options, including a student savings account.

Savings Shadow: Involve your child when you choose to save money. Deposit money at the bank together and walk your child through the process. Visit an ATM together as you make a deposit. As you deposit, explain why saving is important to you.

RESOURCES:

ARTICLES:

- *Set a Goal: What to Save For* by the Consumer Federation of America: Helpful advice for saving for a variety of things, like a car, a house, or retirement. **http://www.americasaves.org/for-savers/set-a-goal-what-to-save-for**
- *Make a Plan: How to Save Money* by the Consumer Federation of America: Suggestions for saving strategies and budgeting. **http://www.americasaves.org/for-savers/make-a-plan-how-to-save-money**
- *Teaching Kids About Money Management* by Parent Further: Advice about building saving and money management habits in kids. **http://www.parentfurther.com/parenting/money/teaching-kids-money-management**

ONLINE TOOLS:

- *Savings Tools and Resources* by the Consumer Federation of America: Online tools like wealth estimators and a savings checklist tool. **http://www.americasaves.org/for-savers/savings-tools-and-resources**
- *Building Your Future?* by The Mint: Online tool for how to financially prepare for the future. **http://www.themint.org/parents/financial-future-challenge.html**
- *Compound Interest Calculator* by the U.S. Securities and Exchange Commission: A tool to calculate how much your money can grow with compound interest. **http://www.investor.gov/tools/calculators/compound-interest-calculator#.U_3hdLywJ78**
- *Ballpark E$timate* by the U.S. Securities and Exchange Commission: A calculator to determine how much you need to save to have a comfortable retirement. **http://www.investor.gov/tools/calculators/ballpark-etimate#.U_3hmLywJ78**

GAMES/APPS:

- *Test Your Money $marts* by the U.S. Securities and Exchange Commission: An online quiz to test knowledge of saving and investing concepts. **http://www.investor.gov/tools/quizzes/test-your-money-smarts#.U_3hz7ywJ78**
- *Hit the Road: A Financial Adventure Game* by the National Credit Union Administration takes you on a virtual road trip across the country, but the journey is not an easy one. You must save and spend your money wisely to complete challenges along the way. **http://www.mycreditunion.gov/Pages/pocket-cents-game.aspx**

TOPIC CONNECTIONS:

Connects with ***Money Smart*** curriculum in the classroom: Lesson 9 (Credit and Debt).

TOPIC OVERVIEW:

The concept of credit and debt is often just coming to fruition in middle school youth. They've seen credit card advertisements, and they've likely heard people talk about credit, but they often haven't had their own conversations about it. Take the time to explain the pros and cons of credit to your child and allow your child to participate in some real-life experiences using credit.

FROM THE CLASSROOM:

What is credit? Credit is when someone else, known as a lender, agrees to provide you, the borrower, with money, goods, or services in exchange for your promise to repay it by a specific date or according to a specific schedule, with interest. It is the use of someone else's money for a fee. For example, a lender may issue you a credit card, which provides you with a limited amount of money to borrow according to your ability to pay it back. Credit can also be provided in the form of loans, like college loans, car loans, small business loans, or mortgages. Always compare offers to borrow money based on the Annual Percentage Rate (APR). The lower the APR, the less you will pay in interest.

What is debt? Debt is something owed, usually measured in dollars. Once you use credit, you go into debt. For example, using a credit card on a $50 purchase means that you owe (are in debt for) $50 to the credit card company. Once that loan is paid off, you are no longer in debt. In general, the longer you take to repay a debt, the more you will pay in interest.

In what instances should you use credit? Determine the instances where you should use credit based on what's most important to you. Credit might be useful for you when you do not have money available to cover an emergency expense. Additionally, using a credit card and paying it off in full and within the appropriate time can help you build credit. You do not want to use a credit card if you cannot at least pay the minimum payment by the date it is due. Not paying a debt when it is due hurts your credit and can prevent you from borrowing at a good interest rate in the future.

What are some strategies to build good credit or maintain good credit? The best strategies to maintain credit are to 1) always pay bills on time, every time, 2) don't even come close to "maxing out" your credit cards, 3) be cautious about closing accounts that show a long history of on-time payments, 4) apply only for credit that you need, 5) request one free copy of your credit report every 12 months from each of the major nationwide credit bureaus or by visiting **http://www.annualcreditreport.com**.

Why do I need to request a credit report? Requesting one free copy of your credit report every 12 months from each of the three major nationwide credit bureaus is important because each company issues its own report. Because some lenders do not provide information to all three credit bureaus, each report may contain different information. It is useful to request your report from each one in order to get a comprehensive view of your credit history.
https://www.fdic.gov/consumers/consumer/news/cnwin1314/creditcards.html

WORDS TO KNOW:

Annual Percentage Rate (APR): The cost of borrowing money on a yearly basis, expressed as a percentage rate.

