



# THE MONEY GUIDE

An Introduction to Money Management  
for Kids Ages Eight to Twelve



Practical Money Skills

for Life™

**VISA**

**Game or bike?**

**Movie or shoes?**

**Chocolate sundae with  
extra rainbow sprinkles on top?**

One of the best things about having your own money is that you get to decide how to spend it. Whether you get a weekly allowance, receive birthday cash or gift cards, or find a quarter on the street, your first task to handling your money well is to think about short-term and long-term goals. Then make a plan to reach them!

**It takes a bit of practice** to become great with money, just like it took a little practice to learn to ride a bike. But once you get the hang of it, you'll be ready to tackle all sorts of money twists and turns.

**Race ya to the bank!**



How to Be Awesome with Your

**MONEY**



## THE GOAL

of an allowance is to learn to manage money wisely. The amount of your allowance should be based on what you need, not how you behave.

### Kids listen up!

**(You already behave right ... right?)**

Allowances are different for every family. Your goal is to learn to manage any amount of money, big or small. Older kids usually get more allowance than younger kids. Don't worry, you'll be older soon!

### Parents take charge!

Allowance is easy to figure out. Track your kids' discretionary expenses (toys, mobile devices, candy) and non-discretionary expenses (school lunches, clothes).

Decide which expenses you want them to manage. Set a reasonable amount for each category. Increase allowance as your child becomes more confident. Don't worry if they make mistakes. That's part of the learning process!

**How does your allowance** compare to what your parents got when they were kids? Find out at [www.practicalmoneyskills.com/allowance](http://www.practicalmoneyskills.com/allowance).

### ASK ANDREW

Q: Can I get an allowance for doing chores?

A: Nope! Do them anyway.

Q: Being nice to my brother = allowance?

A: Not! Try kindness every day.

**Who pays? You pay!  
It's YOUR allowance:**

Candy  
Music downloads  
Mobile phone  
MP3 player  
Movies  
Video games  
Birthday gifts  
Baseball cards

# EARNING

You've gotta make it  
before you spend it!



The world is your

# CLASSROOM

—sit anywhere you'd like.



B  
6  
8  
0  
6  
1



## Hurry, don't be late for class!

Okay, so right now you may be stuck in the third row for geography class. But here's a top-secret tip about learning: getting an education is like getting an all-access fun pass. The more you learn, the more things you can do and the more places you can go.

## How 'bout volunteering?

A volunteer position is a great way to learn about teamwork, leadership and real-life job skills. Local animal shelters, retirement homes and parks and recreation departments are often looking for volunteers. Look online or ask about volunteer opportunities at organizations in your neighborhood.

## Fast Fact

Although the average cost of college tuition and fees is \$46,000 over four years, having your college degree may greatly increase your earning potential.

Over a lifetime of work, college grads earn about \$1 million more than high school grads!

**Get up-to-date** info on banking, financial aid, student loans — even back-to-school budgeting. Check out [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com).

# Pizza?

## Or Pizza AND a movie?

### You need a budget!

Let's say your allowance is \$20 this week. You go to the movies on Monday and spend it all (oops!). On Saturday your friends want to get pizza. But you're out of cash!

If you had followed **a budget**, you could have planned for two activities during the week:  $\$10 \times 2 = \$20$ . Now what? Sell some of your favorite video games to friends?

Budgets are really helpful when you need to save up for something. For example, you want a new digital camera for summer vacation. A budget will help you focus on how much to save and for how long. Waiting to buy can work in your favor. That digital camera you've had your eye on? It could go on sale and cost way less in just a few months' time.



**YOUR PENNIES  
ARE LIKE A PIZZA.**

Break down your spending  
Senator, is that like that pie?  
pepperoni I smell?

Cash  
30%



Charity  
10%

Savings  
30%

College  
30%

# \$PENDING

**Stuff you need vs.  
stuff you want.**

Play free money games and puzzles. Check them out by visiting [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com) and clicking on Games.





### WHAT CAREERS INTEREST YOU?

Consider these when choosing:

