Finance
GUIDE

Teaching Kids to Save Money

Set your children up for financial success by introducing them to money-saving strategies at an early age.

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Once they are old enough to earn an allowance or work for a living, show them the difference between spending on necessities and wants. They can seamlessly transfer funds from their piggy banks into a reliable savings account with the right advice.

According to the T. Rowe Price 11th Annual Parents, Kids and Money Survey, about 50% of parents are hesitant to discuss money or financial topics with their children. Here are some tips to make the conversation more comfortable.

- **Lead by example.** Show your money-saving habits while grocery shopping and explain how minor practices can save big bucks, like making coffee at home.
- **Share struggles.** Discuss a time when you weren't financially secure and how it made you feel. You can also consider hiccups you experienced, like low investments or unmanageable debts.
- **Show value.** Sometimes, how you spend money shows your personal value. Show the importance of donating to charities or helping those less fortunate.

Here are some other helpful ways to approach a conversation about spending, as suggested by the Council on Accreditation.

BUDGETING

As your child begins to earn their own money, teaching them to budget is essential. Together, you can analyze their monthly allowance and portion it out for savings and spending. Rather than relying on the school system to show children personal finance education, parents must work one-on-one and remain active in their fiscal lifestyle. As they learn to make better budgeting strategies, the lessons will strengthen their decision-making skills in other aspects.

WHEN TO SAY YES

Suppose your child expresses interest in an item that is outside of their spending limit. In that case, you can use the experience as a learning moment. Rather than giving in and assisting them with the purchase, form a savings plan that improves their spending power but won't impact their savings account. However, when your child is due for a reward for excellent grades or positive behavior, it's OK to give in and split the cost or surprise them with a gift.

DISCUSS CREDIT CARDS

According to America's Debt Help Organization, credit card debt in the country crossed the $1 trillion mark in 2019. Teach your kids the value of plastic currency for emergencies but how to resist the urge to buy a non-essential on credit.

Avoid Bank Fees

While having a checking or savings account is an excellent tool for managing finances, bank fees can sometimes sabotage your balances.

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Before entrusting your money to a financial institute, you must be clear with their terms and conditions. Ask your banker about maintenance charges, overdraft penalties and balance minimums.

An easy way to monitor your account is with a banking app on your smart devices. Many can signal you when a transaction or deposit occurs and break down your spending habits. Make sure to contact your financial facility if you notice an activity that you disapproved of. Real-time tracking is a beneficial strategy when ensuring your information is secure.

Look at some of the standard banking fees and how you can avoid them entirely. Following these tips will help you stay on top of your finances and ensure a healthy bank account.

ATM FEES

If you have ever used an ATM outside your native banking network, you have been hit with an unnecessary fee. While emergencies happen away from home, it's good practice to bring extra cash to avoid the additional costs. In most cases, you won't only pay the charge from a foreign ATM, but your financial facility will charge you a secondary amount for processing the transaction.

When you're out of town and are forced to withdraw cash, contact your bank to find machines available in the area. Or, if you only require a small amount of currency, make a small purchase and request cashback at a convenience store. Either way, you'll stay ahead of bank fees that can add up quickly.

OVERDRAFT

Effectively balancing your checkbook will make avoiding overdraft fees easy. The penalties are enacted if you write a check or make a purchase for more than what is in your account.

While the fine can vary, most institutions charge an initial $35 fee and may add daily charges if the debt is not resolved.

You can eliminate the risk of over drafting by asking your bank to decline the purchase if the funds aren't available. Another strategy is to link your savings account within the same facility to serve as an automatic overdraft transfer system.

Set Monthly Goals: Part One

Maintaining and improving your financial situation can require time and patience. However, by setting small goals throughout the year, hitting milestones can be more manageable.

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Follow this monthly schedule from the Smart About Money Campaign, from the National Endowment for Financial Education.

JANUARY

Start the year by updating your budget to find ways for more money savings. Try not to make your spending limits too strict and hard to stick with. With your new plan clearly stated, you should also request a free copy of your credit report. Analyze it for false statements and contest them if you feel that they are inaccurate.

