



Financial literacy for our children

Smart financial management for your children: a parent's overview

When it comes to your children, you want nothing but the best. Equipping them with the skills they need to be successful adults is a constant focus, and a solid financial education is a key part of every child's successful future.

As your financial professional, I understand your family values and your wealth management goals. Our aim is to help you and your family meet all of your wealth management needs, at all stages of your life. With that in mind, we would like to help in your child's wealth management education in any way we can.

Our firm has developed a series of financial education tools, geared to the needs of each child's development stage. For younger children, the basic concepts of spending, sharing and saving are discussed. For older children, additional information about budgeting, investing and responsible use of credit is included. All of our education tools are designed to supplement the one-on-one wealth management education available to you and your children.

The following chart highlights a few of the key considerations for your child's financial understanding, based on age. We encourage you to review the chart and our other tools first to decide if the content is right for your family. We are available to sit down and discuss these in person with you and your child at a time and place that's convenient for you.

I look forward to working with you and your children to create a tailored wealth management education plan and financial strategy that will meet their needs now, and down the road.

Ideas to teach children responsible wealth management

Ages 6–13

Key goals	Instilling money sense begins with teaching your child: <ul style="list-style-type: none"> • How to make the most of their allowance or earnings (based on spending one-third, saving one-third and sharing one-third) • Budgeting and saving strategies to help your child purchase something special (e.g., bicycle or video game) • Philanthropy to encourage your child to give from their sharing bank to charity
Allowance/ income	You can help your child by providing an allowance based on the following guidelines: <ul style="list-style-type: none"> • Establish regular chores to encourage responsibility and a strong work ethic • Initially give a set amount by age • Reward positive behavior by reviewing chores and increasing chore responsibilities and allowance levels as your child develops
Saving/investing	Start your child’s savings and investing education with the following tools: <ul style="list-style-type: none"> • A basic savings account with debit card accessibility • Holiday/birthday gifts ear-marked to go directly to savings • Lessons in basic investing of your child’s savings (you and your child might want to review and discuss quarterly statements together)
Donations/ philanthropy	You can help your child develop a philanthropic mindset by: <ul style="list-style-type: none"> • Encouraging the donation of a portion of their allowance to a charity of their choice • Choosing a charity with your child to research further • Assisting your child in researching and recommending a charity for a family donation
Borrowing and spending	Introduce the importance of spending wisely and carefully planning a purchase. No credit education is recommended at this age.
Budget	At this age: <ul style="list-style-type: none"> • Introduce the concept of a budget and how it works • All food, education and clothing to be covered by parents • Special items should be paid for by cash flow generated through your child’s savings/allowance • Encourage your child to keep savings largely intact
Education	You can help your child’s philanthropic and wealth education by: <ul style="list-style-type: none"> • Visiting a charity with your child (and possibly their grandparents)

Ages 14–17

Key goals	<p>During the early teenage years it's important to encourage your child to:</p> <ul style="list-style-type: none"> • Set savings goals • Discuss the opportunity cost of purchasing and impulse-buying. As your teenager gets older, it's important to discuss topics including: <ul style="list-style-type: none"> – Planning for college or university – Budgeting – Starting to invest savings
Allowance/ income	<p>At this age, you should:</p> <ul style="list-style-type: none"> • Continue with the allowance previously established and increase it based on growing responsibility and need • Inform your teen about trust income that is set aside for education only; help them understand what income is available for education • Encourage your teen to perform some community service (at least 40 hours per year)
Saving/investing	<p>Continue your teenagers' savings and investing education with the following tools:</p> <ul style="list-style-type: none"> • Online banking access to go with their debit card-accessible savings account • Increased limit on debit card • Starting an educational portfolio to allow them to research, choose and monitor holdings • Financial gifts made by you or other family members to your teen's investment account • Quarterly reviews of investment performance with us
Donations/ philanthropy	<p>You can help your teenager further develop a philanthropic mindset by:</p> <ul style="list-style-type: none"> • Encouraging them to research and recommend a charity for a family donation • If you have family donation meetings, invite them to attend to see how you make decisions about charitable gifts
Borrowing and spending	<p>You can begin your teenager's credit education by:</p> <ul style="list-style-type: none"> • Discussing the use of borrowed money and interest, as well as the importance of using credit responsibly • Giving them a joint credit card with a small limit • Reinforcing the importance of spending money on things they can afford to buy • Regularly reviewing and discussing spending behavior
Budget	<p>At this age:</p> <ul style="list-style-type: none"> • Special items should be paid for by cash flow generated through your teen's savings or allowance • Encourage them to keep savings largely intact • You should review cell phone statements and other spending expenses quarterly
Education	<p>You can help further your child's philanthropic and wealth education by:</p> <ul style="list-style-type: none"> • Visiting a charity with your teen (and possibly their grandparents) • Enrolling them in a junior achievement or company entrepreneur program • Allowing your teen to attend an annual meeting with us to review financial goals • Reviewing the concept and value of compound interest

