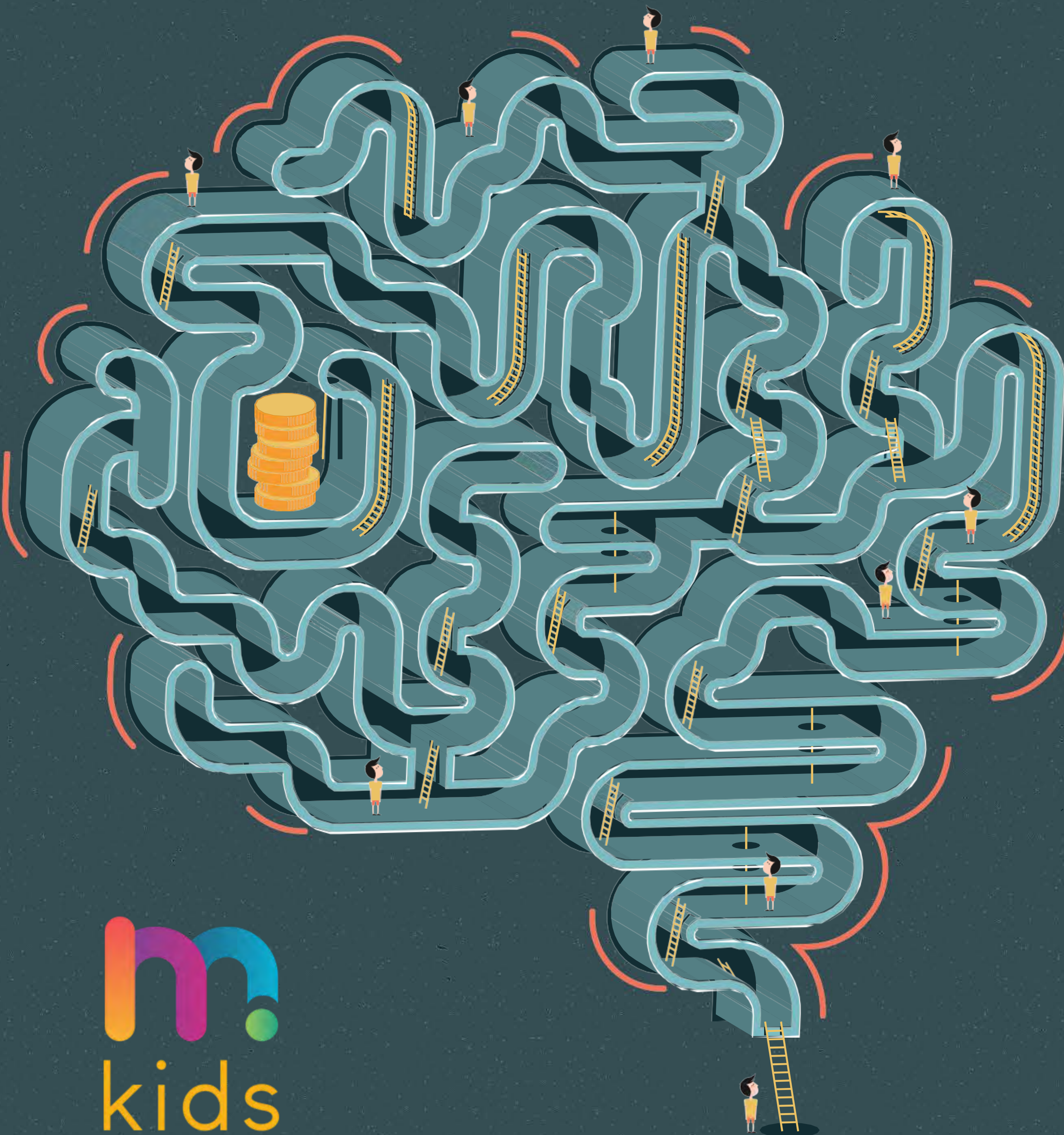

kids

raising moneysavvykids™

Teaching them money matters

Written by Kathryn Main

This book is dedicated to
Ethan, Jack & Logan

Giving you the future you deserve,
Teaching you the things we never learnt,
Making you the men you were destined to be.

Contents:

Author’s note

My father didn’t tell me how to live; he lived, and let me watch him do it.” — Clarence Kelland

Before anything else, I am a mother to three beautiful boys that make life exciting in every way. And as their mother, my coddling nature wants to come out every time they show signs that they are going to eventually fly out of the nest. Being a role model to my children in all aspects of their lives is something that I had in not-enough doses throughout my life. Raising responsible adults that know how to make noodles for dinner, know how to separate their blacks from white when doing laundry is, without doubt, the most important job life can give.

As parents, we make every effort and sacrifice possible to ensure that our children receive the best education available. Unfortunately, the curriculum taught today is missing one crucial puzzle-piece that will make our children’s education complete.

As the parent, you are the biggest influence on your child financial education and training. How many of us can say that we lead by good example? How much training did we as parents have from our parents and school education that was worth anything?

The purpose of this book is to give my kids and yours the financial advantage that most of us never had. It is a catalyst to motivate us parents to give our kids the education, opportunities and financial freedom that they deserve.

Today life is tough especially in South Africa. We have the worst math and science school standards in the world and the gap between the rich and the poor keeps getting bigger while the middle class all live in debt. Let’s change the face of the future generation of Africa by giving them the opportunity of financial freedom.

CHAPTER 1

Introduction

"It is not what you do for your children, but what you have taught them to do for themselves, that will make them successful human beings." – Ann Landers

Throughout my younger years of life, my mother always said, "money doesn't grow on trees," every time I wanted something that cost a little more coinage than she could afford. This statement served as a conversation stopper about money with my parents. It created a sense of anxiety and indecision when it came to money from a young age. Her telling me this made me avoid trying to have any positive relationship with money. Every time I would have money in my possession I would be terrified to take calculated risks that would help my financial situation down the line. I use it as sparingly as possible because naturally, money doesn't grow on trees - where would I get any more when I had not a clue how to get more?

While most people do not ever rise to a point of complete financial freedom in their lifetimes, some manage to break the mould. Once they reach financial comfort, the aim is to keep the money they have made, and hopefully make it work for them so that it can be of use to future generations. This can only be done by harnessing financial intelligence. It all starts with the parents. The fear they harbour holds them and their children back from blundering when it matters most - during the training stages. However many times they blunder is of no consequence, it is the skills they pick up due to the mistake they make that is paramount. The fear experienced by parents further hinders them from being the "financial experts" their children believe them to be. What is precious to remember is that all children think the world of their parents. My boys would always ask me questions that are, I must admit, out of my answering capabilities yet I would make sure to do my research and then get back to them at a later stage. Parents should realise that one never leaves the school of life and that there is always something new to be learned out there, even from your little one. The topic of money, especially, is one that no one else will teach your kids but you. Our education system has not yet caught up to the future.

Rather make your home the classroom that your child's school clearly lacks and have him/her start on the right foot in life.

It is true what Marcy Guddemi, Ph.D., says about our kids' potential to learn – it is all right there from the outset. It rings true for every new generation meeting the world. All children are born brilliant. At birth, all three of my sons each had trillions of brain cells just waiting to be connected and stimulated. I could see it in every little thing they did. The curious stare they would give the television set when Cartoon Network was showing, the curious hands that would open cupboard doors to rearrange its contents, and the curious feet that would run away with themselves so as not to miss the magical world outside the front door. This book contains, within it, the tools necessary to raise money savvy kids and reform the way parents and their children view money. With practical exercises to help you and your child/ren build a positive relationship with money, this book will get you and your child there, phase by phase.

As parents, we tend to equate our children's learning ability to their age. Parents, without fault, want to do everything in their power to ensure their children's minds are functioning at speeds surpassing their fellow peers. They are on a mission: to raise future Nobel Prize winners. Parents are guilty of coddling their children and doing everything for them when they can do it themselves. A 2010 Gesell Institute study found that though there is a clear path all children's brains take; each child has his/her own rate of reaching milestones. All their new knowledge must be attached to knowledge that they have already amassed. Hence you cannot, as parents, skip stages ahead of their cognitive development.

Their financial development, however, seems to be overlooked at every milestone reached. Combining their cognitive developments with their financial training may be the formula that parents should implement to raise kids that are capable of logical financial decisions in adulthood.

One mother told me once that every parent must teach their children that there are different sides to the world they know- just as a single coin has two faces. She would suggest I take my kids out of the more affluent neighbourhood they know and take them into the shoddier neighbourhoods in the surrounding areas. “This will give them perspective on how hard you [parents] work to be able to live in the neighbourhood they do now,” she explained. One father once advised that I make my kids take public transport to and from school for a week. “Give them the exact amount of money needed to get to and from school for five days and send them on their way, making it clear the money they got must last them until the end of the week because they would not be getting any more.” It worked miracles. Since my sons were so used to us [mom and dad] driving them around, they got to see how other people faired in the real world- how they would fair if they can’t afford to buy a car for the first couple of years after going to university.

CHAPTER 2

My Story

"At any given moment, you have the power to say: This is not how the story is going to end." - Christine Mason Miller

A few weeks ago, I received a letter by post from a large clothing retailer. I had been given a card, approved credit limit and numerous vouchers. All I had to do was fill in the application form and get it back to the retailer. If I had submitted that form, and once I had spent R1000 I would receive R300 free in vouchers. Never mind the fact that I had to commit myself to a credit card and would immediately have spent R1000 and after receiving my R300 vouchers I would still be in R700 debt.

