

# Money Talks



To Young Children  
and their families

Volume 3

Brought to you by your local bank and the ABA Education Foundation

## Quick Tips to Help Your Kid Save Money!

**1**

Reward good behavior with treats that aren't linked to money or shopping and curb children's tendency to want material things.

**2**

Take your child into the bank when you make a deposit to show him or her that money doesn't just come out of the ATM.

**3**

Open up your wallet and change jar or let your child be the "banker" when playing board games with play money so he or she can practice counting and recognizing money.

**4**

Demonstrate good budgeting habits by setting a specific amount for gifts for your children before you shop so you don't feel pressure to buy impulse items.

## Watch Their Savings Sprout With a Quick Lesson



Most adults don't keep their savings under the mattress because it won't grow anything but dust bunnies, and it's not safe. Parents can teach children about saving and interest by visiting the local bank and opening a savings account. If your bank doesn't have a savings account specifically for children, ask about a no-fee, no-minimum balance savings account instead.

Plant the seeds with a few dollars, and watch them grow into trees over the years. The amount of money in your child's savings account can grow quickly, even if they start small. Explain the complexity of interest with a simple example: the power of the penny. If you put a penny aside and double the amount every day, your money would grow rapidly. While the concept is far-fetched because banks aren't able to pay 100 percent interest, it is a useful example to show young children how money can grow.

*(continued)*



Day 1	\$	.01
Day 2	\$	.02
Day 3	\$	.04
Day 4	\$	.08
Day 5	\$	.16
Day 6	\$	.32
Day 7	\$	.64
Day 8	\$	1.28
Day 9	\$	2.56
Day 10	\$	5.12
Day 11	\$	10.24
Day 12	\$	20.48
Day 13	\$	40.96
Day 14	\$	81.92
Day 15	\$	163.84
Day 16	\$	327.68
Day 17	\$	655.36
Day 18	\$	1,310.72
Day 19	\$	2,621.44
Day 20	\$	5,242.88
Day 21	\$	10,485.76
Day 22	\$	20,971.52
Day 23	\$	41,943.04
Day 24	\$	83,886.08
Day 25	\$	167,772.16
Day 26	\$	335,544.32
Day 27	\$	671,088.64
Day 28	\$	1,342,177.28
Day 29	\$	2,684,354.56
Day 30	\$	5,368,709.12

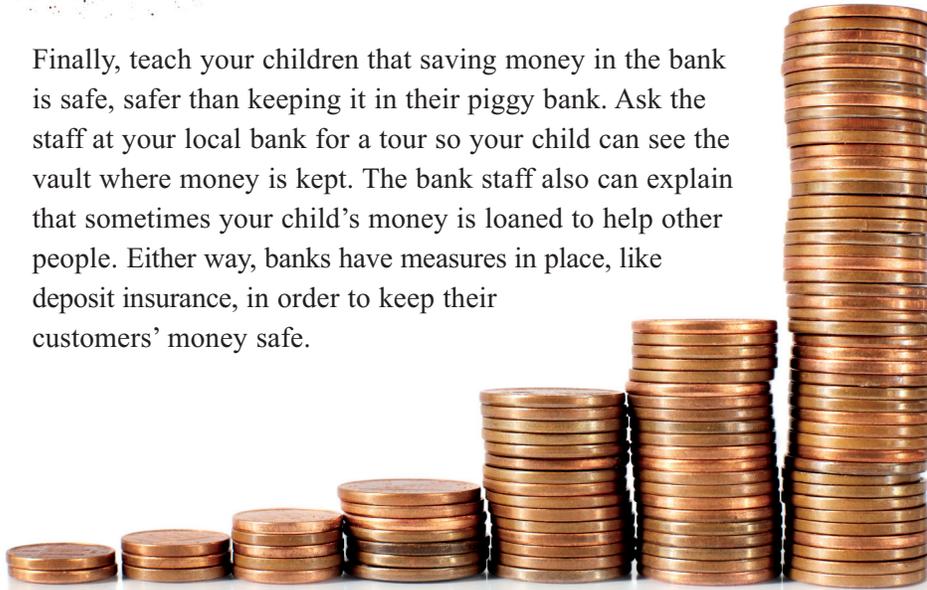


## Watch Savings Sprout

*(continued)*

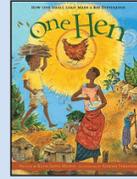
In addition to teaching your children about interest, you can also teach them how to set and reach a savings goal. Remind them that if they take money out of their account early, there won't be as much to grow, so it won't grow as quickly.

Finally, teach your children that saving money in the bank is safe, safer than keeping it in their piggy bank. Ask the staff at your local bank for a tour so your child can see the vault where money is kept. The bank staff also can explain that sometimes your child's money is loaned to help other people. Either way, banks have measures in place, like deposit insurance, in order to keep their customers' money safe.



## Check Out These Books!

Visit your local library or bookstore ...



### **One Hen: How One Small Loan Makes a Difference**

*Katie Smith Milway*

One Hen tells the story of Kojo, a boy from Ghana who turns a small loan into a thriving farm and a livelihood for many. Kojo's story is inspired by Kwabena Darko, who started a tiny poultry farm which became the largest in west Africa.



### **Alexander, Who Used to Be Rich Last Sunday**

*Judith Viorst and Ray Cruz*

In this story, Alexander's grandparents give him a dollar and he thinks he's rich. But somehow the money begins to disappear ...

## Click Your Mouse Here



### **MSN Money's Section on Raising a Family**

<http://articles.moneycentral.msn.com/Collegeandfamily/Raisekids/Raisekids.aspx>

The MSN Money Web site includes a section on personal finance for those with a family. You'll find tips for stretching your grocery budget, as well as general money-saving ideas and advice on college saving.

### **CNN's Money 101 Lesson 12: Kids and Money**

<http://money.cnn.com/magazines/moneymag/money101/lesson12/>

This lesson is more than just a few tips. It includes sound advice for parents and best practices to help teach kids about everything from allowances to curbing teen spending.



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