

# THE MONEY GUIDE

An Introduction to Money Management  
for Kids Ages Eight to Twelve

Practical Money Skills

for Life

**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 find a quarter on the street, your first task as a Money Master 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 a Money Master. 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 a*  
**MONEY**  
**Master**



## 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.

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

### Kids listen up!

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 too. Don't worry, you'll be older soon!

### Parents take charge!

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

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 your parents?  
Go to [www.practicalmoneyskills.com/moneymaster](http://www.practicalmoneyskills.com/moneymaster) and click on Allowance.

### ASK ANDREW

Q: Can I get allowance for doing chores?

A: Nope! Do them anyway.

Q: Being nice to my brother = allowance?

A: Not! Try kindness everyday.

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

- Candy
- Music downloads
- Art supplies
- Movies
- Clothes
- School lunches
- Birthday gifts

# EARNING

**You've gotta make it  
before you spend it!**



The world is your

# CLASSROOM

sit anywhere you'd like.

## Fast Fact

A college degree on average, costs over \$30,000, but may greatly increase your earning potential.

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



## 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-area 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. Some places that always need volunteers include hospitals, museums, and the parks and recreation department in your neighborhood.

**Get up-to-date** info on banking, financial aid, student jobs, even new ways to buy and sell textbooks. Check out [www.practicalmoneyskills.com/moneymaster](http://www.practicalmoneyskills.com/moneymaster)

# 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? Trade your baseball cards?

Budgets are really helpful when you need to save up for something. For example, you want a new 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. Over time, you may discover an option that works out even better. Remember that camera? It costs less and you won't have to borrow one from your friend anymore!

### YOUR PENNIES ARE LIKE A PIZZA.

Break down your spending like that pie!  
Senator, is that 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 it out at  
[www.practicalmoneyskills.com/moneymaster](http://www.practicalmoneyskills.com/moneymaster)  
and click on Games.



You are the

# BOSS

of your own life.

Hey, isn't that a Tyria Jacobaeae!



## WHAT CAREERS INTEREST YOU?

Consider these when choosing:

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

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

**Rocket Scientist?**

**Video Game Programmer?**

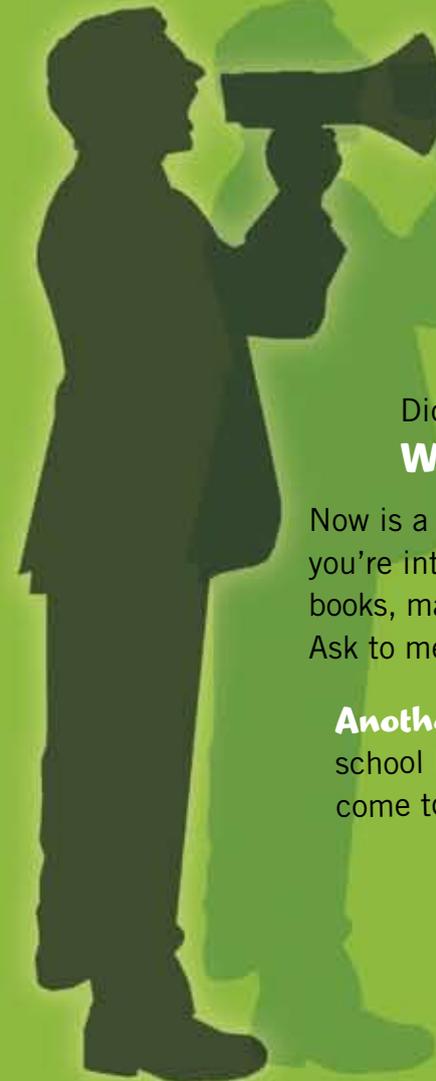
Did you know the average person holds 10 or more jobs during a lifetime?

**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. Perhaps 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/moneymaster](http://www.practicalmoneyskills.com/moneymaster) and click on Games.



## The key to saving success?

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

Some portion of the money you earn should be set aside for short-term savings, like toys and outings, 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.