When I got the letter in question, it made my blood boil. My first thought was, "Why would I say yes to debt?"

This is one scenario. You get the same offer when walking into the retail stores. When I tell the consultant, "No thanks I don't say yes to debt," their response is, "No it's credit!" The people selling you the debt don't even understand what kind of situation they are getting you into.

It does not stop with the retailers. The banks spend millions of their marketing budgets annually doing university road shows at the beginning of the year. They pitch their tents and go about offering students loans and bank accounts without educating them on the dangers of not paying back those loans and not explaining compound interest or giving them the best advice on how best to pay back the loans so that they don't spend their adult life in debt as well as a bad credit score.

On average, these kids are between 18 and 20 and have not been taught the financial education needed to make the correct decisions about getting into debt at such a young age throughout their primary and high school careers. Before signing up for the student loans they so desperately need, they should be compelled, by law, to watch a video where banks explain, in detail, the implications of not paying off the debt incurred before allowing them to sign up. Would that ever happen?

Today I am 38 years old. I have three kids, a failed divorce, have been in debt and lived on the bread line, on-and-off, from the age 16 – 30. So, I am at liberty to say, - because of the previously mentioned experience that makes me an expert- it is easier for me to say no to debt but it was never this straight forward.

It all started with a call and an excited squeal. That call was the catalyst that changed my financial situation for the worse for many years to come. I was 22. I had just started my first business in the health and beauty industry and opened a day spa at a 5-star hotel in Gauteng. Very quickly after I set up shop, my income began to grow. Business was going so well that I was taking home a monthly salary while depositing cash into the business account weekly.

I remember it clear as day. I was at the lunch with friends in Randburg. My phone rang, I connected the call and I said hello to a whole new world.

Bank:	It’s so and so from beep bank and we would like to offer you a credit card.
Me:	What!? Wow! You want to give me a credit card?
Bank:	Yes, Miss Clevely, are you interested?
Me:	Yes! I am interested! Tell me more.
Bank:	You have been preapproved for R3300 credit limit plus a R6600 budget facility.

I remember getting off the phone and excitedly screaming to my friends, “How awesome!? That was the bank and they want to give me a credit card! Woo hoo!” I felt like a rock star who had just been given money for just being cool. The bank wanted to give me free money for doing nothing- which was credit.

At the time, I was only making about R5000 a month and felt like I was more than making it in life. it was a good wage for a person of my age and skill set.

The truth behind the free money was that the bank offered me more credit than I could afford. I wasn't even breaking even. I might have been making R5000 but my expenses already exceeded my income. I know this because after paying monthly debit orders I was broke by the 10th of the month. I always made it through but thinking back now I always wonder how I did it. Not only was I over spending what I earned, I had taken on extra debt to pay back my credit card.

Does any of this sound familiar to any of you?
Once that card arrived, it felt like it was Christmas. I went to my favourite clothing store and treated myself. I bought a leather jacket, new boots, jeans and some accessories, and not the cheap kind. By the time, I walked out of the shop, I had blown through R4000 on my 6-month budget facility- and that was just my first spending spree. I had no idea of the implications of paying this money back. All I thought was that I could pay back the money at my leisure. The interest charges were not even a factor in my head. Interest!? "What is that?" I thought. I do remember consoling myself and thinking, "It's not so bad to pay interest for the luxury of instant gratification. I get to have what I what, when I want and I will pay it back slowly with interest. It won't be that bad." But I soon found out how bad It really was when it was time to return what was given to me so easily.

Month one was the hardest. I instantly realised I could not afford to pay the debt back. So, I started paying the minimal amount allowed by the bank which was R200 a month. I paid diligently for a few consecutive months but somewhere along the line, I then started to skip a month between payments. It became a pattern of paying one every two months. The initial R6600 debt given to me quickly grew to R20 000 by the end of the following year – although I continued paying my minimal instalments, I would always max out the card.

The ripple effect from this one horrid mistake was colossal for me. My husband and I had plans. We wanted to buy our first home but I could not get finance due to my bad credit rating. I was 24 and the banks would not give me a loan to buy a home or car. It dawned on me that I took on debt for the wrong things. Now, I really needed to take on debt to buy what really mattered, I could not access it.

Fast forward to my thirtieth birthday, and I was R300 000 in debt, my husband had to sequestrate and we were in double the financial trouble. The business my husband was working for at the time failed to pay him for three consecutive months running, got liquidated and failed to pay the outstanding salary owed to him. While I had just started a business, it was generating a very minimal income for our family. At thirty-years of age, I had my ‘Aha moment’ as Oprah terms it. I was sitting in my financial advisor’s office and I got brought back to earth in the worst way ever. We had nothing. We were totally broke and in a financial hole too big to see the way out. No savings, no investments and only RA policies which we could not touch until we were 60. Nothing but R17 in the bank that day and both our kids not in school due to not paying the fees. At this pivotal moment, I finally realised that financial education was going to be the key that turned my life and finances around for the better. In the last eight years, we had moved from living on the bread line to being successful due to committing to increasing our financial intelligence through reading books and doing quite a bit of research. By changing our attitude and behaviour towards money and implementing all the knowledge pertaining to good money management, we put our heads down and took care of business. It may have taken us four years to erase from history the one mistake that ruined my life and credit record for close to a decade. Looking back now, I could have avoided the debt trap if I had a financial education at my back. It took us a total of four years to clear our R300 000 debt while also dealing with the fact we could not access any loans to finance our family’s needs from the bank. 12 years of a bad credit record and history from 1 uneducated decision to the next.

This is what I feel young adults need to understand. They need to fully comprehend what they are getting themselves into when it comes to debt. Along with the long-lasting impact it has on your credit history, credit score and financial well-being, it is very easy to be ensnared by the allure of it. Getting into debt takes a single phone call while getting out of debt took years in experience and might take a lifetime for other unfortunate souls.

We need to start them young. The ages between four and twelve is when the first learning neural pathways are developing in a childs brain and that's when we need to start to teach them about financial intelligence.

Program them to be mentally prepared for a lifetime of making responsible financial decisions by giving them the insights and knowledge they need to be successful financially free adults. Let us not repeat the words our parents said to us to the next generation. “I wish I knew then what I know now.” Let us not repeat the past with our children. Now that you know now what I knew then, what will you teach your children?

CHAPTER 3

Education Crisis in South Africa

"Teaching is the profession that teaches all other professions."
– Unknown

My oldest son, Ethan, approached me a week ago, and asked, "Ma, what does a cheque book look like?" I was so dumb founded that I silently rummaged through the cupboard of forgotten things and produced the fossilised cheque book I, myself, have seldom used in the past ten years, if I'm being kind. To think that my kid's financial education is the exact same as it was when I went to school is just astounding, to say the least. The cheque book and counterfoils were at the height of their popularity in my high school hey days – which was twenty-two years ago. For a department that spends significantly more on its education system than most other countries on the African continent, it is the least innovative system when it comes to teaching our children sufficient financial education. In fact the CAPS curriculum has removed financial literacy as a subject. Our kids are being taught about banking technologies that are no longer relevant. Banks may use these technologies on the small scale but this occurs far and few between- and let's face it, these technologies are used by the older generation. Our education system should not be growing up with us, it should stay forever young. It should teach our kids the relevant technologies that they will relate to and most likely use when they are in situations that allow for it.

There is no doubt that there is an education crisis in South Africa. In 2007, the South and Eastern Africa Consortium for Monitoring Educational Quality revealed that only 32% of Grade 6 maths teachers in the country had the necessary subject knowledge to impart to their learners. The Global Competitiveness Report, released by the WEF (World Economic Forum), has our quality of maths and science education ranked 140 out of a total of 140 countries. In 2016, the minister of basic education, Angie Motshekga (2009 - present), openly acknowledged, in the City Press newspaper, that the nation's schools were in a state of crisis.

And, curiously enough, South Africa currently invests more into its education system than any other African country. Yet the nation still faces a public education crisis that will doom our future.

With that said, only 10% of early childhood development employees have a qualification other than a matric certificate. And only 25% of ECD (Early Childhood Development) employees have undergone some basic ECD training. When grade 5 teachers wrote their own grade 5 maths exam they set for their learners, 70% of them failed the test. This is a clear indication of the poor level of teacher content knowledge. The quality of our mathematics education has reached crisis point. The number of learners taking pure mathematics in grade 12, has dropped from 49% in 2010 to under 41% in 2015. One quarter (25%) of our high schools do not offer the subject in grades 10 to 12. Of all the grade 12 learners who wrote the subject in matric in 2014, only 53% achieved above 30% and 35% achieved above 40%. This was 85% of the pupils that were barely passing maths in the nation- a disgraceful statistic. Our Department of Basic Education are unable to discern whether the subject in question is currently being taught by teachers who are adequately qualified or not. It is safe to say that our education system has taken a nosedive and needs urgent intervention. In 2012 our education system failed us again when the SAHRC (South African Human Rights Commission) posited that provinces' inadequacy to deliver textbooks to schools had violated their right to education. The worst affected province was found to be Limpopo. Another factor contributing to the education crisis is the increasing drop-out rate. In 2016, less than half of the students completed their secondary education.

