

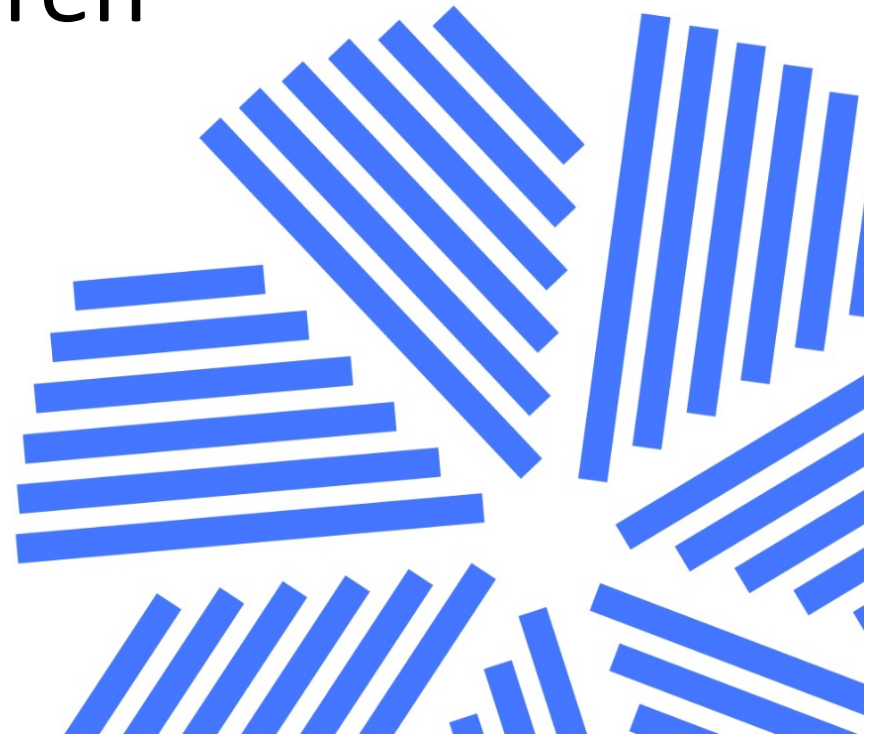


Teaching your Children about Money

Jane Doe, CFA

John Smith, CFA

November 25, 2024



Disclaimer

This presentation is the property of the CFA Society Boston. It may not be copied, duplicated, or disseminated in whole or in part without the prior written consent of CFA Society Boston.

The comments, suggestions, and advice provided in and during this presentation are of the applicable presenter and not of their respective employers or CFA Society Boston, its members, employees, or volunteers.

Please see the additional disclaimer provided at the end of this presentation.





CFA Society Boston

- Non-profit professional society of over 6,000 investment professionals
- New England's largest investment professional membership organization
- Founded in 1946, CFA Society Boston is a founding society of CFA Institute.

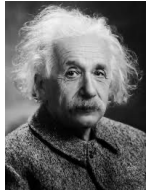


CFA Institute

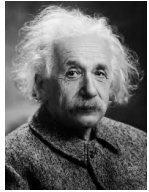
- Global association of investment professionals
- Sets the standard for professional excellence and credentials
- Champions ethical behavior in investment markets
- Respected source of knowledge in the global financial community



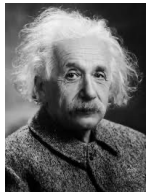
WHO WE ARE



Speaker Name bio....



Speaker Name bio....



Speaker Name bio....



Objective of Presentation

- **Why?** Financial Literacy By The #'s
- **How?** K-12 Knowledge Bank
- **What?** Concepts You Can Teach At Home



Designed by Mikey Burton (CC BY-NC 4.0 Licence)

Why Financial Literacy Matters



Why Teach Your Children About Money?

\$2,361
Annual Spending of the
Average American Teen (1)

\$1.6 T
US Student Loan Debt
As of Sept. 2023 (3)

37%
Of Gen Z'ers exhibit basic
financial knowledge (2)

- (1) Piper Sandler semi-annual Gen Z survey, Fall 2024, of 13,5154 US teens.
- (2) 2024 TIAA Institute-GFLEC Personal Finance Index
- (3) Federal Reserve of NY, Household Debt & Credit in 3Q24.



Michigan Public | By John Aucher
Published September 9, 2016 at 9:00 AM EDT



How to Teach?