FEBRUARY

During the second month of the year, begin planning for tax time in April. Work with an accountant to find out if you will be receiving a refund or if you need to set aside extra cash to pay off a balance. If you owe more than you expected, you may consider adjusting the withholdings on your W-4 to lessen the amount owed at the end of the year.

MARCH

Use a 401(k) contribution calculator to review your retirement progress. Think of how much you will need to retire comfortably, and plan to increase or decrease your subsidies.

APRIL

If your summers include a vacation, you should begin setting aside money to pay for the trip. Check your calendar to view any upcoming weddings, child-care commitments if the kids require out-of-school care and travel plans.

MAY

Financial experts suggest searching for new auto insurance at least once a year. As your driving record changes, so can your premium. Ask for quotes from a few providers to find the best deal. May is also a great month to submit another credit report. Analyze the progress you have made since the beginning of the year and check to see if inaccuracies were resolved.

JUNE

While the summer sun is blazing, spend a weekend indoors to do a home inventory. Document the makes, models and serial numbers of your appliances and valuables. Try to take pictures of your equipment to check how they are holding up in the months to come.

Set Monthly Goals: Part Two

As you prepare to close out the last half of the year, focus your money-saving strategies on finding lower utility prices and preparing your family for emergencies.

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The Smart About Money Campaign, created by the National Endowment for Financial Education, offers unique tips to pad your wallet for the holidays and successfully close out your fiscal year.

JULY

Make a list of your expenditures regarding utilities and entertainment costs. Look for ways to cut costs on your cable or internet bill by cutting cords and relying on streaming services rather than traditional television plans. Be careful to limit the number of subscriptions you accrue as numerous payments may add up unexpectedly. You should also analyze your electricity bills and decide if newer energy-efficient appliances would help cut the costs. Check with your natural gas or electric company for special offers for upgrades or refunds on equipment.

AUGUST

Plan for disaster by building a family emergency kit. Store plenty of water and non-perishable foods in your basement or storm cellar. It's essential to keep enough supplies to last for three days if you can remain at home and three weeks if you must stay away for an extended period.

SEPTEMBER

As the holidays approach, get a head start on planning your budget. Besides buying gifts, you should prepare for costs on things like parties, traveling and gift-wrapping expenses. Try to create a strategy where you don't rely on credit cards to avoid paying for the holidays over the next year.

OCTOBER

Attend a debt management workshop to learn from experts how you can boost your savings account while paying down money owed. Check your local areas for events or visit an online classroom to learn from your home.

