

GETREADY!

MINNESOTA
OFFICE OF
HIGHER
EDUCATION

reach higher

Parent Guide

Exploring Money Concepts with Your Child



Financing Your Future

This guide will let you know what your child is learning in school about preparing for high school graduation and further education. It will also support you as you help your child prepare for the future.



It is important for you to work through this guide for several reasons:

- It shows your child that you care.
- It tells your child, “I expect you to succeed in school and in life. I expect you to go on for more education. I know you can do it.”
- Research shows that when parents pay attention to what goes on in school, their children do better in school and have a more positive attitude about it.
- Having high expectations for your children will help them make better choices during their teenage years. They are more likely to stay away from drugs and violence. They are more likely to get good grades.

Some points to keep in mind:

1. Your child is unique. There is no one else on this planet exactly like your child.
2. The best career for your child is the one that suits him best.
3. There are many different ways your child can reach his or her dreams.
4. If a plan is not working, don't give up.
5. Let your child know that you will be there to listen and help.
6. Believe in your child. Show your child you care. Work together.

Important terms

Budgets: a plan to estimate income and expenses for a period of time that help you decide on spending and saving priorities.

Compound interest: money earned on the initial amount deposited and on the interest you already earned.

Debt: money you owe to someone else, usually through loans or credit cards.

Impulse buying: when you buy something you want on the spur of the moment.

Interest: money a bank pays you for allowing them to use your money while it is in a savings account.

Needs: items required for day-to-day life like clothing, food, and shelter.

Simple interest: money earned on the amount you have deposited in a savings account.

Wants: items you simply desire but do not actually need.

Money Basics



Sixth graders may be too young to have full-time jobs, but they are not too young to be “money smart”.

Students at this age can learn to plan ahead to figure out what they will want to do with their money. They can learn to set priorities. Then, they can earn and save money in order to afford the things that are important to them.

Some things that sixth graders can do to get money include:

- Receive money as a gift
- Work (baby-sitting, cleaning, mowing lawns, shoveling snow, tutoring, washing windows, walking dogs or raking leaves)
- Sell things (running a lemonade stand, having a garage sale)

Parent Activities

- Use words at home that help your child get into the habit of making good spending decisions. Try working want, need, decision-making, good buy and value into conversations with your child.
- Think back to your teenage years. What do you wish someone had taught you then about money that you can teach your child now?
- Imagine your child on the day he retires. He is talking to a friend, explaining that the reason he can retire comfortably is because his parents taught him how to save and manage money. What examples does he give about what you taught him?
- What would you do if someone gave you \$10,000 tomorrow? What about \$100,000? A million? What are your money priorities beyond meeting basic needs?

Activities to Do with Your Child

- Help your child learn by making your own spending choices clear. When grocery shopping, let your child know why you buy a certain brand. Show him how you look at the price per ounce printed on the label or how you compare prices. Explain how buying groceries in bulk can save money.
- Show your child that it makes sense to buy used items when they are in good condition. Let your child see how much her money buys at a consignment store or garage sale rather than at a store that sells only new items. Teach your child how to decide if secondhand items are in good shape.
- Help your child find ways to earn her own “spending money” for non-essential items, like movies, candy or shopping. Get your child in the habit of setting aside some of what she earns for the future. Your child may be able to find paid work babysitting, shoveling, dog-walking, doing yardwork, or helping an elderly person. She might be able to help you more in exchange for an allowance.

Questions to Ask Your Child

- Is that item something you need or something you simply want?
- How much money do you have in your savings jar? Let’s count it.
- Which do you think is better, this (holding up one item at the store) or this (holding up another)? Why?
- If you had a \$1,000, what would you do with it?

Helping your child learn money basics is an important thing to do.

In the next section, you will do more money management activities.

Money Management



When you plan ahead of time how to spend and save your money, you are doing money management. You can help your child:

- Keep track of how much money is spent on different types of items
- Develop good spending habits
- Learn about bank checking and savings accounts, deposits, and withdrawals
- Learn that saving in a bank or special account is a good way to make the most of one's money, because money in a bank earns interest
- Understand the benefits and dangers of debt

Parent Activities

- Help your child get used to the idea of money management by using words at home, such as budget, credit card, debt, expenses, impulse-buying, income, interest and saving.
- Let your child know when you really want to get something on the spur of the moment but resist making an impulse buy. Later, tell your child why you are glad you waited.
- Learn about interest, which is money a bank adds to a savings account because they borrow that money to make more money. You can take a community education course or learn more online.
- Put yourself on a budget. Make a list of different kinds of things for which you spend money, such as rent or mortgage (money paid to the bank for a home one owns), food, health care, utility bills (like gas, electric, and phone), clothes, savings and entertainment. Write down how much money you think you will make over the next month. Estimate how much you will have to pay for each kind of expense. Now, try sticking to the budget.

Activities to Do with Your Child

- If you have a checkbook, show your child how you write a check. Show how you keep track of what you spend and figure out how much is left in your account.
- The next time you get a credit card offer in the mail, review with your child all the rules in small print. Do some math together to figure out how much you would owe if you spent \$100 one month and did not pay it back right away. How much would you owe if you still had not paid after a year?
- Shop around. When you and your child decide that you want something like a special pair of shoes or a new video game, call a store to ask how much they charge for the exact item you want. Your child can listen. Then, it's your child's turn to make a few calls. Buy from the store with the best price.
- Help your child keep a budget. Give your child a fixed amount of money to buy things. Tell your child how much money he has to spend in each category over a certain time period, such as a week or a month. Ask your child to keep track of budgeted amounts and how much he spends during that time. At the end of the budget period, go over the budget with your child. See how your child did and talk about how he could do better.