K-12 Knowledge Bank



K-12 Knowledge Bank

Grades K-2	Grades 3-5	Grades 6-8	Grades 9-12
<ul style="list-style-type: none">• What is money (bills & coins)?• Why do we use money?• Needs vs Wants & Giving	<ul style="list-style-type: none">• Earning money and career options• Budgeting and product pricing• Saving and investing differences	<ul style="list-style-type: none">• Simple and compound interest.• Calculating unit rates, discounts, and fixed & variable costs	<ul style="list-style-type: none">• Investing• College Funding• Insurance• Taxes / Inflation

Concepts You Can Teach At Home



Best Practices



VS



Choices: Budgeting, Saving, Needs vs. Wants



Key Money Formula (Key to Happiness)

$$I > E$$

Income greater than Expenses



Budgets

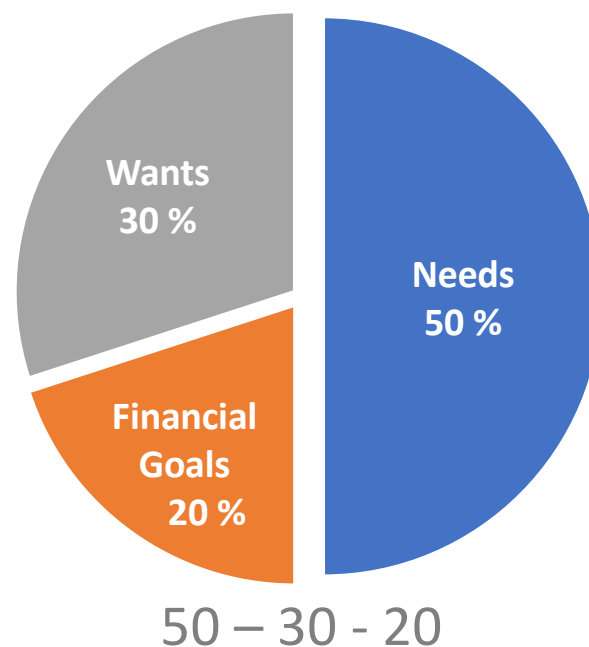
A budget is a plan for making sure that your expenses do not exceed your income.

It's simple but...



Why Budget?

- It puts you in the driver seat.
- It helps you avoid paying extra money to someone else for loaning you money.
- It helps you prepare for emergencies.
- It helps you save money for your financial goals.



Budgeting Tips

- Track your Money – all of it
- Identify Wants vs. Needs
- Look for choices you can make
- Pay Yourself First - Tuck away some money for emergencies
- Before charging - 24-hour or 30-day Rule



Needs vs. Wants

- Financial Goals**
- College
 - Help Family
 - Presents
 - Buy a Car
 - Vacation
 - Wedding

- Fixed Expenses**
- Rent
 - Car Payment
 - Car Insurance
 - Gas
 - Groceries
 - Cellular Phone
 - Credit Card
 - Utilities - Elec, Heat, Water, Internet

- Variable Expenses**
- Clothing
 - Medical
 - Meals out
 - Movies
 - Travel / Vacation
 - Concerts
 - Sporting event



The Allowance Question

- The average 14-year-old gets an allowance of \$13 /week (\$676 /yr)
 - In addition, 39% of teens earn money via part-time work
- Allowance is a dollar equivalent amount to a child's age from 6 to 15, then, a bit more than a child's age for 16 to 18-year-olds.
- The average American teen spends \$2,331 per yr for a total of ~\$64 billion per yr.

Where do Teenagers Spend? Top 5 Categories	
Clothing	20 %
Food	19 %
Video games	10 %
Car	9 %
Shoes	8 %
Electronics	7 %
Personal Care	7 %
Fashion Accessories	4 %
Other	16 %
Total	100 %



Source: tillfinancial.com and Headphonesaddict.com – “20+ Latest Teen Spending Statistics” based on Piper Sandler Fall 2022 survey.

CFA Society Boston Financial Literacy

Allowance Takeaways

Why?

Teach value of money

How to save

Rules on spending

What?

Bonus over minimum chores (1 hour per week)

"Now, later, give" categories

How?

Flat amount

Weekly amount = age (\$7 /wk for 7 yr-old)

Parent match on "Later" and "Give" money

Value of a Dollar



“ ... The Most Powerful Force in the Universe ...”