With 93 of the top 100 skills South Africa needs most requiring a decent pass in mathematics, we seem to be breeding a youth that is seldom competent. With an education system that mimics a shaky foundation, at best, parents need to step in and do most of the heavy-lifting when it comes to their children's financial training. Studies show that there is insufficient learning time for pupils in schools, thus hindering overall knowledge retention. Our schools (mostly government) are lacking quality teaching and a properly structured learning process.

Some schools are also lacking basic educational resources like textbooks and furniture required for comfortable seating and writing.

These shocking statistics just go to show that we are leaving our kids' tutelage to individuals that are not adequately qualified. South Africa is renowned as a buy-now, pay-later society. The effects on young people's financial literacy are thus characterized by the same behaviour patterns as parents and society. These are high credit and high consumer behaviour with very little savings, and in turn high social risk behaviour. Money Savvy Kids is working to change this disastrous pattern. For us to fix what is wrong in matric – as well as the matric pass rate – we need to start right at the beginning in the early childhood development phase. Investment into early childhood development will help us close the gap between children from impoverished and affluent homes. MSK (Money Savvy Kids) promotes in youth the skills, knowledge attitudes and behaviours required to be financially independent. This is critical to South Africa's future because each person's informed financial decisions help shape the country's economy into the powerhouse it has the potential to be.

Our children need to be equipped with the necessary skills and knowledge to later compete in a modern economy. We need to start by addressing the quality of our maths education which forms the basis for their financial education. Only learning the basics of how money and its concepts work is not enough. I mean, look at me for example. I had to learn all the hard lessons of credit and interest when I was left to pay off my pre-approved credit card that was given to me by my bank. Even banks themselves are to blame. They encourage a culture of getting into debt because they are in the business of making money and see their customers as numbers. These institutions forget that getting their customers into too much debt will affect their bottom line in the end as their said customers will not be able to pay back said loans. This issue is a double-edged sword, to say the least. Our teaching methodology is outdated at best. We teach in a way that only allows for the memory to be tested instead of the intelligence. MSK teaches the child's intelligence by giving them the chance to learn through fun and interactive ways. At least 50% of our curriculum focuses on allowing for the students to practice what they are being taught. This allows for them to make mistakes while they still can. Crucial mistakes that will make them see how money and its concepts work in the real world.

Mistakes that will shatter falsehoods about money being, “The root of all evil.” MSK strives to breed a youth that is not afraid of money and its capabilities. We want them to see opportunity where it seems there is none.

With new technologies like cryptocurrencies emerging in our global economy, who can say how money will be seen when our children are all grown up. I mean think about it, your kids job probably doesn’t exist yet. What is certain, however is that they will earn some sort of currency and they need skills to be able to correctly manage their finances. Other certainties are that he/she is going to get student loans, get a job, pay taxes, pay lobola, get married, buy a home, have children and, finally, stop working all together. How do they live when there is no more money coming in every month? What if they lose their job? What if they get black listed because they were reckless with their finances- or simply because they never knew the natural consequences of not paying their debts? Parents may never reach a stage of starting important money conversations with their kids but through MSK they can ease them into the real world of money. They will learn concepts relevant to modern life. In a country where we are not yet in talks to introduce entrepreneurship as a subject, we are far behind with our financial education. Deputy President, Cyril Ramaphosa, called for entrepreneurship to be included in the basic education school curriculum to create greater prosperity only in mid-March of this year. Teenage pregnancy is worse than it has ever been. One would say that South Africa is a country that pays young girls to give birth. Yet evidence conducted by Statistics South Africa released in September of 2017, show that over a period from 1998 to 2016, figures show a 0% increase of teenage pregnancy births. Overall, Gauteng and KwaZulu-Natal had the highest number of birth occurrences compared to other provinces. Relative to other times, the months of March and September had the highest number of birth occurrences implying increased conception in June and December.

If this is the state of our education, what hope is there for our youth? We may not be able to change the system overnight, but MSK is here to facilitate a shift into the right direction.

MSK is not just a product. It is a pathway to developing mind-sets that will ensure South Africa's children not only work their way out of poverty, but that they have the tools to stay out. Government can hitch onto the bandwagon and make financial education a compulsory subject. Big corporations can bridge the resources gap by making it their social responsibility to upskill the youth in regards to money management. But waiting is just not an option. Our children are growing too quickly for parents to wait. Parents can do something instead of delaying what must not. They can put their kids in the lead themselves by looking at alternative ways of teaching their children all they need to know to survive adulthood. If we don't educate our youth on entrepreneurship and financial literacy, we are setting them up for failure. Just as the rule states, an action has an equal and opposite reaction.

CHAPTER 4

What Is Financial Intelligence

“The hardest job kids face today is learning good manners without seeing any.” - Fred Astaire

Financial intelligence is the ability to solve financial problems. These abilities are amassed over a lifetime of lessons. And if you compare your progress to Kiyosaki’s Rich Dad Poor Dad, you are right on track. And realising that the rules of money have changed is as good thing. Knowing the difference between assets and liabilities may just bump up your financial intelligence score. For those who are still confused, assets are inanimate possessions that put money into your pocket, while liabilities take money out of your pocket month in and month out. Having the competencies in financial management and financial decision-making and control is a strategic set of skills to have. Simply going to school, getting a great job, saving money and then retiring when you are no longer able to work, is no longer enough in today’s economy. Having an edge is required and financial intelligence is the answer. Like I mentioned in the previous chapter, the education system only tests our children’s memory and not their intelligence.

As Robert Kiyosaki, leading author on financial literacy, explains in his books, developing one’s financial IQ does not guarantee that one will never face financial difficulties. It does, however, give one the tools to solve money problems when they do arise. And solving money problems ensures sustainable long term financial success. But practice is key. It took me a few tries to get myself out of debt the first few times. It got a little easier because of the experience I went through and had the skills to keep out of it as effectively as possible.

South Africa may have an FIU (Financial Intelligence Unit) which are agencies that are tasked with detecting and tackling money laundering and the financing of terrorism. These units do this by receiving reports of suspicious transactions from financial institutions and other persons and institutions, analyse them, compile reports and refer them to law enforcement agencies and foreign FIUs. Yet, Nomzi Gwintsa sees otherwise. In his 2006 survey, that was edited by Charles Goredema, he reviews whether countries in Eastern and Southern Africa are in a realistic position to establish or enhance their capacity to combat money laundering and the financing of terrorism. In the survey, he concludes that with the quantity and quality of financial intelligence fostered within our borders do not warrant the spending of tax payers money to finance a fully-fledged FIU. Issues brought up by Gwintsa are very worrying. The questions brought up harbour doubt in the nation's ability to, firstly, adequately handle financial affairs and secondly, the nation's ability to even foster any level of financial intelligence in the youth. I mean, how is a country that has a history of poorly managing their resources on the national level going to pass on the right set of skills on the small scale? Though Gwinsta elaborates on how the developed world is imposing their problem-solving model onto smaller, developing, nations especially found in Africa, there is a hope that with global co-operation, there will be progress going forward.

While there are many ways to improve your financial intelligence, not many can afford it or have the time to sit with their kids one-on-one. Us, 21st century parents are always on the go and are barely able to do homework with our children every day. We may not get that quality time as much as we would like, but we know why we do what we do: for our kids to have what we never had. Parents are just making such an effort because they want their kids to get nothing but the best the world has on offer at any given moment in time. We sacrifice so much already, just as our parent's parents and the parents before them. Yet here we are in the predicament our parents were in when they were raising us: failing to teach our kids to do it right the first time, how money- something that has existed for thousands of years- should be controlled, and not visa-versa. Going to seminars and reading books and financial magazines are ways for you to get your financial knowhow up to scratch. But what about your five-year-old who loves playing with her doll house, or your son who prefers play station and X-Box over going to some boring thing that happens after bedtime?

How do you get your child's full attention so they can get those rare nuggets of knowledge that will get them through the rest of their lives? You put your trust in the education system to do what it must, yet it is not doing enough.

Financial education can make a difference. It can empower and equip young people with the knowledge, skills and confidence to take charge of their lives and build a more secure future for themselves and their families. Supporting financial education can be viewed by the main public, private and civil stakeholders as a critical long-term investment in human capital. Programs such as these are the rare nuggets of knowledge that your child has the opportunity of benefiting from. I created the MSK curriculums to do what the current education system has failed to do since its existence. I saw that our youth are struggling like we did because our parents were reluctant, on some level, to teach us the rules of money through their everyday actions. Money is not a dirty subject. Have the honest conversation with your kids.

CHAPTER 5

The Importance of Financial Education

Academic qualifications are important and so is financial education. They're both important and schools are forgetting one of them
– Robert Kiyosaki

We have established in the previous chapter that financial literacy is the ability to understand how money works; how it is made, how to manage it and how to spend it effectively. It is the combination of financial, credit and debt management competencies that can be learned by children from as young as four-years-old to well into the teenage years and beyond. I even learned a few more things when I was going through tough financial times. When unpacked, the knowledge is necessary to make financially responsible decisions in your working or business owning life. In sum, financial literacy impacts the daily decisions an individual or family unit makes when trying to balance their monthly budget, buy a home, fund their children's education and ensure an income at retirement.