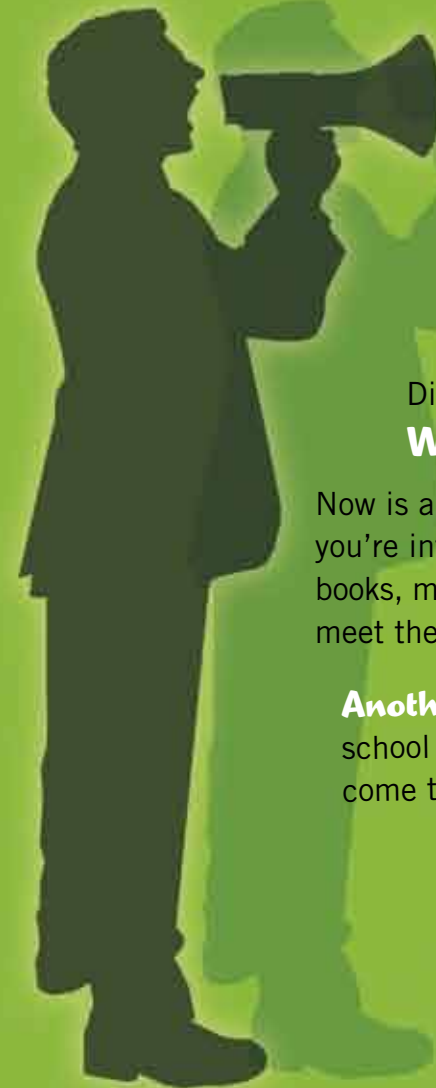
- Work environment
- Job demands
- Training and education
- Salary range
- Travel
- And fun!

You are the

# BOSS

of your own life.

Hey, isn't that a *Tyria Jacobaeae*?



**Pastry Chef?**  
**Bug Catcher?**

**Rocket Scientist?**

**Video Game Programmer?**

Did you know the average person holds 10 or more jobs during a lifetime?

**Wow!** That means you can be lots of different things when you grow up.

Now is a great time to start exploring jobs. Don't be afraid to check out things you're interested in — even if they seem out of reach. How? Read about jobs in books, magazines or online. Your parents know someone with a cool job. Ask to meet them and see where they work and what they do each day.

**Another good way** to explore jobs is to join a career club. Ask your school librarian if there's a career club in your area. All sorts of people come to career club meetings to explain what they do at their jobs.

**All work and no play?** Take a break and try playing Financial Football online. Head to [www.practicalmoneyskills.com/football](http://www.practicalmoneyskills.com/football).

# The key to saving success?

**Get in the habit of doing it regularly!**

Start saving early, and often. Some portion of the money you earn should be set aside for short-term savings, like funds for purchasing toys or games; and long-term savings, such as a college fund.

**How do you make saving more exciting?** Ask your parents to set up a matching plan when you open a savings account at the bank. For example, if you save \$5, your parents add \$5, for a total of \$10. Watching your dollars add up quickly is a good incentive to keep saving.

Save money in a bank  
Ten cents is a dime.  
Move a clock forward or back  
That's daylight savings time.

Now if you'll excuse me, I must attend to my wooden teeth.



Going up?

## THE POWER OF COMPOUND INTEREST

Save this each week	At % Interest	In 10 years you'll have
\$7.00	3%	\$4,298
\$14.00	3%	\$8,596
\$21.00	3%	\$12,894
\$28.00	3%	\$17,192

**A working budget** is key to a solid financial plan. Visit [www.practicalmoneyskills.com/savingforagoal](http://www.practicalmoneyskills.com/savingforagoal) and use this calculator to see how much and how often you need to start saving to meet your goal.

# SAVING



*The long and short of it.*

Someday I'll live in a  
**BIG OLE HOUSE**  
with a horse in the backyard!

**Livin' Solo** Learn some of the money skills you'll need to make it on your own someday by playing our free Financial Soccer video game at [www.practicalmoneyskills.com/soccer](http://www.practicalmoneyskills.com/soccer). Parents and teachers can check out our lesson plans, too at [www.practicalmoneyskills.com/lessonplans](http://www.practicalmoneyskills.com/lessonplans).

## What? No parents?

**Eat whatever I want?**

**Put my feet all over the furniture?**

Yep, someday you're going to live on your own and get to make all the decisions. House or apartment? City or country? Dog or cat?

Maybe you'll decide to get married, have kids or start your own business. Those are all great goals that can enrich your life, but they're costly too. You'll need all the money skills you can to succeed. Welcome to responsibility.

### Old Responsibilities

- Make the pancakes
- Feed the goldfish
- Take out the garbage
- Do homework
- Clean up your room

### New Responsibilities

- Follow a budget
- Balance bank account
- Save for a vacation
- Pay property tax
- Make a car payment



# Millionaire? Gazillionaire?

## How are you going to get there?

Everyone wants to have plenty of money and the freedom to spend it however they choose. You can do it! It takes hard work and clever strategies — like making your money work even harder than you do.

The longer your money stays in the bank, the more money it will earn for you. The money earned is called interest. The higher the interest rate, the more money you earn. See how hard you can make your money work!

After the first year, you will start to earn interest on your interest. That means in the second year and after that, these numbers will be even higher!