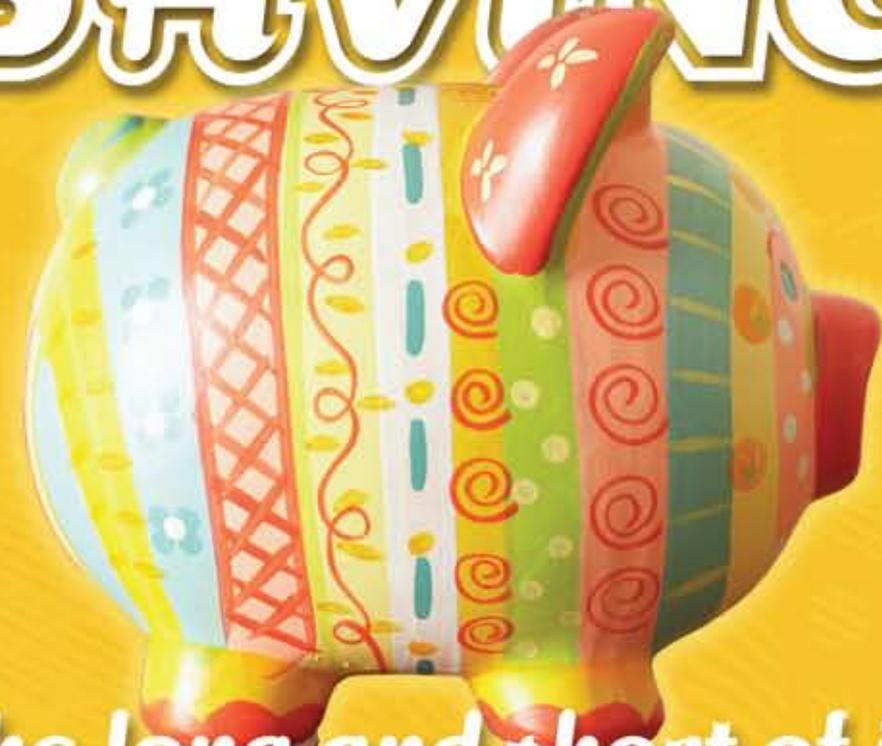
Now if you'll excuse me I must  
attend to my wooden teeth.

### Going up? **THE POWER OF COMPOUND INTEREST**

| Save this each week | At % Interest | In 10 years you'll have |
|---------------------|---------------|-------------------------|
| \$7.00              | 5%            | \$4,720                 |
| \$14.00             | 5%            | \$9,440                 |
| \$21.00             | 5%            | \$14,160                |
| \$28.00             | 5%            | \$18,800                |

**A working budget** is key to a solid financial plan. Visit [www.practicalmoneyskills.com/moneymaster](http://www.practicalmoneyskills.com/moneymaster) and click on Calculators.

# SAVING



**The long and short of it.**

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

**Sneak Peek?** "Living on your Own" includes lesson outlines, activities and related links. Great ideas for parents and older kids. Visit [www.practicalmoneyskills.com/moneymaster](http://www.practicalmoneyskills.com/moneymaster) and click on Lesson Plans.



## 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!

Fill in the chart to figure out how much interest you will earn on a deposit of \$20.

|          | \$20 Bucks | 5%   | 10% |
|----------|------------|------|-----|
| 1 year   |            | \$21 |     |
| 10 years |            |      |     |
| 15 years |            |      |     |

**Example:**  
 One year at 5% interest:  
 $\$20.00$   
 $\times .05$   
 $\hline$   
 $1.00$   
 $\times 1 \text{ year}$   
 $\hline$   
 $= \$1.00$   
 So  $20.00 + 1.00 = \$21.00$

How long before  
we become

# MILLIONAIRES?

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



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

Girls, stop drinking  
all the profits!



# 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 your pants have very very big pockets, 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 charge something,** you're not getting free money—you're getting a loan. And all loans cost money—no one gives away money for free! 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,**  
go to [www.practicalmoneyskills.com/moneymaster](http://www.practicalmoneyskills.com/moneymaster)  
and click on Calculator, then Credit Card.



# 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. Besides, who wouldn't want to be a Money Master!

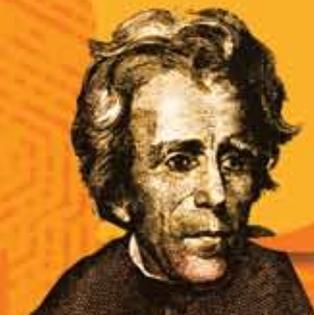
**Money Masters** can sharpen their skills and even teach their parents a thing or two by visiting [www.practicalmoneyskills.com/moneymaster](http://www.practicalmoneyskills.com/moneymaster). A wealth of games, tools and tips await.

**Good luck, you can do it!**

Just take it easy at the mall, okay?

# **CONGRATULATIONS!**

**You're well on your way to becoming a Money Master!**





## 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 develop better money management skills.

At the Practical Money Skills for Life web site you will find games, planners, calculators, lesson plans, worksheets, quizzes, interactive brain teasers, brochures, podcasts and much more.

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

# Practical Money Skills for Life™

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