

June, 2009

Issue 1



Welcome to "Manage The Markets" with Catherine Avery

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A Personal Note..

Dear Eric,

Happy Friday!

I thought I would try something different for the next few newsletters. I spend lots of time trying to educate and empower women, baby boomers and financial advisors about the markets, but I have left out one very important group.....children, teens and young adults. A healthy and balanced financial outlook truly begins in the home in our early years. Think of all the money messages you may have received when you grew up. Some were positive and some probably you would rather forget! So, I am throwing out some ideas to help us raise financially savvy kids.

Please send me any thoughts or tips you may have on this subject!

Warm regards,

A handwritten signature in cursive script that reads "Catherine".

Catherine Maniscalco Avery



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FINANCIAL LITERACY FOR KIDS

You can never start too young when it comes to teaching kids financial literacy and effective fiscal habits. In today's increasingly complex and fast paced world it's crucial that children and teens have firm grounding in a good financial

re crucial that children and teens have strong grounding in a good financial education. As parents you can play an active, positive role in shaping your children's future simply by involving them in every day, real-world money transactions when they're young, and adhering to good fiscal habits yourself. (Children follow your example!)

Remember, money management styles are as different as the families who practice them. What's important is raising **'financially fit'** kids. That is, children who are "independent, balanced, able to exercise good judgment and live independent lives as contributing members of both family and community," to quote Joline Godfrey in her book: 'Raising Financially Fit Kids.'

In this 3 part series we'll discuss some practical steps and actions you might consider trying out with your kids - starting with pre-school age on through 2nd grade.

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When should I start talking to my child about money?

As soon as they show an interest in the topic and start asking questions.

What are some practical first steps to take?

3-5 years old: Involving your children in everyday, real-world transactions are a great way to begin teaching them about money and how it works. So, for example, show them how to get money from the bank by using your ATM card. Go over the receipt with them and explain how much money was taken out, and what is left. Or give them small change to use at a vending machine so they can learn the costs of food items like snacks and soda.

As they mature buy them a piggy bank (there are loads more varieties out there than the simple pink pig these days!) and encourage them to save their monies from birthdays, holidays or gifts.

Take time to go over the different coins with them so they learn what each coin is, and its' worth.

6-7 years old: Open a savings account with your child. Encourage them to transfer the money from their piggy bank etc. to their new account. Go over their monthly statements together, pointing out deposits, interest earned and the (ever increasing) total!

"To teach children the fundamentals of balancing a savings account on a monthly basis, will be beneficial to them when they are ready to open a checking account," says Janice Stearns, Assistant VP at The Bank of Greenwich.

Around this age it might be a good idea to let them start actually buying things. So, at the toy store or supermarket, give them \$10 and let them purchase something they want. This teaches them to stay in a budget, pay for things, get change and observe the real costs of items.

How can I teach my children to be generous?

Tap into your child's natural altruism by encouraging them to give back too. Cheer them on for going into their piggy banks, or wallets, and bringing some money to church or donating it to a charitable cause. This will allow them to make the connection between using their own money and helping someone else.

Is there anything else I can do when they're young?

Think about how your own values, emotions and actions may be impacting your kids; for better or worse.

"Studies about kids and money consistently show that young people overwhelmingly depend on their parents as their primary source of financial information," says Janet Bodnar in "Raising Money Smart Kids."

Are you unintentionally exposing your kids to negative money messages? Are you yourself practicing the fiscally responsible actions you want them to emulate? Something to think about!

emulate: something to think about!

How do you and your family help your own young kids with money matters?
Feel free to email me your tips!
And stay tuned for our next newsletter when we talk about teens and money.

See you in two weeks with more updates and news!

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