FORUM® CREDIT UNION



My First Money Talk (Parent Guide)

Do you talk to your kids about money?

- **Money habits are set by age 7.**
- **57% of parents REGRET not talking to their kids about money growing up.**
- **40% of people who did not discuss money growing up have zero in savings today.**

Avoiding money conversations today could impact your child's financial success tomorrow.

Why is it so hard to talk to kids about money?

As parents, its hard to know what money lessons to provide.
We grapple with messaging, age-appropriateness and our own money insecurities.

But fear not! We're here with these tools to spark healthy, fun, and impactful money conversations. Use this Parent Guide alongside the My First Money Talk Adventure Map.



Instructions:
Set aside 10 minutes per location.
We recommend one stop on the map per day.
Have your kids grab their map and pencil or crayon.

Welcome to My First Money Talk Adventure!



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Isle of Needs vs. Wants:

Your voyage is off to a bumpy start. You've been shipwrecked on the Isle of Needs vs. Wants. But fear not, the simple concept of distinguishing between needs and wants is key to helping children understand more complex money issues later. Have kids explore the concept by imagining themselves on a desert island.

On the back of their maps ***have them list things they might need for survival on this tropical desert island (NEEDS) versus items that are nice to have but not necessary (WANTS)***. As they create their list help them differentiate between necessities like food and shelter and optional comforts. Tip: An Xbox should not make the list of needs.



Sea of Savings:

Ahoy, you've been rescued! Set sail through the Sea of Savings with your kids as captains at the helm of a modest/plain ship. Together, imagine exciting upgrades like new sails, pirate gear, and navigation gadgets.

On the back of the map, ***have them create a list of these cool items to save for, guessing at imaginary prices and ranking their importance.*** And just like a seasoned sailor prepares for rough waters, don't forget to discuss the importance of setting aside some savings for emergencies!

This exercise helps them prioritize and decide what to save for first. Then, have your kids create a list of things they'd love to save for in their lives, making their "financial ship" more exciting and well-prepared for the journey ahead. Assist them in setting realistic goals and brainstorming opportunities to work towards those savings goals.



Budget Beach:

You land at Budget Beach. Have your kids imagine stumbling upon buried pirate treasures hidden along the shore. Gather these treasures and place them into different buckets for spending, saving, giving, and investing. Guide kids to make decisions about how much treasure to allocate into each bucket—splurging on the spending bucket, setting aside for future endeavors in the saving bucket, planting seeds for growth in the investing bucket, and generously giving back with the giving bucket.

Introduce the recommended budgeting percentages: 50% for spending, 20% for saving, 10% for giving, and 20% for investing, explaining how they help manage finances wisely. On the back of the map, are 100 gold doubloons. Have your child divvy these up into the buckets for savings, spending, giving and investing. Ask what the money will go to for each.

This interactive exercise not only introduces the concept of budgeting but also encourages thoughtful decision-making about financial priorities at Budget Beach.



Finance Forest

Explore Finance Forest, a tropical haven where money doesn't grow on trees, but the power of compound interest is as magical as the unicorns that roam there. Encourage your kids to close their eyes and picture themselves planting a tiny seed in the fertile forest floor.

As they envision this seed taking root and growing into a majestic tree, explain how each year the tree grows, flowers, and drops new seeds that sprout into new trees. These new trees grow and scatter seeds, as well creating the vast and beautiful Finance Forest. Through this simple yet powerful imagery, children can begin to understand the concept of compound interest and the power of saving and investing over time.

On the back of their maps, ***encourage them to list other things that can multiply, both things they enjoy and those they don't.*** It's crucial to share that while compound interest can work in our favor, it can also grow on amounts we owe, leading to additional debt.

Tip: Examples of positive things that multiply are people in a family, cells in the body, or cats. Negative things could include germs - Yuck!

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Credit Score Cove:

Welcome to Credit Score Cove, where we dive into the deep waters of financial responsibility! Here, we explore the concept of a credit score, which you can explain to your kids is like a report card for how you deal with money. Just as a school report card shows how well you're doing in different subjects, your credit score helps others determine how well you manage your finances.

Credit scores typically range from 300 to 850 with 850 being the best. The score takes into account whether you pay your bills on time, how much debt you have, and how long you've been borrowing money. A good credit score can open doors to opportunities like getting a loan for a car or a house, while a poor credit score, or no credit, make it harder.

On the back of the map are 3 choices. ***Have your kids pick the one they think will help make a credit score higher.***



Volcano of Interest:

Next, prepare for a volcanic journey at the Volcano of Interest! Explore the concept of interest as you navigate through the fiery landscape. Explain that interest is like the lava bubbling and brewing inside a volcano, growing over time. In simple terms, interest is the money that grows on money. Just as the lava grows, money can grow over time with interest.