Financial literacy is a cornerstone of prosperity and security. It builds confidence and knowledge in the lives of individuals and the nation. We cannot address the issues of financial inclusion and equitable and sustainable socio-economic development without addressing financial literacy. Poor financial decisions can have a long-lasting impact on individuals, their families and society. The causes of the recent financial crisis were complex, but the lack of financial literacy was certainly one of the aggravating factors leading to ill-informed decisions on home loans. Low levels of financial literacy have also been associated with a lower standard of living, decreased psychological and physical well-being and greater reliance on government support. High levels of it, however, can turn the tide and change lives for the better.

Everyone will make money at some point in their lives. Whether they make it by being an employee, a business owner, or a professional investor is not the issue.

The issue here is whether the money they do make is used to sustain themselves in the present as well as used to plan for when they do stop working, if they decide to, in the future.

A person's life can change in an instant if they haemorrhage money they do not have, on things they do not need. I am not saying you should not enjoy your money. What I am saying is to enjoy your money within the acceptable parameters. There is this handy trick called "the budget." This is the most effective way to keep record of all your monthly expenses. One thing that you can do is add an expense titled "retirement plan" in your monthly budget as early as your twenties.

Understanding concepts that revolve around money is a core skill for participating in modern society and economic life. Financial concepts such as debt, budgeting, interest, investing, saving, taxes, etc., forms a basis for all the financial decisions, big and small, your kids will make in the future. Introducing financial education as a subject in our schools will help our youth better understand how the world and the idea of money work together to sustain themselves. Per the world's rules, you need money to live; to buy food, buy a house to live in with your family, get a good education so that you can get a job that will provide you the money to maintain or improve the life you are living now. Yet the rules we are living by today have evolved. These rules require our youth to develop an entrepreneurial mindset that will benefit our future economy.

How children are taught financial skills is important. It was best put by Benjamin Franklin when he said, "Tell me and I'll forget, show me and I'll remember, involve me and I'll understand." This quote explains, in layman's terms, how MSK delivers their lessons to their students. The program wants to instil within them a lifetime of skills they will then pass on to future generations. If you do not know this already, your kids are making financial decisions constantly by using the tuck shop money he/she is given every Friday. The type of sweets to buy at the tuck shop, whether they want to spend all their money on sweets alone, or buy a drink as well, whether to spend only half of their pocket money and save the rest for next week, or not spend money at the tuckshop at all, are some of the options that they must choose from every time they have money in their hand.

MSK wants to create a youth era where saving, donating, Investing, budgeting and retirement planning is a natural option when they are making financial decisions when you are not there.

Banks and other institutions seem to be, in my opinion, gifting away credit opportunities to consumers. This is where consumers get lured into financial trouble. People with a low financial intelligence will think it okay to borrow money to pay off other money they already owe to someone else because they lack the proper knowledge and training of how credit and interest work. A high financial intelligence can stop consumers from making bad financial decisions such as these. In my grandparents' time, physical money was used for practically every purchase they made. Today, cash is seldom used. People use plastic money which we all recognise as debit and credit cards. The way we shop has transformed as well. Online shopping has become the number one choice for many younger shoppers, creating plenty of gateways to overextend credit and more debt. Many of these consumers have very little understanding of finances, how credit works and the natural consequences they will suffer decades into the future. In fact, low financial intelligence has been a defining factor that has seen South Africans living on credit for their day-to-day necessities.

The global trends that have seen people turn to financial literacy as the answer are all interconnected. The responsibility of a retirement income that our grandparents' generation depended on is no longer in effect – retirement has shifted from the company to the individual. We are now living longer than our grandparents' generation, which means that we will require more money to live comfortably when we do stop working. And judging by how the cost of living is rising every year, the money that millennials will need by the time they end their working careers will need more zeros than their great grandparents. And finally, the inevitability that the old-age grant may not exist when your kids are old enough to qualify should be a wake-up call to all. It may be important for the country to financially take care of its old-age citizens, but if the country cannot afford it, your children will end up destitute. Get them the head start they need that will allow them to not only get out of financial trouble but also keep out.

Your level of financial intelligence directly affects your quality of life significantly. Your attitude towards money whether positive or not, is built during the time in which you learn to understand financial concepts. Financial literacy enables people to understand what is needed to achieve a lifestyle that is financially balanced, responsible, ethical and sustainable.

CHAPTER 6

What Should Your 4 To 6-Year-Old Know

“Never do for a child what he can do for himself.” - Michelle La Rowe

Teaching my kids to do things for themselves took a while to get right. With all my children, I realized that training them from toddlerhood to do “grown-up” tasks made it easier for them to transition into their teenage years with a good head on their shoulders. I saw that it built their sense of independence, to take on the world in a sense as well. I identified one new task per week each of my three children needed training with. Tasks that may seem easy to you as an adult should be building blocks to a responsible and confident future six-year-old. La Rowe emphasizes identifying one new task per week that your child could do with some training. The step-by-step training can be as hands on as you would like. After the training processes have completed, you must relinquish the reigns to your toddler and make it “their job.” Parents must have faith that they have taught them well and leave them to their own devices. Here is an example:

Toddlers can learn how to clean up after themselves. Teaching them to put their dirty clothes in the washing basket is a simple task that will save you cleaning time every week. Show them where to find the washing basket designated for dirty clothes and train them to drop their clothes in there instead of the floor of their bedroom. When they fail to do what, you have asked, see it instead as opportunities for your child to learn something new, says Dr. Sam Goldstein, co-author of Raising a Self-Disciplined Child. “You don’t want them to be afraid of making mistakes -- they need to realize it is a part of life. When your child doesn’t succeed at something, be sure to speak in problem-solving ways. Instead of saying, ‘I told you not to do it that way,’ say something like, ‘Let’s try to do that part again and see if we can make it work.’ “ They don’t say that the right spelling for ‘failure’ is ‘opportunity’ for nothing, right?

Parents are always worried if they are doing a good job with their kids. For most, they would tell you that the only way to find out is to wait until they are adults to see if they have their heads on straight. It may not be easy to financially train your child from a young age, but it is worth it in the long run. Parents can start the money conversation by getting on their level. This specific level is called 'their imagination.' All children make believe when they play. Whether they are saving the world or having a tea party with their imaginary friends, they use their imagination to make sense of the world around them. This means that parents don't necessarily have to buy expensive toys to teach them about money. Making fake money can do wonders in teaching your child where money comes from and how it is earned. Here is an example:

Suggesting an arts and crafts session to your four-year-old to create your own money will put you right up there as the greatest. Using that opportunity to teach him/her about money will have your child a step closer to understanding the inner workings of the real world. While picking the colours of your make-believe money, you can start the money conversation. You can start with, "Did you know that money is made by the reserve bank?" And when they ask questions, you can fill in the blanks for them. Remember to throw statements at them that will evoke them to ask more questions. Here is a list of statements to get your child interested:

1. Did you know that there are other types of money other than the one we use every day?
2. Do you know how mom and dad get money to buy everything in the house?
3. Do you know where we keep our money safe?

Hurling these statement and questions at your four-year-old while you make your fake money is a fun way to get them interested in the institution of money and get them to understand how money will be an integral part of their future. It is your job, after all, to talk about financial responsibility with your kids.

Once you are done creating your new currency, you can start to explain the concept of money and how it is spent in the household by using your pretend currency as a physical substitute. Use the pile of notes to represent the money that mom and dad earn to ensure that the family has everything it needs. Then list the family's monthly expenses – this can range from groceries, entertainment, etc. - and draw from the pile for each. This shows how the family spends money monthly. You can explain how the remaining money from the pile goes to savings such as the family holiday or his/her future university fees. Despite what many parents may think, children between these ages understand money because they are exposed to it every day either at home or when they are with friends at school. I mean, your kids do ask you to buy them that teddy and that toy car when you ask them what they want.

Parents usually decide to send their kids to Nursery school while they are at work. This is where your kids interact and make friends with their peers. They observe and compare too. When they see that their friend has something they do not have, they will absolutely use that as a reason to get you to buy it for them. The period before this is the best time to stop it in its tracks. A good way to do this is to give them a choice between two things that you know what they want. Parents must expressly point out that they can only have one of the items; that there is only money for one thing.

Once children start to realize that mom and dad are not a reserve bank bursting at the seams with money, they will begin asking more and more. The "I want [fill in ridiculously expensive toy's name here]" conversations usually start between the ages of three and five. This is the stage in parenthood where doing the shopping alone is preferred over taking your kids with. Avoiding the hassle of saying "No!" to your child when they see something shiny at the store is something that comes first on your monthly grocery list. You evade these situations not on the grounds you can't say "No!" three times in a row, but due to the cuteness factor he/she wields that you cave to every single time. It is a battle field riddled with time bombs otherwise known as tantrums. With all that on your plate it is a delicate balance to keep firm when it comes to what they want.

It’s hard to say “No!” when you can afford to say “Yes!” and it’s hard to say “No!” when you cannot afford it either. Start small when it comes to the chores your child can do. They can be jobs that that give them a sense of independence. Here is an example:

Between these ages, your child is learning the magic of maths. He/she is constantly coming to you and trying to impress you by counting to a grand total of ten. Parents can use this to their advantage. You can link their math to money by introducing them to it. When I say money, I mean the coins and bank notes that make up our currency. Introduce them to a coin a day and explain its worth by listing what he/she can buy with it. You can even show them coins that are no longer in use today. This will open their minds up to the physical concept of money and help them ace their maths homework every time.