NOVEMBER

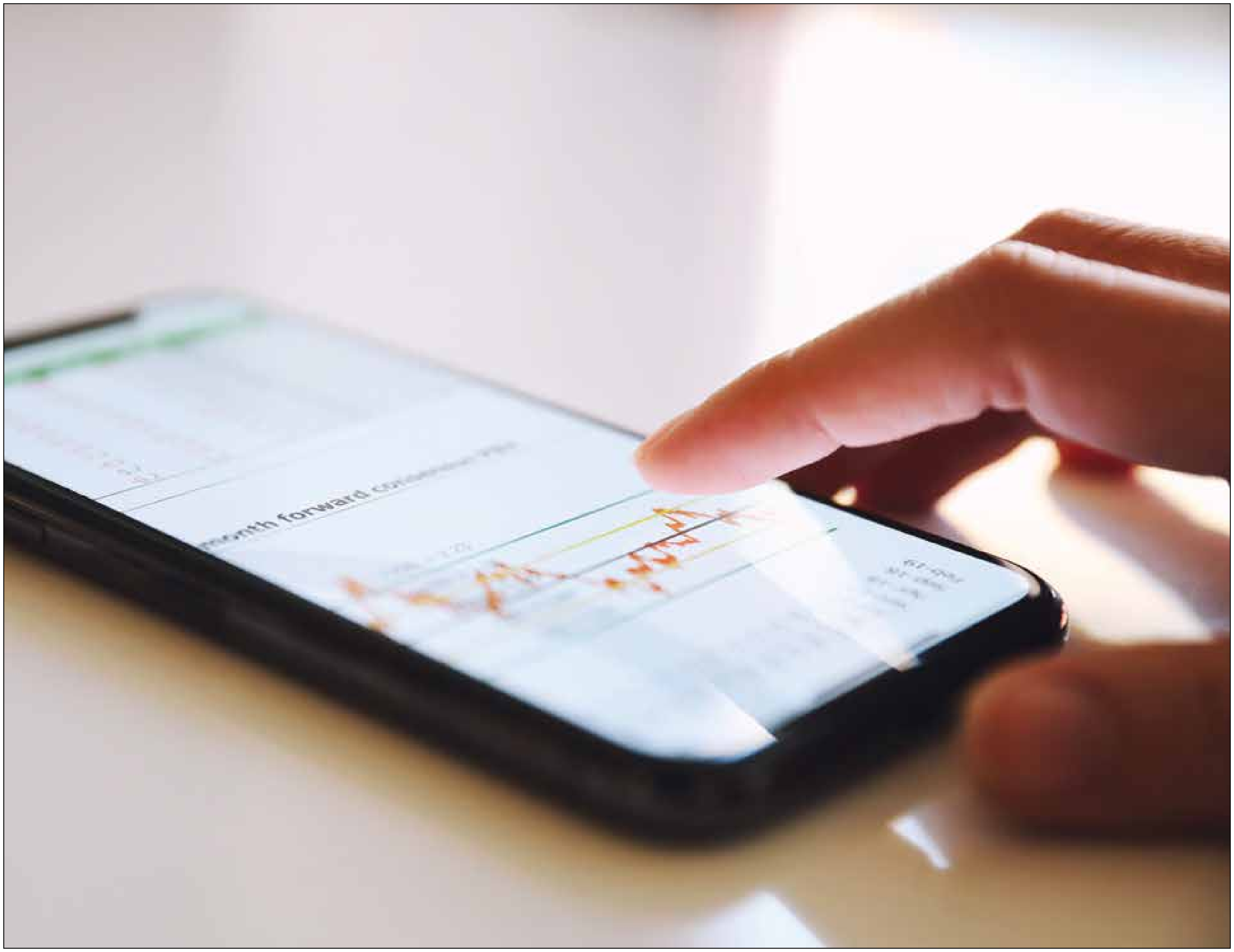
As the year ends, most employers encourage their workers to review their health care plan and make necessary changes. During this period, look around for more affordable care or lower deductibles. You should also research your company's plans for the upcoming year to determine if they are making concerning changes to the coverage.

DECEMBER

Review the year of your financial management and find ways to improve come January. December is also the time to set goals toward your most significant dreams. For instance, will next year be your time to pursue higher education and buy a new home or car? With proper planning and minor steps to your next big dream, you can find fiscal success.

Beginner Investing Tips

If you're saving every extra penny that you accumulate, you may be hindering your financial security.



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Making substantial investments is a great way to pad your retirement or sometimes become a full-time job. While the risks are real in the investment world, the rewards are greater once you understand the ropes.

Before committing to investing in property, stocks, or new opportunities, you can avoid monetary ruin by speaking with a financial advisor. An expert can guide you through the intricacies of investing and help measure the risks. Check out these other tips from financing experts to get the most value for your dollar.

TERMINOLOGY

To become more accustomed to the vocabulary you should expect as you begin investing, check out these standard terms as defined by the U.S. Securities and Exchange Commission. The more you educate yourself, the more confidence you'll have in more effectively managing your money.

• **Accrued interest:** interest earned on a security but not yet paid to the investor. Compound Interest: Interest paid on principal and accumulated interest.

• **Conversion:** a feature some funds offer that allows investors to switch from one fund class to another automatically.

TIME IS MONEY

While it's never too late to begin investing, those with time on their side can find more success than someone who starts early. The benefit of compound interest can really add up over time. For instance, a study by the Federal Reserve Bank of St. Louis shows that a 25-year-old who invests $5,000 per year by compounding interest at a rate of 8% will accumulate $787,180 by age 65.

In contrast, a 35-year-old who invests the same amount will gather $611,730 in the same time frame under the 8% term.