Credit: The ability to borrow money and pay it back later.

Credit Card: A plastic card that can be used to obtain credit (such as to purchase goods and services).

Debit: An amount of money taken out of a deposit account to pay for something.

Debit Card: A plastic card that can be used to deposit or withdraw cash from a checking or other bank deposit account, such as at automated teller machines or at retail locations that accept cards.

DEBT: MONEY THAT IS OWED.CONVERSATION STARTERS...ASK YOUR TEEN:

- **What do you know about credit cards? What is the difference between cash, credit, and debit?**
- **Do you think kids should be allowed to have credit cards? Who should be allowed to have a credit card?**
- **Is it OK to borrow money? In what situations is it a good idea to borrow money? In what situations is it a bad idea to borrow money?**
- **When you want to borrow something from someone, how do you show people that you are trustworthy?**
- **If you borrow money, what are your responsibilities?**

TRY THIS AT HOME:

Talking Terms: Open and review a credit card agreement together. What are the terms and conditions? Are the terms and conditions agreeable? What are your responsibilities if you open a credit card with this credit card company? (Take a look at the Consumer Protection Financial Bureau's "Know Before You Owe" sample credit card agreement at **http://www.consumerfinance.gov/credit-cards/knowbeforeyouowe/.**)

Free Credit Report: Order a free credit report and review it with your child. Alternately, look at an example of a credit report and review it with your child. What information does the credit report provide? How might this information be used?

Comparing Cards: Open some credit card junk mail with your child. Discuss what credit cards offer, the commitment made when signing up for a credit card, and scenarios that include how much you might owe if you used a credit card for a purchase. Additionally, discuss the consequences of not making credit card payments on time.

TRY THIS AROUND TOWN:

Advertising Awareness: Encourage your child to take notice of the advertisements for credit cards through nonverbal (signs at stores, advertisements on buses) and verbal advertisements (cashiers asking whether you want to sign up for a store credit card). Discuss the prevalence of credit card advertising and why lenders advertise credit cards.

Give a Little (with Interest): The next time your child wants to make a purchase, ask if he or she wants to "borrow" the money with interest. Help weigh the pros and cons of credit.

RESOURCES:

ARTICLES:

- *Know Before You Owe* by the Consumer Financial Protection Bureau: A simplified credit card agreement that spells out the terms clearly for the consumer. **http://www.consumerfinance.gov/credit-cards/knowbeforeyouowe/**
- *Credit Reports and Credit Scores* by the Consumer Financial Protection Bureau: A consumer's guide to credit. **http://www.federalreserve.gov/creditreports/**

ONLINE TOOLS:

- *Credit Card Calculator* by The Federal Reserve: Helps determine the amount of money or time needed to pay off a credit card. **http://www.federalreserve.gov/creditcardcalculator/Default.aspx**

GAMES/APPS:

- *Junior Achievement $ave, USA* by Junior Achievement: An online game that helps students to understand sources of income, payment methods, and the costs and benefits of using credit. **http://games-juniorachievement-org.s3-website-us-west-2.amazonaws.com/courseware/Save_USA_2011_MiddleSchool/launcher.html**

TOPIC CONNECTIONS:

Connects with ***Money Smart*** curriculum in the classroom:
Lesson 10 (Protecting Yourself) and Lesson 11 (Financial Risk).

TOPIC OVERVIEW:

Whether or not students are making their own purchases at this age, they are vulnerable to identity theft, fraud, and other risks. This is an important time to teach young people how to protect themselves online, shopping, and banking. Additionally, it is an opportune time to help students understand the risks involved in making purchases (such as car and home purchases) and how to protect those investments.

FROM THE CLASSROOM:

What is identity theft? Identity theft is the crime of using another person's name, credit or debit card number, Social Security number, or another piece of personal information to commit fraud.

How can you prevent identity theft? Follow the Justice Department's **SCAM** rules:
1) Be **S**tingy about giving out your personal information both in person and online. If someone from a reputable financial institution or company calls to acquire personal data, ask him or her to send you a written request.

2) **C**heck your financial information regularly. You should receive monthly statements on all bank and credit card accounts that list your most recent transactions. If you aren't receiving your monthly statements, call the bank right away. Check your statements thoroughly to make sure there are no unauthorized withdrawals or charges.

3) **A**sk periodically for a copy of your credit report. Your credit report should list all bank and financial accounts under your name, and will provide other indications of whether someone has wrongfully opened or used any accounts in your name.