Donating is one of the four concepts that is vital in a person’s life. Since research shows that children solidify their financial habits by the age of seven it is imperative that parents ingrain this quality within their kids’ financial reasoning from as young as three-years-old. Legendary investors like Warren Buffett believe deeply in giving. “We started with our kids once they were old enough to put the offering in the plate at our church. And once they started receiving cash gifts for birthdays and doing extra chores around the house, they were taught to put some in the bank, give some to Sunday school and that it was okay to spend the rest,” he says in one interview.

ACTIVITY 1

As a start off point, you can recite this money poem with your child. This is a fun way to learn and is familiar to children in this age group. They learn through nursery rhymes in grade R and by doing things that make their imagination come alive. These things combined allow the child to remember it well into high school and adulthood. You can recite twice a week for a few weeks and ask basic questions that will help you gauge how well they are grasping the concept. According to this you can either increase the amount of times the poem is recited or re-evaluate how you can explain the concept of money to your child in a way that will make it easier for them to understand.

Poem

In South Africa, our money is the Rand

It is a note that you can hold in your hand

there are lots of things you can buy with money

We use it to pay for bills which is not so funny

We use money to buy food to eat

We use money to put shoes on our feet

We use money to buy our clothes

We use money to get mommy a rose

Money is for spending

It's for saving too

When you are smart with money

It will be good for you

ACTIVITY 2

Another activity that you can do with your child/ren is to decorate a wallet. Your make-believe currency will need a place to call home, right?! If you find that you did not find the time to create a new currency, you can use the MSK currency provided below. It is designed to replicate, as closely as possible, currencies of the world. There is a wallet template that you can print out along with the Savvies, so you have a starting point.

You will need:

1. Scissors (supervise closely so they do not hurt themselves)
2. Glue stick
3. Colour pencils / crayons
4. Glitter (optional)

Whether they want it to look sparkly or like a wallet fit for a superhero, both you and your child can let your imagination run wild. This activity will put into perspective how difficult it is to part with money in the name of bills when you briefly explain the concept of expenses.


10 SAVVYS
10
S 10 C
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SAVVY CURRENCY
5 SAVVYS
5
S 5 C
SAVVY CURRENCY


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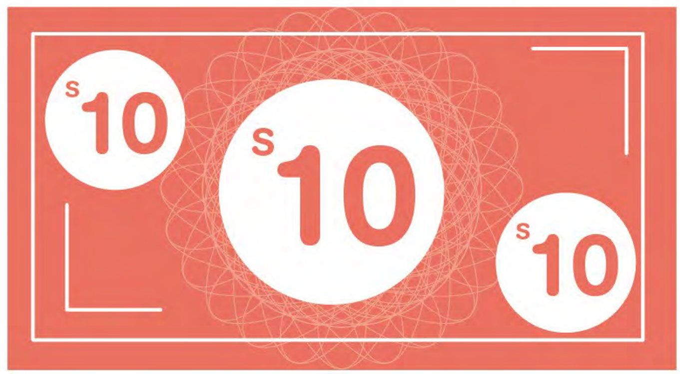
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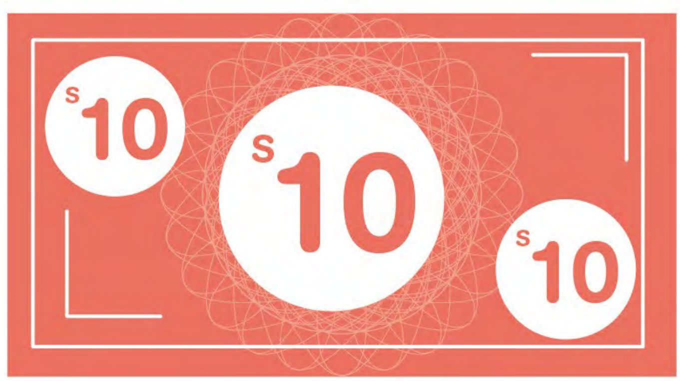
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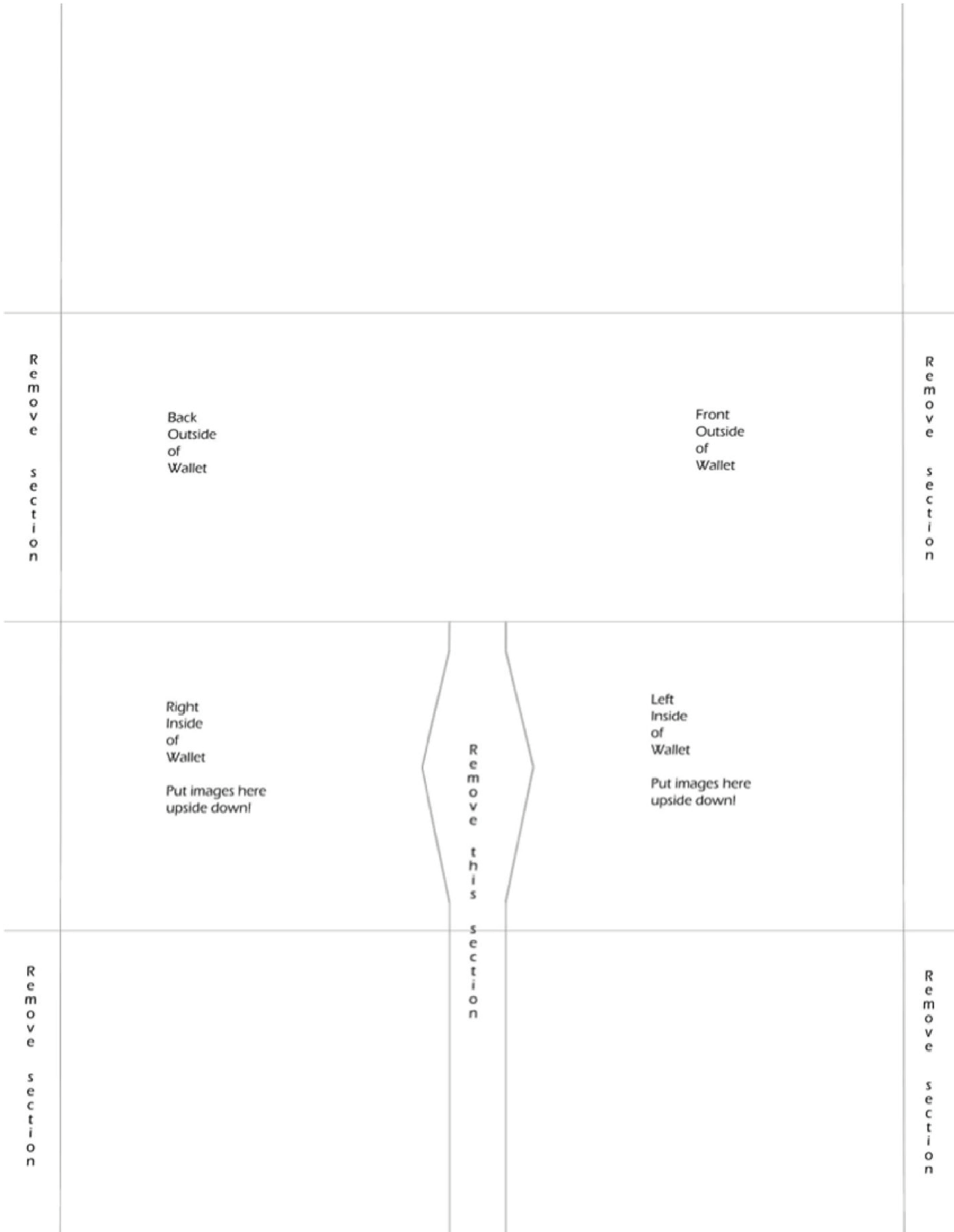
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CHAPTER 7

What Should Your 7 To 9 -Year-Old Know

“Budgeting has only one rule: Do not go over budget.” - Leslie Tayne

Graduating pre-school is the best moment no parent will ever forget. But for our children, the pressure truly begins. This is about the time when teachers and parents alike, start to ask them what they want to be when they grow up. And growing up to become their favourite princess or superhero that they religiously watch on television is hardly something to aspire to. So, it is important for them to understand that making money either by having a job or owning a business in the future is a part of life. This, however, is the best time to help them make a career choice, not based on the number of zeros on the payslip but based instead on a passion for said career. It is a balancing act to do as parents’ desire for their children to be well-off as adults is at the forefront above everything else. Try, instead, to instill positive feelings toward work and earning an income. Explaining what your career entails, why you chose that field and why you enjoy it is a great starting point. Having this conversation will help your child put things into perspective when choosing a career that they plan to do when they are older. Although the career they choose may be short lived and thus quickly replaced by something else as they grow older, they will have a solid foundation upon which to choose something they see themselves enjoying for the rest of their working years.

Going to the ‘big school’ is nerve racking for any child. It is even more overwhelming for the parents of the children stepping foot into their grade 1 teacher’s class. “It’s a right of passage! And I wish I was there to help them along for their first day,” all parents said on the first day of school. Well, that’s what I silently said to myself when the guilt hit about leaving each of my sons there for their first day. At this point they are going into ‘big school’ with the basic knowledge about money and its value. They are now ready to learn the difference between needs and wants. This is especially important as they will use this knowledge to differentiate between what the family can afford compared to what their best friend’s family can afford. The “But, Zandi has it, too!” speech they will recite to get you to buy them what they want is the new battle you must win at all costs. This will cause you to delve a little bit more into the concept of a budget. In the previous chapter, you taught them a little about spending by taking away from the pile of make-believe money. This time you should kill all future speeches by showing them how living on a budget is like, even if it is just for a moment.