### WHAT WILL YOUR \$20 BUCKS BE AFTER ONE YEAR?

Interest	Total
3%	\$20.60
5%	\$21.00
7%	\$21.40

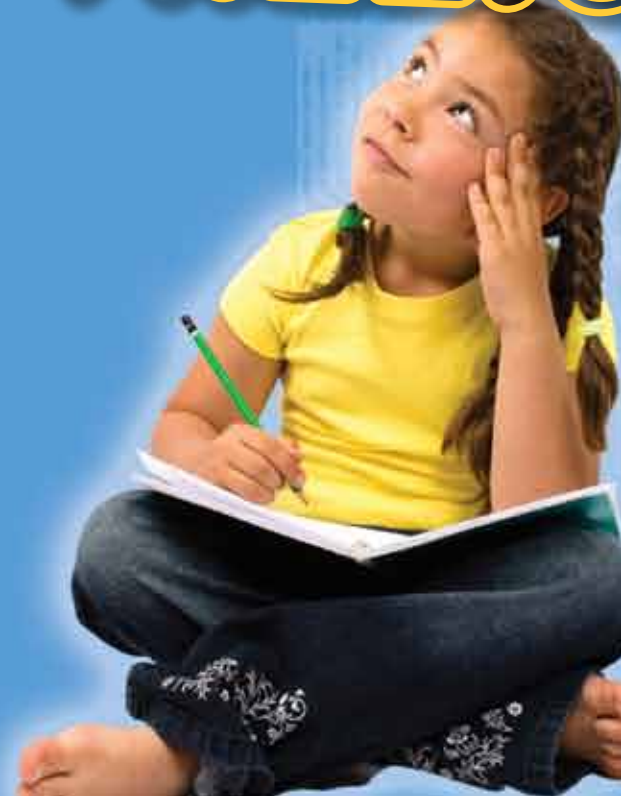
### Example:

One year at 5% interest:

$$\begin{array}{r}
 \$20.00 \\
 \times .05 \\
 \hline
 1.00 \\
 \times 1 \text{ year} \\
 \hline
 =\$1.00 \\
 \text{So } 20.00 + 1.00 = \mathbf{\$21.00}
 \end{array}$$

How long before  
I become a

# MILLIONAIRE?



**Hint:** Use the Save a Million Calculator! Go to [www.practicalmoneyskills.com/saveamillion](http://www.practicalmoneyskills.com/saveamillion).

Remember, money doesn't grow on trees. But it does grow in the bank!

Stop dreaming about all that money and start saving now!



# Car? College? Cabin by the lake?

**Sometimes** you may need to borrow money from a bank to purchase an expensive item. Like a car, for example. Well, unless you have a lot saved up, you'll probably need a loan. The bank will lend you the money and you will pay it back with interest. Which means the dollar amount you borrowed plus a little extra for the favor.

**When you use a loan to buy something,** it's important to think of the cost of what you're borrowing. For example, let's say you find there is a sale on the MP3 player you've been dying to get. If you buy that MP3 player on credit and don't pay off the loan right away, the interest you will owe could wind up costing you far more than the money you saved from the sale.

**Be careful!** Always look at the TRUE cost of an item first!

**For the true cost of credit card purchases,**  
use this simple calculator at [www.practicalmoneyskills.com/costofcredit](http://www.practicalmoneyskills.com/costofcredit).



# BORROWING

Big dreams with  
big price tags.

**Just remember —**

## **PRACTICE EVERYTHING YOU'VE LEARNED!**

Whether it's budgeting, saving or spending,  
the more you do it, the better you'll get.

**One more thing:**

Gaining confidence about money handling isn't all about math.

It's about understanding good money habits and setting goals. Review this guide frequently when practicing and show it to your friends. Who wouldn't want to be great with money?

### **Have You Mastered Your Money?**

You can sharpen your skills and teach your parents a thing or two at [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com).

**Good luck — you can do it!**

Just take it easy at the mall, okay?



# **CONGRATULATIONS!**

**You're well on your way to becoming awesome with money.**



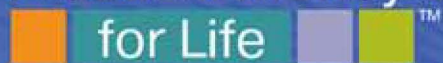
## Practical Money Skills for Life

Visa Inc.'s Practical Money Skills for Life is a free, award-winning program designed to help teachers, parents and students improve their money management skills. The program features financial education tools and resources, including games, planners, calculators, lesson plans, worksheets, quizzes, podcasts and brochures.

Visa has worked with leading educators, consumer advocates and financial institutions for over a decade to promote financial education throughout America. Millions of students have learned the fundamentals of personal finance through the Practical Money Skills for Life program.

Visit [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com) to take advantage of these valuable resources.

# Practical Money Skills



To learn more about Practical Money Skills for Life,  
visit [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com).