On the back of their map, ***have kids color each section of exploding lava with a different color to represent the compounding effect of interest.*** Discuss how the amount of lava (or money) doubles in each section, illustrating the power of compound interest to increase wealth over time.

Encourage them to think about how they can harness the power of interest by saving and investing wisely. Give your child an example of interest that grows in your favor, like a savings account or mutual fund. Also, give them an example of interest that they could owe, like interest on a credit card.



Inflation Jungle:

Beware of Inflation Jungle, an exotic and dangerous realm where the prices of things keep rising, making them more expensive over time. Inflation is like the jungle vines creeping higher and higher, making it harder to escape the dense trees. You can escape the jungle by soaring above in a hot air balloon. You have $20 to fill your hot air balloon with gas to fly over the jungle. In the past, $20 would have filled the entire balloon, but now, due to inflation (increase in prices), it only fills half. This means you have less time to cross the jungle before needing to refuel.

On the back of their map, ***have your child carefully plan their route to conserve gas and avoid running out mid-journey. Have them find the shortest route.***

Talk about how inflation affects everything from the cost of food and transportation to the price of toys and clothes.



Debt Desert:

You are exhausted by your journey and now you have to cross Debt Desert – a scorching hot and arid landscape. Luckily you have 5 bottles of water left. They don't use money in the desert, only water.

You can rent a camel for 1 bottle of water which means you can travel faster. BUT - there are 3 tolls in the desert. Each toll costs 1 bottle of water if you are on-foot and 2 bottles if on camelback. If you can't pay the toll, you will owe a desert debt – an entire day of cleaning out stinky camel stalls.

On the back of your map, ***write how many bottles of water it costs you if you travel on foot? How many if you travel by camel? Can you get through the desert without owing a debt? Which way will you choose?***

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Investment Oasis:

After braving the scorching sands of the Debt Desert, you're tired and so thirsty. But wait! What's that glimmering in the distance? It's not a mirage—it's Investment Oasis! This magical garden rises like a beacon of hope amidst the vast desert, beckoning you to rest and recharge. As you approach, you realize this oasis is unlike any other. It's not just a source of water and shade; it's a playground of financial adventure! The tolls you paid in the desert have been transformed into this lush paradise, where smart choices and clever investments have flourished. On the back of the map, ***have your child circle the items that are investments.***



Frugality Fjords:

Cruise through the fjords to uncover the art of frugality, learning how smart choices can lead to long-lasting financial success. As you navigate the stunning yet chilly waters of Frugality Fjords, get ready for your ultimate challenge: climbing to the summit of Money Mountain, a freezing and perilous peak. With limited funds, your child must stock up on supplies for the journey.

On the back of their map, ***have kids make a list of the gear they'll need for the climb. From this list, have them find one item that they own from their own closet. Next ask them to DIY/craft another item from household items. Finally, pop online together to research a specialty item.*** Compare high-end name brand options and a less expensive/generic option. Discuss whether the splurge is necessary for safety or whether the less expensive option is better in this case.

Continue this exercise next time you are in the supermarket looking for snacks – is there a cheaper, not name brand version that tastes as good? Through these activities, kids will develop smart spending habits that will guide them towards financial success.



Arrive at Money Mountain and climb to the top



Nest Egg Peaks:

Congratulations money explorers! You've journeyed through the trials of the Debt Desert, sailed the Sea of Savings, and ventured through the thickets of Inflation Jungle. Now, as you stand at the foot of Nest Egg Peaks, take a moment to reflect on how far you've come.

Nest Egg Peaks isn't just any mountain— a "nest egg" is like a treasure chest filled with your hard-earned savings and investments, carefully set aside to support you in the future.

On the back of their map, ***have kids write down their goals for the future and one small habit they can do every day to achieve that goal.*** Whether it's saving a portion of allowance or practicing kindness and generosity, every small step brings you closer to your dreams. Did you know saving even $8 per day creates a $3,000 nest egg in just one year?

With your goals in sight and a plan in place, the future is yours to conquer. So go forth, brave adventurers, and may your journey be filled with prosperity, success, and endless possibilities!

I hope you enjoyed My First Money Talk together. You took the most important step. You started healthy money conversations.

Expert Advice

Andrew Mattingly, Chief Operating Officer at FORUM Credit Union

"Why do they have it, and why can't I?

As a parent, it is tempting to just shut down the conversation with a quick "No." However, taking the time to explore their desires can open up a valuable dialogue about needs and wants. Start by asking why they want the item and what they'd be willing to give up for it. You could even turn it into a fun activity by playing a "money game" where they allocate their resources. Teaching them the value of saving and making thoughtful spending choices early on can lay the foundation for responsible money habits later in life. And if they still want the item after discussing and experiencing the consequences, it's a chance for them to learn from their choices.

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