One place to do it is on your next trip to the supermarket. Make sure to plan for this financially in advance so you are not spending any money that will affect your budget. When he/she is showing signs of wanting more than one thing from the toy isle, you can take advantage of the opportunity and train them to associate “No!” with money. Give them the choice between two things that they want most in that moment and make clear that there is only money for one of the items; no negotiations. When they go into their go-to speech to get you to buy both items, explain to them what a budget is and how it works. Explain that the budget is a list of items that are needed by the family to survive. Things like the food you eat and the clothes you wear can be used as examples of such items. Further explain what wants are by using the items your child so desperately wants you to buy them as examples.

Kids at this age must be trained on what money can be used for, and prioritising and delayed gratification. Budgeting is a great way to teach them all these skills at the same time. A great way to teach budgeting and prioritising is to give them a certain amount of money- that will cover the basics - and ask them to create a budget for supper. Clearly explain to them that when money allocated to them is gone it’s gone. That there will be no going to the bank or using mom’s credit card to accommodate extra costs. The money is gone and that’s it. This will help them learn that they may have to prioritise when shopping as they have a limited amount of money to spend. This exercise will also give them the confidence to further apply these skills in the financial decisions they make daily. By giving them a goal that will involve the entire family will motivate them to try their hardest and make sure everyone is fed for the night. It is no secret that they will be so excited that they will try to prove themselves worthy of the challenge.

As a child, I was never given such a responsibility and I realise that if I had, I would have learned many valuable lessons that would have been handy in many situations in my adult life. Once they have their items picked out, you can help them add up to reveal a total amount. The point to get across here is that they need to prioritise the food they need. The fact that they will go over budget is inevitable and you should approach it in such a way that they are not discouraged from the challenge. You can explain to them that even mummy goes over budget too and she picks the most important things to buy first and then add all the things she would do without further down the list or leave them out altogether. Suggest instead for them to consider what each family member likes, what we need in each food group, and even cheaper brands to what they are used to so they can stay within budget. This is the most effective way to teach them what is truly needed verses what they wanted in the first place. They will also learn that some food taste the same no matter what brand.

Opening a savings account at this stage in their lives is also a good idea. At this stage, they only know money as ‘plastic’ - debit and credit cards. Let’s face it, carrying around huge amounts of money every time you need to make a purchase is inconvenient so swiping at every turn is the new norm. Your kids obviously notice this and it becomes their norm as well. Taking them to the physical bank or going online is a good way to show them how you open an account. Though the account will be in your name, the money that is being deposited will belong to your child. By nine, they are familiar enough with the concept of saving money for items they need and want.

Once the savings account has been set up, explain to them that the money that will be deposited thereafter will be their own- coming from their allowance. Since people do not just save for no reason, help them to set goals in the sense of a big purchase that they have been wanting to get for a while. Start with purchases that will take them two to 4 months to save up for so they do not become discouraged to save altogether. You can go for bigger and bigger purchases as they get older and have reaped the rewards of saving for what they have wanted initially.

Make sure to also help them along by taking them to the bank to make deposits whenever they need so they can see the little things they must do to get to the goals they want. To make things more interesting, offer them a proposition they will not refuse, for every R20 they have saved, you will contribute 20% of that amount so they can see how worthwhile it truly is and motivate them to save even more.

ACTIVITIES

Teach them entrepreneurship:
There are other easy ways to help your child understand how money is made. You can use Zandi's business idea template below. This is a breakdown of the different ways that money can be earned. We encourage kids to become their own bosses and instill this mentality from a young age.

Teach them to save for a goal – Delayed gratification:
In today's world where everything they want is instant, teaching your kids about delayed gratification is very important. With his or her savings goals, you can print out the template below and have a physical representation of the goals that they plan to achieve. Remember to make them short-term goals, spanning between two to four months so they do not become discouraged and reap the rewards of saving their money as quickly as possible.

These two activities work well together. After inspiring them to start their own small business you can encourage them to save some of the money they make for their saving goal. Teaching them the value of hard work, innovative thinking and delayed gratification in one exercise.

My kids love coming up with business ideas too. Jack was good at making paper jets at school so he started selling them at 50c each. He then decided to sell the business to a friend at school. He made his first R60 that day. That deal was done over lunch and sealed with a handshake and an agreement to a restraint of trade. All very well organised by my 10 year old son. When he came home and told us about his first business sale I was more than impressed.

Talking and encouraging them from a young age really does change the way they make money and do business.


Zandi's
Terrific Car wash
Small cars- R40
Large cars- R60

Help your kids come up with their own business idea.
Use the template below. Then get them to design their own marketing poster like zandi's above.

Your Business Idea**	
NAME OF BUSINESS:	
IDEA:	
WHO I AM GOING TO SELL IT TO:	
HOW I AM GOING TO TELL PEOPLE ABOUT IT:	
THINGS I NEED TO START MY BUSINESS:	
WHERE I WILL GET THE MONEY TO START:	
HOW MUCH I WILL CHARGE MY CUSTOMER:	

Teach your kids to save for a goal. Calculate how much they need to save in total and get them to allocate monthly amounts towards that goal.

Savings Sheet															
Details and Notes	**Earnings**	**Week 1**	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**	**Week 9**	**Week 10**	**Week 11**	**Week 12**	**Total**
My Dream Item															

CHAPTER 8

What Should Your 10 to 12 -Year-Old Know

“Debt is the slavery of the free.” - Publilius Syrus

At this age, children want to grow up, and fast. They want to make their own decisions about many things and you need to snip the apron strings and let them take some of the control. They will be looking for reasons to choose playmates. And belonging to a group is at the top of the list of things to tick off to get closer to adulthood. A few years ago, they would play with whoever was around. Parents would choose their children’s friends depending on their own group of friends. You plan for play dates with your friend’s kids on the weekend and the rest is history, right!? Well, it stays that way for a while, but once they reach ten-years-old, they make new friends depending on what they think is best. Parents will no longer have any bearing on what peers they choose to befriend at school and in other social situations thereafter. You may have an opinion on every single one of their friends, but you cannot be omnipresent in every aspect of their lives to prevent them from being together at every turn.

Parents can use their kids’ need of being selective with their friends to their advantage by applying it to their financial training. Delving deeper into financial concepts that can benefit them in the long run is a great way to do it. Investing and compound interest are the two concepts that need to be priority. Start by pointing out to them the difference between saving and investing. At this stage, just having a savings account is simply not enough. They now know the rewards of saving their money in their respective savings accounts. Taking it a step further and teaching them importance of investing is the perfect way to gain their somewhat split attention. They can watch as interest accrues for simply leaving their money untouched. It may be similar to having savings goals, yet this time the goal is to gain more money in return for depositing it in there without withdrawing it over a long period of time.

They will also have already been exposed to plastic money by this age, either through you, their peers or school. It is dangerous to leave them exposed to misinformation from other people when it comes to debit and credit cards. Your child is in the outside world whether you like it or not. They get exposed to things that are unsavoury all the time and, unfortunately, parents cannot stop this from happening. The only way to control these unsavoury misconceptions from being the undisputed truth is to teach them constructive and accurate information about the different kinds of cards and the types of accounts available. Simply offer information from your own experience. You don't have to scour the inter-webs for an expert to help you get the point across. You can do it with the help of your own wallet - which will speak volumes. Sit them down and show them how plastic money has worked in your experience. Remove all your cards from your wallet and go over all the types you have and the ones you do not. Which ones are for debit, which are for credit, etc. Further explain the differences between them. Allow them to know how to use plastic money by letting them swipe for the items you buy during your next trip to the mall. Make a point of showing them what it means for your money when they swipe: Say something like, "Swiping this means that I am borrowing money from the bank or institution that gave the card to me and if I do not pay it back on time, they will charge me extra. So, paying it back on time is very important," when you use a credit card. If you decide to use a debit card, explain that the retailer or shop will instantly deduct money from your account. Further elaborate that swiping your debit card is like paying with actual cash without the hassle of carrying large amounts of it whenever you need to do some shopping. You can also explain how paying the accounts you have every month, in full, as well as on time is benefiting your credit score.

I did not know what a credit score was until I was drowning in debt and that was when I was in my twenties. The moment that I was privy to this thing, I made a vow never to let my kids go without this knowledge which could have saved me so much hassle. If my parents would have done me the same courtesy, I would have known what a credit score was and why it would be essential when I started to earn money of my own. How it is at a steady zero points when you do not have a history of debt to your name and either plummets or increases when you start to incur debt- good or bad.

It is very confusing to explain to your children how getting into something people constantly try to avoid is a good idea. Convincing them that debt is a good idea when it comes to one's credit score could even make you consider all the evil connotations that the concept of debt comes with. But going through the trouble of explaining its complexities will make a world of difference to your child in the future. It will influence how much debt they take on, the types of debt and the attitude they adopt when paying debt off.