Ages 18–23

<p>Key goals</p>	<p>Your young adult’s intermediate financial education should include knowledge of:</p> <ul style="list-style-type: none"> • Their personal net worth • Investing in stocks and bonds • Gaining financial independence through budgeting • Obtaining a mortgage for a first home • Credit options and ratings • Creating an independent lifestyle that’s right for them, including the career path that will help them get there
<p>Allowance/ income</p>	<p>At this age, you should expect your young adult to:</p> <ul style="list-style-type: none"> • Perform some community service (at least 40 hours per year) • Find and keep a summer job • Manage income earned from a summer job (e.g., investments, charity, personal expenses)
<p>Saving/investing</p>	<p>Continue your young adult’s savings and investing education by:</p> <ul style="list-style-type: none"> • Directing financial gifts to mutual funds or other appropriate investments • Opening a checking account • Opening an investment account to teach your young adult about safety, income, growth, liquidity and tax minimization • Reviewing investment performance with your young adult or having your young adult set up a meeting directly with us • Suggesting setting up an automated monthly savings contribution (to reinforce the compound interest concept) • Meeting with us to determine whether it would be beneficial for your child to work directly with a financial professional at this stage (see Education)
<p>Donations/ philanthropy</p>	<p>You can help your young adult further develop a philanthropic mindset by:</p> <ul style="list-style-type: none"> • Encouraging them to research and recommend a charity for a family donation • Inviting them to become a voting member of any family foundations that you have set up
<p>Borrowing and spending</p>	<p>You can enhance your young adult’s financial education by:</p> <ul style="list-style-type: none"> • Slowly increasing their credit card limit • Removing the joint name from their credit card • Beginning monthly automatic payments from your young adult’s income to cover their expenses • Reviewing their spending and credit history annually
<p>Budget</p>	<p>At this age:</p> <ul style="list-style-type: none"> • Luxury items should be paid for by cash flow generated through your young adult’s savings, allowance or employment income • Encourage your young adult to keep savings largely intact • Review cell phone statements and car expenses quarterly • Your young adult should manage their own annual expenses • You and your young adult should establish a complete university budget • Help them create a cash flow plan and understand their personal net worth
<p>Education</p>	<p>You can help further your young adult’s philanthropic and wealth education by:</p> <ul style="list-style-type: none"> • Continuing to encourage charitable donations • Working with us to help your young adult create a financial plan • Discussing compound interest assumptions and expectations with your young adult • Working together to hire a financial professional that you and your young adult will feel comfortable with

Ages 24+

Key goals	Your adult child’s advanced financial education should include an understanding of: <ul style="list-style-type: none"> • Portfolio management • Asset allocation • Wealth management • Playing a significant role in family philanthropy • Family governance
Allowance/ income	At this age, you should expect your adult child to: <ul style="list-style-type: none"> • Earn regular income • Set aside amounts for expenses • Save for significant financial goals such as a down payment for their first home or retirement savings
Saving/investing	Set your adult child on the right path to a successful financial future by: <ul style="list-style-type: none"> • Helping them choose a wealth management team • Sharing any advice you may have on how to find a good financial professional and what to expect
Donations/ philanthropy	You can help your adult child further develop a philanthropic mindset by: <ul style="list-style-type: none"> • Encouraging them to play a significant role in your family’s foundation • Encouraging them to research and recommend a charity for annual family donation— amount dependent on resources, or may be part of family foundation activities
Borrowing and spending	You can help your adult child further develop fiscal responsibility by: <ul style="list-style-type: none"> • Helping them purchase a first home or car with credit • Reviewing their credit history annually
Budget	At this age: <ul style="list-style-type: none"> • Your adult child should set up a budget to save for purchases such as a new home, vehicle or vacation
Education	You can help further your young adult’s philanthropic and wealth education by: <ul style="list-style-type: none"> • Encouraging them to attend investment seminars • Encouraging charitable donations • Introducing them to the family’s professional advisors • Discussing business succession planning/managing family funds with your adult child and professional advisors • Working with us and your adult child to create a total net worth document for them