

Money As You Grow

What Your Kids Need to Know
to Live Financially Smart Lives.



11-13 Years

YOU SHOULD SAVE AT LEAST A DIME FOR EVERY DOLLAR YOU RECEIVE

Encourage your child to always save 10% of the money they get. Have your child set a goal to buy something they want, and have them work toward that amount. To reinforce the savings habit, go to the bank two to three times a year with your child to deposit savings into their account, and look at how much bigger the balance is on each visit. Consider a "matching plan" for your child's savings: You put in 25 cents for every dollar they save.

THE SOONER YOU SAVE, THE FASTER YOUR MONEY CAN GROW FROM COMPOUND INTEREST.

Compound interest is when you earn interest on both the money you save and the interest you earn. Show your child the following: If they set aside \$100 every year starting at age 14, they'd have about \$23,000 at age 65. However, if they begin saving at age 35 they'd have about \$7,000 at age 65. Assume the account earns 5% every year. To compute compound, use the calculators at investor.gov. Discuss how much your child can save. What will they have to give up? Is it worth it?

USING A CREDIT CARD IS LIKE TAKING OUT A LOAN;

if you don't pay your bill in full every month, you'll be charged interest and owe more than you originally spent. Discuss why you should not use a credit card to buy something that you can't afford to pay for with cash. Look at credit card offers online with your child, and compare the interest rates. Using the Credit Card \ Repayment Calculator at federalreserve.gov, see how long it could take to repay a \$1,000 credit card debt by making the minimum monthly payment.

ENTERING PERSONAL INFORMATION, LIKE A BANK OR CREDIT CARD NUMBER, ONLINE IS RISKY BECAUSE SOMEONE COULD STEAL IT

Discuss the dangers of entering personal information online. Explain that thieves can use Social Security numbers or other personal information to open credit cards or create fake documents. Explain that "free" offers online, such as cell phone ringtones or games, are scams to get people to spend money without realizing it. Make it a rule that your child never answers emails from someone they don't know and never click on pop-up ads. Go to ftc.gov/idtheft for tips on information security.