At eleven they start to use logic in their argument for something important to them at that specific point in their lives. They see some advert on television of the latest gadget and they simply must have it. Per neurological research, the brain of an eleven-year-old is especially developing their judgment and decision making abilities at an accelerated pace. While it may drive me up the walls to be handed a bullet-point list ticking off why they need a Samsung S8+, I must admit that some part of me feels pride for the tenacity my son shows when he truly wants something. But this is also the perfect time to immunize against advertising – all parents' worst nightmare.

Due to your child's need to fit in with their peers at school and in all other social settings, parents should make sure to deal with this very sensitive insecurity before it gets out of hand. Advertising specifically appeals to the emotions of its customers to compel them to buy their sometimes very expensive products. These emotions are, in most cases, the insecurities that people feel the need to fix for them to be wholly accepted by their social group. Kids are constantly being bombarded with messages from everywhere about how they should do or buy to be considered cool in the eyes of society. From window displays at malls the family frequents, to the advert that you come across when watching television to the billboards you see when you drive down the highway when you take them to school, these messages are at every turn you take. I, myself, sometimes fall for it and it is okay to share this with them. That it is hard to do but worth putting in the effort to avoiding the trap brands create for us. Taking the time to bring your children back to earth is the only way to get them to understand that they can survive without so many unnecessary things, just as we did back in the day.

By going through a magazine together and pointing out the different advertisements for all the different brands out there, make it clear how they are trying to manipulate the emotions of customers to get them to buy more. Also, explain how these brands pay millions to make their advertising seem cool, thus revealing the connection they make wanting to buy that expensive Smart Phone they were so adamant they needed to begin with. Do the same thing whenever you watch television and ensure they do not fall for the brand-name trap just as so many have before them. Also, lead by example by consciously making financial decisions based on logic and not on your emotions.

Demonstrating wise purchases is an important skill to have when you are an adult. You must buy a suitable home one day that is built from durable materials and will stand the test of time – and furniture that is of a high quality, lasting you years, right?! Well, this skill should be learned at a young age. They should learn, first-hand, that price is not always the determining factor in their buying decisions. That the key is to opt for smarter purchases rather than just the most appealing or the cheapest items in the shop. At twelve, parents should start training them to make their own wise purchasing decisions. They should now be encouraged to buy their own clothes and choose items so they can start discerning when to go cheap and when to buy quality items - and how to spot the difference between the two. Take your kid shopping and give them some buying power under your supervision. At the store, pick out both the cheaply-made item and its higher quality alternative and explain how they will tell the difference – using one's sense of touch to feel the fabric and cut of the items chosen. You can also give them scenarios of when to choose the cheapest option or the higher quality brand. You can explain the staple clothing items needed for going to church, functions, work and other important social events will need to be of a higher quality compared to clothing that you wear daily when you are at home or around friends.

ACTIVITIES

There are two different types of debt: good debt and bad debt. But can your child tell the difference? Test them using the diagram bellow. If they still don't get it, you can simply try another way of explaining the differences.

Topic 1: Debt

Q: What is debt?

Q: How do people get into debt?

Q: Is there such a thing as good and bad debt?

Good Debt

Good debt can be seen as an investment. We borrow money to buy these in the hope that one day they will increase in value or generate an income. Property is a good investment that can potentially grow in value and bring in extra income. The interest rate is also usually lower.

Examples of good debt:

- Houses
- Student loans
- Investing in your own business
- A car you can afford. (It will help with travel to work)
- Paying money into your credit card

Good debt is needed but cannot always be paid for in cash

Bad Debt

Bad debt is seen as purchases you have made that decrease quickly in value. It also usually has a higher interest rate, such as credit card debt.

Examples of bad debt:
- Luxury car you can't afford.
- A luxury holiday you can't afford.
- High clothing accounts
- Borrowing money to pay existing bills.

The reality is that most people would not be able to live without some form of debt. They would not be able to pay off their house or car and many people would not be able to study at university.

It is very important to ask yourself a few questions before you buy something on credit
1) Can you afford it? This will ensure you can afford monthly payments
2) How will you pay for it? Credit cards, loans, savings
3) What will the consequences of buying it be? It could mean that a portion of your money that previously went into savings will now go into paying off your debt

Good choice, bad choice

Ask your kids which of these are good and bad debt choices.


Lawn mower to start a garden service


Expensive car


Skate board


Cleaning supplies for car wash


House


Expensive holiday paid for with a credit card


Play station


Camera to take wedding photos

Whichever debt choice you have chosen to take on there is only one way to get out of it if you find yourself facing being blacklisted – and that is to budget out of debt. By doing this you can rectify your credit score and get off the dreaded blacklist that hinders you from getting any more credit from credit providers. By simply including your repayment instalments in the expenses column, you can steadily get yourself out of the debt trap. You can use the table provided below to get started.

Income	Amount (R)	Expenses (Include savings & donations)	Amount (R)

Total income:	R
Total expenses:	R
Total amount saved:	R
Total amount donated:	R

Investment is the next step in making money work. Parents would want to use that as a starting point, but they must remember that their kids speak a totally different language. So, keep it simple and explain that investing is just a way of using money to create more money. Go over the risks and rewards of investing and include discussions about not putting all your eggs in one basket. By talking to them about your own investing plans, why you are investing and how it will benefit you in the future. Also, share your past experiences of the mistakes you have made and show them, in real time, how you're putting to work the lessons you have learned. You can even engage them in investing activities by investing into a stock and tracking its progress together. See below some investing terms you can start to teach them about.

Investing

Q: Types of investing – Stokvel, stock market, bonds, unit trust etc

A: Bonds, Stock Market, Mutual Funds, Forex, Gold, Real Estate, Bank Savings, Team Deposit, Shares, Management Funds

A: Give names and descriptions of the above ways of investing. I want 6 different options

Mutual Funds

A mutual fund is a collection of stocks and bonds. When you buy a mutual fund, you are pooling your money with a number of other investors, which enables you (as part of a group) to pay a professional manager to select specific securities for you. Mutual funds are all set up with a specific strategy in mind, and their distinct focus can be nearly anything: large stocks, small stocks, bonds from governments, bonds from companies, stocks and bonds, stocks in certain industries, stocks in certain countries.

Forex

The foreign exchange market, also called the currency market or forex (FX), is the world's largest financial market, accounting for more than $4 trillion average traded value each day. Comprised of banks, commercial companies, central banks, investment firms, hedge funds and retail investors, the foreign exchange market allows participants to buy, sell, exchange and speculate on currencies.

Bonds

When you buy a bond, you lend money to a government, council, or company. In return they promise to pay you a certain interest rate – called a coupon. Bonds are different from a term deposit in that you can sell them. You don’t have to hold them till ‘maturity’ – the date you get your money back. However, the price you will get if you sell your bonds early can go up or down.

Stock Market

The market in which shares of publicly held companies are issued and traded either through exchanges or over-the-counter markets. Also known as the equity market, the stock market is one of the most vital components of a free-market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership in the company. The stock market makes it possible to grow small initial sums of money into large ones, and to become wealthy without taking the risk of starting a business or making the sacrifices that often accompany a high-paying career.

Real Estate

A REIT is a type of security that invests in real estate through property or mortgages and often trades on major exchanges like a stock. REITs provide investors with an extremely liquid stake in real estate. They receive special tax considerations and typically offer high dividend yields.

Shares

A unit of ownership interest in a corporation or financial asset. While owning shares in a business does not mean that the shareholder has direct control over the business’s day-to-day operations, being a shareholder does entitle the possessor to an equal distribution in any profits, if any are declared in the form of dividends. The two main types of shares are common shares and preferred shares.

Q Why do we invest?

A: One of the most compelling reasons why people invest is because they do not want to be working for the rest of their lives. There are only two ways to invest and make money and that is by working for it or having your assets work for you, if you keep your money in a place where it is going to grow and work for you like investing it rather than keeping it in your back pocket. By investing your money, it's going to generate more money for you by earning interest

Q: Investment brokers – what are they and why use them

A: People who bring together buyers and sellers of investments. They usually are required to be licensed to act (meaning the law must not be against them) on behalf of buyers and sellers of stock. They charge the people they work for, money on trades that they execute on such instructions from buyers and sellers. Many investment options require that you negotiate your trades or buy and sell through a broker. A broker is essentially an intermediary between you and the investing world.

CHAPTER 9

What Should Your 13 to 16 -Year-Old Know

"If a man empties his purse into his head no man can take it from him. An investment in knowledge pays the best interest." – Benjamin Franklin

It's their first day at school. Yes, they are finally teenagers in high school. They feel grown up and want to do grown up things like go out to movies with friends on the weekend and go to that friend's birthday party with present in hand and a good time ahead. But teenagers want to do very social things without the financial burden. They simply expect their parents to lug around the financial stress of them having a good time. Let's face it, when they get to high school, their social lives increase. And these social lives need money to fund them. Teaching them to take responsibility for their outings can be a reality check they really need to see how much they do spend when it's someone else's money. It's really easy for teens to get into the habit that mom and dad will pay for all of it. It's up to the parents to break this bad habit and fast.

At this stage in their lives, they also keep things from you. They want to keep their personal lives private and would rather hear their friend's advice over yours. There are some secrets that do involve you and your wallet, however, and those are the secrets that involve 100 percent of your financial intervention and zero percent effort on your child's part. I've been there myself. My fourteen-year-old came to me one day and told me he wanted to move out.