SPREAD THE WEALTH

Don't limit yourself to investing in one market. It's easy to put your faith in an industry that proved to be successful but avoiding other high-paying niches can inhibit your financial growth. Create a friendly banter with your financial adviser and be honest about your investing vision.

A proven expert can analyze the markets and give you real-time advice on which moves make the most sense and provide a sizable return.

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Building Credit from Scratch

Americans with inadequate or a lack of credit can find it difficult to receive loans to buy a home, a new car or acquire emergency credit cards.

According to the Consumer Financial Protection Bureau, 26 million people in the country are deemed "credit invisible." This category means zero history is recognized by three major reporting companies, Experian, Equifax and TransUnion.

Another classification is known as "credit unscorable," which means that while someone has used plastic currency or paid off a loan in the past, they lack enough information to receive a score. The CFPB states that about 19 million Americans fall into this category.

So, how do you generate a positive credit rating without any existing experience? The Council on Accreditation offers some beneficial tips to get your score up and become recognizable to lenders.

APPLY FOR A CREDIT-BUILDER LOAN

If you have a bank account, ask an expert at the institution to qualify for a credit-building loan. Generally, the lender will deposit the borrowed money into your account, requiring you to make payments until it is fully resolved. As you cover the cost of fees on time, the bank will report to credit-rating bureaus, who then have a basis for assigning your score. If you aren't already a financial organization member, check your community credit unions for this type of loan.

ASK A CO-SIGNER

Lenders are more willing to loan money to those with a favorable credit rating. You can quickly impact your lack of recognition by asking a trusted family member or loved one to co-sign with you. Essentially, this makes the other party personally liable that the debt will be paid off in full. Make sure you can easily afford the loan, as defaulting will damage both of your scores.

LIMIT YOUR CARDS

Once you begin gaining approval for credit cards, it's critical to limit the number of applications you submit and accept. Start with one card and ensure that the balances are paid off each month. After about six months, it's good practice to seek another account with higher limits, if required. Keep in mind that if you apply for several in a limited period, lenders may view the activity as an act of financial desperation.

Money-Saving Tips

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If you feel like your general income isn't enough to have leftovers for saving, you should analyze your spending habits and find ways to cut corners.

Most financial experts suggest that people build an emergency fund to cover at least three months of expense and ideally six.

However, America's Debt Help Organization recommends holding two separate accounts for more peace of mind.

- A short-term fund should contain between $500-$1,500 to cover immediate emergencies like a car or home repair.
- A long-term savings account should cover factors like losing your job, facing a health crisis or damage from a natural disaster.

Since Americans' cash flow requirement varies, it's imperative to look at your situation and financial commitments to find an ample amount. When saving money seems like an impossibility, consider these tips from the Consumer Federation of America to adjust your spending habits.

REVIEW YOUR MONTHLY BUDGET

On the first day of a new month, ask for a receipt for your purchases. As the 30 days close, sort the records into categories between restaurants, entertainment and necessities. A visual guide to where your money is going can open your eyes to better savings. If following a paper trail proves too challenging, consider downloading an app that tracks your fiscal activity.

SAVE AUTOMATICALLY

Determine how much you need from each paycheck to cover your bills and allow a little spending freedom. If your employer allows direct deposit, ask your manager about sending a portion of your earnings to a separate savings account. An automatic deposit keeps your extra cash out of sight and out of mind.

SAVE EXTRA MONEY

Commit to living on a specific wage and be diligent in depositing any extra windfall into savings. For instance, bonuses for work, earnings for side jobs, tax refunds or profits for selling items around your home can quickly increase an interest-generating savings account.

PAY OFF CREDIT CARDS IN FULL

Don't allow yourself to get stuck in unmanageable credit card debt. Keep your balances low and do your best to pay the bill in full.

PAY BILLS ON AUTOPAY

Keeping track of monthly bills can prove to be challenging. Avoid paying late fees or facing derogatory credit reporting statements by signing up for autopay on applicable commitments. When using this strategy, it's imperative to efficiently balance your checkbook to avoid overdrafts.