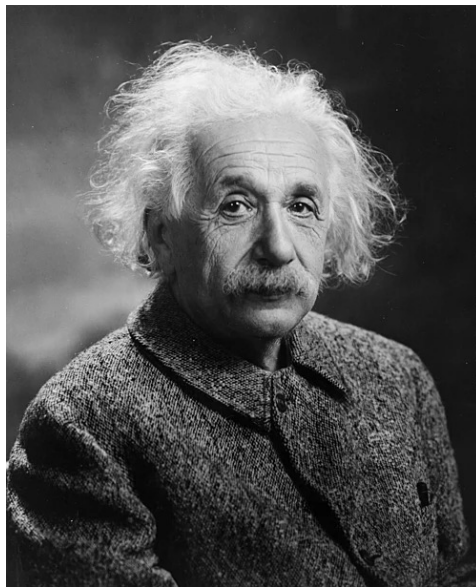


Photo by Oren Jack Turner from the United States Library of Congress

“The power of compound interest is the most powerful force in the universe.”

“Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.”

~Albert Einstein

Compound Interest

There are two components to compounding

Time



Image by PIRO from Pixabay

X

Rate of Return



Image by Nattanan Kanchanaprat from Pixabay

Which do you think matters more?

Which would you rather have?

\$10,000



One Penny



Or

That Doubled Every Day for 30 Days

The Magic Penny

Day 1:	0.01	Day 11:	10.24	Day 21:	10,485.76
Day 2:	0.02	Day 12:	20.48	Day 22:	20,971.52
Day 3:	0.04	Day 13:	40.96	Day 23:	41,943.04
Day 4:	0.08	Day 14:	81.92	Day 24:	83,886.08
Day 5:	0.16	Day 15:	163.84	Day 25:	167,722.16
Day 6:	0.32	Day 16:	327.68	Day 26:	335,544.32
Day 7:	0.64	Day 17:	655.36	Day 27:	671,088.64
Day 8:	1.28	Day 18:	1,310.72	Day 28:	1,242,177.28
Day 9:	2.56	Day 19:	2,621.44	Day 29:	2,684,354.56
Day 10:	5.12	Day 20:	5,242.88	Day 30:	5,368,709.12

Now imagine if this was a loan!



Talking About Wealth



Parent Brain Trust – Sharing Best Ideas

Breakout rooms for parent discussion



Resources - General

- Council for Economic Education - Survey of the States
 - <https://www.councilforeconed.org/policy-advocacy/survey-of-the-states/>
- FitMoney
 - <https://www.fitmoney.org/>
- Jump\$tart Clearinghouse
 - <https://jumpstartclearinghouse.org/>
- Money Smart News for Kids (from the FDIC)
 - <https://www.fdic.gov/consumer-resource-center/money-smart-news-kids>
- Time for Kids
 - <https://www.timeforkids.com/partner/pwc/g4/five-things-you-need-to-know-about-money/>



Graphic provided by canva

Resources – CFA Society Boston

- CFA Society Boston - Financial Literacy Initiative
 - [https://www.cfaboston.org/CFAB/CFAB/Get-Involved/Partner/Financial-Literacy/CFA Boston Financial Literacy Initiative.aspx](https://www.cfaboston.org/CFAB/CFAB/Get-Involved/Partner/Financial-Literacy/CFA_Boston_Financial_Literacy_Initiative.aspx)
- CFA Society Boston – Financial Literacy Resources for Children
 - <https://www.cfaboston.org/CFAB/Get-Involved/Partner/Financial-Literacy/Financial-Literacy-Resources-Children.aspx>





