

Money talks.

Helping your children make smart
financial choices.

Workbook

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Ordinary tasks can be teachable moments.

According to the 2018 "Parents, Kids & Money Survey," 78% of parents of kids ages 8-14, discuss financial topics with their kids. Sharing financial aspects of ordinary tasks can help children better understand how money decisions are made in everyday life. There are many ways to do this. Here are some to help you get started.

At the grocery store

- Show your child two similar items and where to find the price. Point out the difference in the cost and the difference in the products. Ask which one they would choose and why. If you don't agree, explain why you're choosing the other one.

At the mall

- Older children: Give them an amount of money you are comfortable with. Let them know they can keep whatever they don't spend. See if they were more spend-conscious than they would have been if you had just paid for the items with your credit card.

At restaurants

- Show them that different items cost different amounts. Ask them to compare the prices of different meals.
- Talk to your kids about tipping and, once they've learned enough math, let them figure out the tip for you.

At banks

- Talk about the difference between a checking account and a savings account, and a deposit and a withdrawal.
- Discuss the interest rates that different products pay and how the interest rate that the bank pays affects how quickly (or slowly) money grows.

Other ideas:

Understanding the value of money.

To understand the value of money, kids need to practice spending and saving. Working for money helps teach kids that they have the power to earn money to get what they want.

Do you currently or plan in the future to give your child an allowance?

Yes

No

If yes, what are your rules?

The decision to offer your child an allowance is a personal one. If you do not intend to offer your child an allowance, it is still important to give them an opportunity to practice managing money. Here are some ways you can do that.

- Allot a portion of any money given as a gift for them to use as they see fit.
- Tweens and young teens: Encourage them to do odd jobs for a friend or relative in your neighborhood
 - Babysit
 - Mow the lawn
 - Shovel snow
 - Walk the neighbor's dog
- Older teens: Suggest that they get a part-time job

Considering an allowance?

Decide what jobs or responsibilities you feel most comfortable categorizing as a chore vs. something worth paying for.

Jobs you will pay for:

Saving—how we get the things we want.

The power of saving becomes a truly motivational lesson when children learn that saving lets them achieve a specific goal and buy something they really want.

- Know what your child wants to save for.
- Talk about how much money he or she will need.
- Figure out how they can save enough to reach their goal.
- Set expectations as to how long it will take to save enough money.
- Check in with them periodically to see if they are still saving for that goal and how they are progressing.

If it is going to take a long time for your child to reach their savings goal, let them know that it is okay and share some experiences where you have saved for or are currently saving to reach a long-term financial goal. A long time can have different meanings depending on the age of your child. Younger children may think that six months is an eternity, while older children can accept long-term taking several years.

Notes:

From piggy banks to savings accounts.

A savings account gives children a logical introduction to banking.

Before opening an account...

- Know the minimum balance requirement to avoid fees.
- Know the minimum balance requirement to earn interest.
- Make sure your child has enough money to avoid fees and earn interest.
- Speak with the customer service representative to determine the best way to set up the account.

After opening the account...

- Review account statements to show your child how interest works.
- Let them come with you to the bank to make additional deposits.
- Involve them in filling out the deposit ticket and giving the money to the teller.

Notes:

Understanding needs vs. wants.

Children need to learn this important lesson: We can only consider what we want after we've paid for what we need.

The list of needs vs. wants can differ from household to household. What items are on your list?

Needs

Wants

_____	_____
_____	_____
_____	_____
_____	_____
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Notes:

Using credit wisely.

Review the principles of borrowing:

- Anything borrowed must be paid back.
- Paying back what you owe includes paying interest on top of the original amount.
- The longer it takes to pay back the loan, the more interest you will pay.
- There are times when it's worth borrowing and times when it's not.

Example:

Car loan:	\$5,000.00
Interest rate:	4.41%*
Loan term:	48 months
Monthly payment:	\$113.81
Total payments:	\$5,463.12

Notes:

*Interest rate based on the national average for new car loans as of 8/8/2018 according to Bankrate.com

Student loans.

According to the PwC Employee Financial Wellness Survey, 69% of employees have student loans. If your college funding strategy includes your child taking out student loans, it is important to keep in mind that the amount borrowed should not exceed your child's ability to pay back the loans in the future. Here are some tips to help prevent some pitfalls.

- Explore the typical salary range for jobs they plan to pursue after graduation. There are many online calculators to help you figure out the feasibility of repaying the loan based on your child's future income, including one on New York Life's website.
- Evaluate the cost of tuition, years of education, and the amount of debt your child will incur. Will your child's career choice provide enough income to afford the student loan payments and other post-graduation expenses? Will they be able to move out of your house before the loan is paid off? If not, you may suggest looking at other schools that will still give them a quality education, but require them to incur less debt.
- Keep in mind that student loans can't be discharged (even by bankruptcy) and the outstanding balance can infringe upon your child's ability to qualify for other loans, such as a car loan or a mortgage.
- Talk with your children about how much you plan to contribute. Some kids are on their own when it comes to college. Some parents pay for everything. Your child needs to know what to expect from you so they can fully understand their own financial responsibility and plan accordingly.

Notes:

Risk management: Protection we buy.

It's important to let children know that responsible finance also involves managing risk.

Key points when explaining why we have insurance:

- Generally speaking, insurance protects us financially from the possibility of unexpected large expenses because of an accident, a sickness, a casualty loss, or worst of all—premature death.
- Without insurance, your family may not be able to afford to pay for many of the benefits insurance provides.
- Insurance provides a financial safety net for your family and is an important part of a sound financial foundation.

Notes:

Life insurance for protection and accumulation.

Whole life insurance: A multi-purpose financial tool

- Can help replace income when the insured breadwinner/caregiver dies.
- Can help pay off outstanding debts.
- Can provide funds to pay final expenses, taxes, and estate expenses.

Cash value accumulation

- Builds cash value, which can be accessed for emergencies.*
- When protection needs decrease, cash value can be accessed for college tuition, retirement, etc.*
- Accumulates cash value on a tax-favored basis.
- Loans let policy owners access cash values (usually on an income tax-free basis).*

Notes:

*Cash value accessed via policy loans accrues interest and decreases the death benefit and cash value by the amount of the outstanding loan and interest.

Charity begins at home.

Some families find there's no better way to enjoy financial success than by giving to charities that benefit those who are less fortunate. If charity is important to your family, don't overlook this important financial lesson.

Ideas to help a charity:

Preschool and early elementary school children

- Ask them to pick out a toy for an underprivileged child during the holidays.
- See if they have any toys or clothes they have outgrown and would like to give to an organization that helps children who are not lucky enough to have the same things they have.

Older elementary and middle school children

- Volunteer at a soup kitchen, make sandwiches for a midnight run, or other local causes.

High school children

- Many high schools today are making volunteering a requirement for school. Encourage your high school student to get involved.
- If your high school does not have volunteer opportunities, encourage them to help out at an after-school program or tutor other students. They can also help out at soup kitchens and other local volunteer organizations.

Other ideas:

Choose a financial professional to help you.

Financial strategies are both important and complicated for children and adults. New York Life can help.

As a life insurance agent, I can help you determine how much life insurance you need, and find the appropriate product that fits your budget. And, I can offer you a full range of products and solutions that benefit from New York Life's reputation and experience. After determining your needs, we'll work together to determine the appropriate "fit" for your unique situation.

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