4) **M**aintain careful records of your banking and financial accounts. Financial institutions are required to maintain copies of your checks, debit transactions, and similar transactions for five years, but you should, too, for at least one year. If you need to dispute a transaction, your original records will be accessible and useful.

What is risk management? Risk management is the process of calculating risk and devising methods to minimize or manage loss (for example: by buying insurance or diversifying investments).

How is insurance a form of risk management? Insurance is a risk management tool that protects an individual from specific financial losses with specific terms and premium payments, as described in a written policy document. Types of insurance include: auto, disability, health, homeowners, liability, life, long-term care, and renters. For example: health insurance covers specific medical costs associated with illness, injury, and disability.

WORDS TO KNOW:

Identity Theft: When someone steals another person's identity to commit fraud, such as by using his or her name or Social Security number to get something.

Insurance: A contractual relationship that exists when one party (the Insurer), for a fee (the premium) agrees to reimburse another party (the Insured or third party on behalf of the Insured) for a specific loss.

Phishing: When fraudsters impersonate a business or government agency to try to get you to give them personal information, such as through an email or text message. Can also be thought of as "fishing" for confidential information.

Risk: The possibility that something unplanned or unintended may happen (such as losing money); uncertainty about outcomes that are not equally desirable. In finance, it refers to the degree of uncertainty about the rate of return and the potential harm that could arise when financial returns are not what the investor expected.

Risk Management: The process of calculating risk and choosing approaches to minimize or manage loss.

CONVERSATION STARTERS...ASK YOUR TEEN:

- **Do you know what it looks like when your social media (e-mail, Facebook, Twitter, Instagram) accounts are hacked? Do you know how to protect yourself? What should you do if your account is hacked?**
- **Can you think of a situation where something bad might happen with your money? What can you do to prevent those bad things from happening?**
- **How might someone who is trying to steal your identity do it? What might you do to protect yourself?**

TRY THIS AT HOME:

Finding Fraud: When you see an account that has been hacked on your own social media feed, or a phishing e-mail designed to get money, point it out to your child and explain methods of protection.

Shopping Shadow: Allow your child to "shadow" you or look over your shoulder as you make an online purchase. Point out the safety features of the purchasing site when it comes to protecting their purchases. Visit **https://www.fdic.gov/consumers/consumer/news/cnspr14/safeshopping.html** for safe shopping tips.

Insurance Investigation, Part 1: Review insurance options with your child – either your own or the examples provided. For example: discuss how much a car accident repair might cost with insurance versus without insurance? Discuss the types of insurance that adults can purchase and the advantages of each.

TRY THIS AROUND TOWN:

Insurance Investigation, Part 2: As you encounter different purchases that need protection, like cars and homes, point them out. It might be of particular interest to students to talk about why insurance is needed and how it helps reduce costs for owners.

RESOURCES:

ARTICLES:

- *10 Ways to Protect Your Personal Information and Your Money* by the FDIC: Advice about how to avoid scams, fraud, and identity theft. **https://www.fdic.gov/consumers/consumer/news/cnwin1314/fraud.html**
- *Avoiding Fraud, Protecting Your Privacy: Best Practices for Young Adults* by the FDIC: Tips geared toward young people about how to protect yourself online, over the phone, and via mail. **https://www.fdic.gov/consumers/consumer/news/cnfall12/avoidfraud.html**

GAMES/APPS:

- *Can You Spot a Scam?* by the FDIC: An online quiz to determine whether you can recognize fraud. **https://www.fdic.gov/consumers/consumer/news/cnfall10/fraudquiz.html**
- *You Are Here: Where Kids Learn to Be Smarter Consumers* by the Federal Trade Commission: Play consumer-oriented games, design advertisements, and learn to protect yourself and your finances. **http://www.consumer.ftc.gov/sites/default/files/games/off-site/youarehere/index.html**
- *Invasion of the Wireless Hackers* by Office of Justice Programs: To win the game, students must answer questions about protecting themselves online. **http://www.onguardonline.gov/media/game-0006-invasion-wireless-hackers**
- *Risk & Insurance* by Junior Achievement: An online activity to help students understand the concepts and terms associated with risk and insurance. **http://games-juniorachievement-org.s3-website-us-west-2.amazonaws.com/courseware/final/index.html**

ONLINE TOOLS:

- The Federal Trade Commission offers resources that describe the warning signs of child ID Theft, how to check for your child's credit report, steps to go about repairing a child's credit damage, how to prevent and protect against ID Theft, and what to do when a child turns 16. **http://www.consumer.ftc.gov/articles/0040-child-identity-theft**