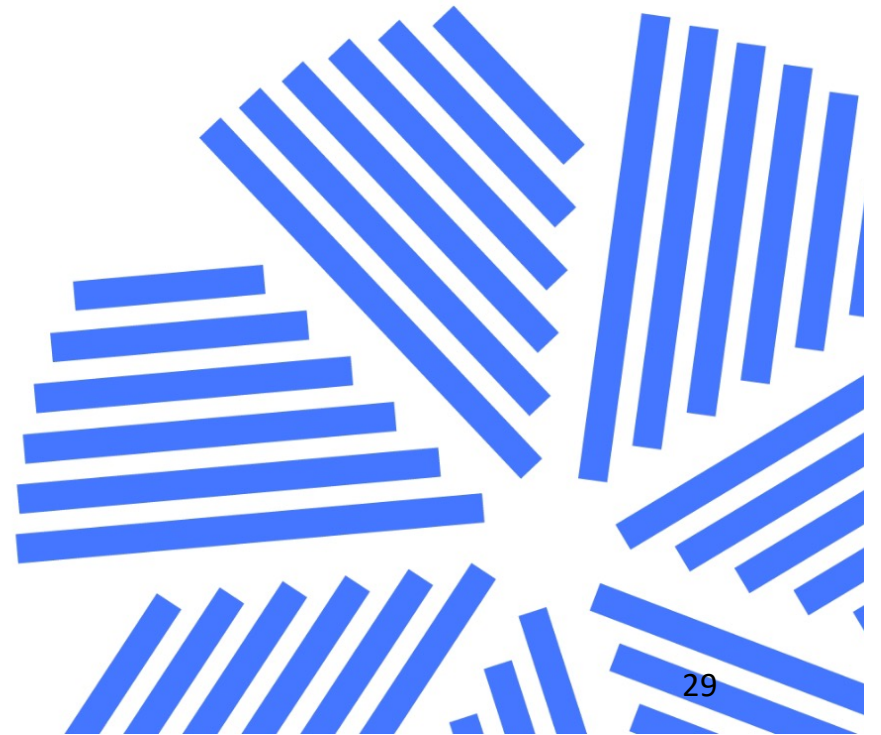
Q & A SESSION



How can we help?

CFA Society Boston
www.cfaboston.org
617-426-0270

www.cfaboston.org



Disclaimer

This proprietary presentation is provided for general informational purposes only and was prepared based on the current information available, including information from public and other sources that have not been independently verified. No representation or warranty, express or implied, is provided in relation to the accuracy, correctness, appropriateness, completeness or reliability of the information, opinions, or conclusions expressed in the presentation and by the presenters.

Information in this presentation should not be considered as a recommendation or advice to own any specific asset class. This presentation does not take into account your needs, personal investment objectives, or financial situation. Prior to acting on any information contained herein, you should consider the appropriateness for you and consult your financial professional. All securities, financial products, and transactions involve risks, including unanticipated market, financial, currency, or political developments. Past performance should not be seen as a reliable indication of future performance, and nothing herein should be construed as a guaranty of results.

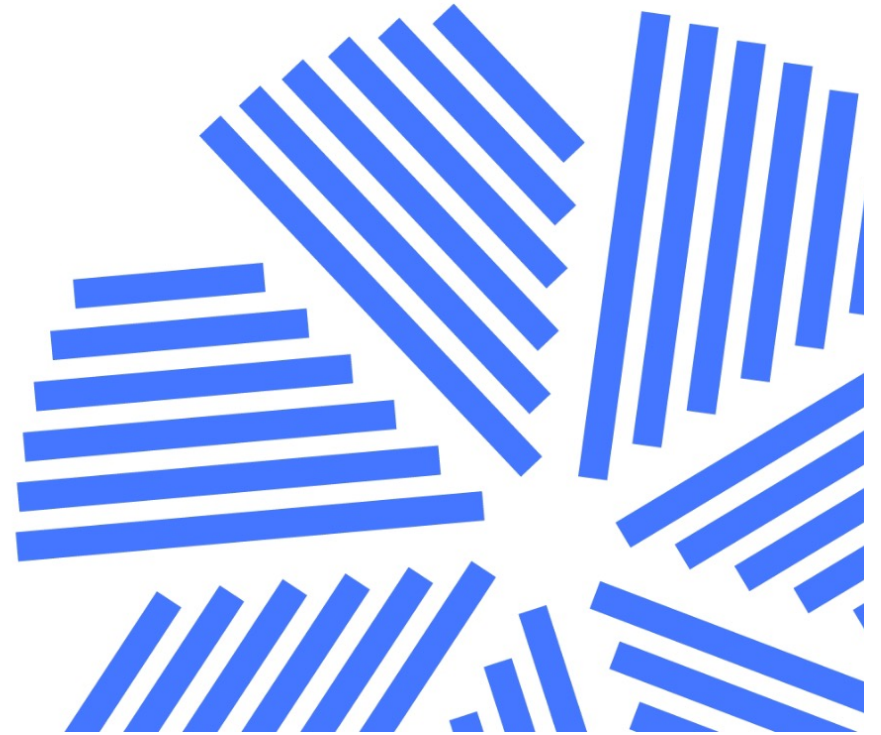
This presentation is not, and nothing in it should be construed as, an offer, invitation or recommendation of any specific financial services company or professional, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, any securities in any jurisdiction.