My oldest is turning 15 this year and, I must say, the listening skill is waning on his part. You know how teenagers are; they tend to rebel here and there. Picking my battles is what I do with my son when he seems to want to get out of doing something. One of said battles is the wars of finances. Recently, he racked up a R1200 phone bill in the short period of three months. This was very shocking to me that he would rack up such charges without any effort on his part. So, I set him to work in his first ever job.

I had my first job at fifteen and it was only because of circumstances forcing me to earn money by working full time. It was important that I separate his job and the chores he did around the house. I did not want him to believe he was entitled to money just for helping around the house – though that is his mentality. I wanted to change his mentality from entitlement to one where he saw that he had to work hard to get what he wanted. I needed him to see that things don't just come to you for just breathing but because of hard work and sweat. I wanted this job to be separate from anything to do with his everyday routine and something that he could see himself doing once he finished school. I may own my own businesses but I did not want to wear the mom and boss hat at the same time and believed that I wouldn't treat him as his future employer should because I am his mother.

Having him working to pay off the costs he incurred for his mobile phone was a great way to teach him responsibility. He even came to me and told me how he never really understood the value of money until he had to work to pay off R1200. Whether babysitting for a friend or cleaning the neighbour's garden, let your child feel his own power to make money and the freedom that comes from making his own financial decisions with the money they have earned. Make sure to emphasize with specific examples of how everything you buy can be measured with time. For example, if your teen wants a R150 brand name t-shirt, explain that they would have to babysit for 15 hours at R10 per hour to afford it.

Letting your children hold down jobs during the holidays with other family members that live different lives than you provide at home is an effective way to get them to really appreciate what both parents do every day to keep everything going. Even walking the neighbour's dogs around the neighbourhood will work wonders in terms of how they see money. It also gives them an independence that cannot be replicated anywhere else in their lives. Psychologically, their confidence in their abilities to earn money in the real world will be boosted.

The time it takes to compound an investment, and produce substantial returns, offers a real-world lesson in how money grows.

Accounting and mathematics are subjects that deal with compound interest at different levels. Demonstrate the power of investing over time via compounding by helping ‘homework’ that deals with the specific subject. Doing this will help them fully understand that if they start to invest at a young age, this will allow them to witness their money’s exponential growth.

At age sixteen, finding balance is very important and research has shown that this is one of the first priorities to be neglected when stressed. High school is a pivotal time for this age group. Teens tend to be unbelievably busy all the time with sports, extracurricular activities, homework, and extra classes. This is a good thing as they are learning responsibility, but it is also dangerous because they may not be able to handle all the pressure. Even adults can also be overwhelmed by trying to balance everything that goes on in their daily lives. I, myself, had burnt out by working too hard and trying to be supermom and have a social life at the same time. Leading a balanced life is especially important because it will help them concentrate on all the important aspects of their lives that keep it going, and more especially their finances and any other financial risk they may have taken.

Investments are a great way to make money over a long period. An investment, as per the dictionary, is something that is acquired with money that is expected to produce income or profit over time. Yet even most adults stray from it, not because they want to, but due to fear and lack of knowledge. This fear can trickle down to your kids as they also learn from what they see. You can show them, through your own experience, how the investments work and why people invest in the first place.

Your kids would have heard of this concept by now. Firstly, there are three types of investments: ownership, lending and cash equivalents. Ownership investments are what comes to mind for most people when they think “investments.” This type of investment is the most volatile and profitable class of investment. These investments denote that you must own a portion of or the entirety of the entity in question. Stocks, businesses and real estate are just a few of the many examples of ownership investments.

Lending investments are the second type of investments. This type allows people to be the bank. They are lower risk than ownership investments, thus producing less returns. A regular old savings account and bonds are two examples of lending investments. Saving your money with the bank means you are essentially lending money to it, which is then used to dole out in the form of loans to other customers. The third and final type of investments is cash equivalents. These are investments that are as good as cash, meaning that people can convert it back into cash quickly.

By investing their hard-earned money, they will experience all the common ups and downs of it when you let them do it for themselves – under your watchful eye of course. They will learn that volatility is normal and knowing this, and investing through it, will keep emotions in check when investing at an older age. One of the biggest things that people have been investing in the past nine years is Bitcoin - a cryptocurrency that is looking to replace the concept of traditional money. It is a borderless currency and is subject to very few rules and restrictions from central or other banking institutions. People are buying this ‘internet money’ with their physical money as they see it as an investment that will pay out even more money in the future. This cryptocurrency is increasing in value at an accelerated rate annually and everyone is noticing. Bitcoin, in this case, would be a great example of a cash equivalent investment as you can convert it back to cash quickly using either various apps available throughout the market or a card that allows you to withdraw your bitcoin in the form of actual money. This type of innovation is displaying to us how money has and continues to evolve over time.

ACTIVITIES

Before your teen can even think about investing, they should work at earning their own money. They most definitely want to buy the clothes that they like and any other things that take their fancy. This is their time to show responsibility and showcase their financial independence whether they like it or not. My oldest son costs us R400 a weekend, every weekend, with his social responsibilities. There are odd jobs that your teen can do efficiently at their age. I am a pet lover and have two dogs, “Nicky and Kilo” that need exercise now and again.

Dog walking is a great first job for your teen. And a dog needs walking all year round. Making sure they feel comfortable with the pet before taking the animal for their first walk is imperative. In addition to dog walking, they can also offer to pet-sit for owners that are away on holiday. Another job to consider is for your teen to work for you if you own your own family business. It will depend on the parents’ level of comfort to be able to treat them as an employee. The job description will depend on the type of business you run. You can have them help with filing papers, mailing letters, and other office work. In addition, parents can work around the school schedule with flexibility and without interference with school work.

Make a list of job types your teenager can do these holidays.

CHAPTER 10

Conclusion

So, in conclusion what are we trying to say?

It's never too early to start educating your kids about finances, money management and entrepreneurship. It can be too late if you don't get involved from a young age. The world is changing at a rate of knots and what we know of money today will not be the same in 20 years, just like it has changed for us in the last 20 years. If I think back to when I opened my first bank account, I had to go into the bank with my mom who had to sign on my behalf. I got given a cheque book and a cash card to draw money with. There were no such things as debit cards back then. Today it is as easy as the touch of a button. Simply popping onto my online banking profile will allow me to open bank accounts for all my kids in minutes. I can deposit and check on them as often as needed. And when they need cash and they don't have their card with them, I can send them money using e-wallet. Technology has changed how we live, spend and bank. Look at the revolution of crypto currency. Bitcoin is the most well-known and used crypto currency. This currency is not governed by a bank. This is how quickly things are changing already.

Don't make money a dirty subject that no one talks about. Don't indoctrinate them with silly sayings like "money is the root of all evil" Money is not evil, people who don't have it say that. Teach them that money is easy to make, and it needs to be respected and looked after. You can live the life of your dreams you don't have to live the life of your means.

Talk about how much you make and how much you spend. Show them your budgets. So, when they ask for that luxury item you can say look at my budget, we can't afford it. That normally ends the begging and pleading quickly. Don't be afraid to let your kids know your financial situation. It will teach them to respect and understand money.

I hope you all enjoyed reading this book as much as I loved writing it. We are always available if you need assistance with lesson for your kids. You can always reach me on kathryn@moenysavvykids.co.za
Have a Money Savvy Life!

Kathryn Main

Wife | Mother | Entrepreneur | Author | Money Savvy Woman

CHAPTER 11

MSK curriculum

Grade 0

- Introduction to money
- What do we need money for?
- Why do we have jobs?
- Banks and banking
- Saving money
- Investing money
- Donating

Grade 1

- Introduction to money
- What do we need money for?
- Why do we have jobs?
- Banks and banking
- Saving money
- Investing money
- Donating

Grade 2

- Introduction to Money Savvy Kids
- Talking about money
- Banking, keeping money safe
- Donating
- Saving and saving goals
- Earning / pocket money
- Understanding needs and wants
- What is a bank account
- Debit and credit cards
- Profit

Grade 3

- Introduction to Money Savvy Kids
- Talk about money
- Ways to make money / entrepreneurial project
- Saving
- Donation
- Saving for retirement
- Spending and earning
- Needs and wants
- Banking
- Debit and credit
- Profit and loss

Grade 4

- Introduction to Money Savvy Kids
- Borrowing and lending
- Basic investing
- Taxes
- Profit and loss
- Budgets and budgeting
- Payment methods
- Bank accounts
- I am a consumer

Grade 5

- Introduction to Money Savvy Kids
- Talk about money
- Saving and saving goals
- Spending and different ways to pay
- Debit cards and credit cards
- What is debt (Good and bad debt)
- Managing debt with budgets
- Budgets, fixed and variable expenses
- What is insurance

Grade 6

- Introduction to Money Savvy Kids
- Saving and scams
- Insurance
- Taxes
- Financial records and lists
- Currency and foreign exchange
- Debt - liabilities, capital and assets
- Savvy spending
- Interest
- Interest

Grade 7

- Introduction to Money Savvy Kids
- Savings/stokvel’s
- Crowd funding
- Insurance and Assurance
- Currency - Foreign exchange / crypto currency
- Loan and debt interest
- E-trading
- Work project / production
- Business Toolbox - Entrepreneurial project