Thank You

www.cfaboston.org



About CFA Society Boston Financial Literacy Program

Who We Are

CFA Society Boston is dedicated to putting investors first and raising ethical standards within the investment profession. We unite Boston's investment community and provide a forum for collaboration, education, and innovation. Originally called the Boston Security Analysts Society, Inc., we are a non-profit professional society founded in 1946. In 2017, we became CFA Society Boston. More than 6,000 investment professionals locally and globally are members of CFA Boston, representing over 650 investment firms. 96 percent of CFA Boston members hold the Chartered Financial Analyst designation from CFA Institute.

Our Financial Literacy Mission

This community outreach program aligns with non-profit groups to reach a wide variety of audiences, from late high school onward. Since its inception in 2014, the initiative has touched thousands of people, partnered with over 30 organizations, and currently has over 30 active volunteers. This community outreach program makes valuable financial literacy content available to the general investing public through collaboration with our alliance partners. The initiative addresses issues such as Personal Finance, Basics of Investing, Retirement, Bonds vs. Equities, Choosing a Bank, and more.

How it Works

This community outreach program aligns with non-profit groups to reach a wide variety of audiences, from late high school onward. Since its inception in 2014, the initiative has touched thousands of people, partnered with over 30 organizations, and currently has over 30 active volunteers. This community outreach program makes valuable financial literacy content available to the general investing public through collaboration with our alliance partners. The initiative addresses issues such as Personal Finance, Basics of Investing, Retirement, Bonds vs. Equities, Choosing a Bank, and more.





How to Partner with the CFA Society Boston Financial Literacy Program

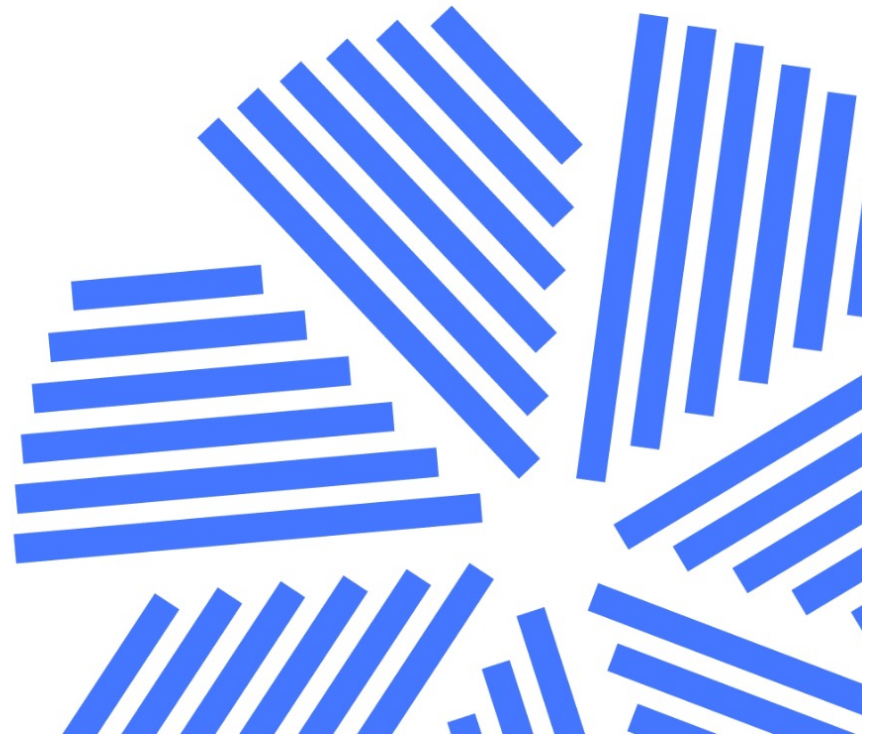
What CFA Society Boston Commits To

- Provide neutral, expert presenters
- Set up and present topics
- Supply the presentation / activity
- Bring a laptop and materials
- Be experienced in presenting in-person and in a virtual setting

What Your Organization Commits To

- Provide the audience and venue, either in-person or virtual
- Promote the event onsite, local newspapers and website
- Make a projector or USB connection available
- Briefly introduce presenter(s) Complete a post offering survey

For more information on how CFA Society Boston can partner with you visit www.cfaboston.org/financialliteracy or email finlit@cfaboston.org.





SLIDE INFORMATION

Alliance Leaders:

Date of Offering:

www.cfaboston.org