Questions to Ask Your Child

- If your child tries following a budget:
 - What was it like to follow a budget?
 - Was your budget plan realistic? If not, how much would you budget in the future?
 - How was it different for you to be on this budget and make your own spending decisions rather than to have me buy everything for you?
- How much do you think we will spend for a movie and treats?
- Did you call or go to a few stores to make sure this store has the best price?
- Do you want it enough to save money for it? What will you do to get the money you need or what will you not get in order to save money for this?

Your child is learning money management skills that will be useful for a whole lifetime.

Look at the last section to learn how to prepare your child to start thinking about future choices.

Future Choices



Your child has many choices ahead: what classes to take in high school, when to start a summer job and how much time to spend on different activities.

When it is time for you child to choose a college, she will have many questions to consider: Am I interested in a two-year school or a four-year college, living in a big city or a small one, staying on campus or at home, or going to a big school or a small one?

As your child goes through life, the college, family and job choices he makes will depend on his goals and values.

Parent Activities

- What ideas about money do you have that you want to make sure to pass on to your children?
- What did your parents do to help you make good choices? Are there any ways you could do better than your parents now that you have a child?
- Picture your child as an adult 15 years from now. What will your child's life be like? (Remember, this is just for fun. You can do this exercise as many times as you like, imagining different possible futures for you child—a pro football player, a teacher, a NASA engineer). What does your child do for a living? Where and how does your child live? How much education does your child have? What did you do as a parent that helped your child get where he is in life?
- In 20 years, what do you think will have been the three most important things you have done to help your child build a successful future as an educated, happy person who enjoys her work and can afford what she wants and needs?

Activities to Do with Your Child

- Ask your child to pretend with you that he is a senior in high school. It is time to choose a college. He needs to think about what is important to him. Does he want to live at home, in a dormitory, or in an apartment? Does he want to go to a two- or a four-year college? Does he want to stay in Minnesota or go to school in another state? Does he want to go to a big or a small school? To a college in a city or a small town?
- Ask your child to pretend with you that she is an adult with children. Your child calls you, the grandparent, to talk about what is going on with your sixth-grade grandson and what she is doing to encourage, discipline, interact with, or help him.
- Sit down with your child, each with a piece of paper and a pen. Have both of you write down three rules that he thinks would be good to follow for a person's whole life. (Some examples may be to be honest with oneself, work hard and take responsibility for your actions.) Read and discuss one another's lists.

Questions to Ask Your Child

- Some day, when you have a job, do you want to work at night or during the day? Do you want to work mainly by yourself or with people? Do you want to work in an office, a hospital, a factory, a restaurant, a store, or some other place?
- What are your values?
- What do you think was the best choice you made this week?
- What will make you happy in life?

Congratulations on helping to build a solid future for your child!

College Costs and How to Pay



Different types of colleges cost different amounts. Private colleges usually cost more than public colleges (those funded in part by the state of Minnesota). Four-year colleges usually cost more than community or technical colleges.

Paying for college might seem overwhelming, but keep in mind that all the money does not have to come from you. There are several sources of money to help you pay for college:

1. **Income:** current money you are making
2. **Savings:** money set aside for future use, often from past income

Financial Aid

Colleges use funds from all available sources (federal, state, private, and the college itself) to create a financial aid package, which may include a combination of the following. The amount your child actually receives will depend on your financial situation, the availability of funds, state and school policies, and the number of students who need assistance at the school.

3. **Grants:** money given based on financial need; do not have to be paid back
4. **Scholarships:** money awarded based on academics, skills, talents, and cultural or religious background; do not have to be paid back
5. **Work Study:** money your child earns in college
6. **Loans:** amounts borrowed from a bank that need to be paid back with interest when your child is out of school

Other Options

7. **Military or Community Service:** can earn scholarships and other educational assistance
8. **Education Tax Credits and Deductions:** may help reduce your federal income taxes

Taken together, your child will have enough money to attend college.

About Us



Get Ready

The Get Ready program provides students with college planning information, academic skills and first-hand career and college experiences. The program helps to prepare elementary, middle and high school students to complete school and pursue post-secondary education. The Get Ready program is primarily funded by the U.S. Department of Education through a federal grant program called GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) and is administered in Minnesota by the Minnesota Office of Higher Education.

Minnesota Office of Higher Education

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to post-secondary education. The agency serves as the state's clearinghouse for data, research and analysis on post-secondary enrollment, financial aid, finance and trends.

The Minnesota State Grant program, which is administered by the agency, is a need-based tuition assistance program for Minnesota students. The agency also oversees tuition reciprocity programs, a student loan program, Minnesota's 529 college savings program, licensing and an early awareness outreach initiative for youth. Through collaboration with systems and institutions, the agency assists in the development of the state's education technology infrastructure and shared library resources.

This document can be made available in an alternative format to individuals with disabilities by calling (651) 642-0567.

Minnesota Office of Higher Education

1450 Energy Park Drive, Suite 350
Saint Paul, MN 55108-5227

Tel: 651.642.0567 or 800.657.3866
TTY Relay: 800.627.3529
Fax: 651.642.0675

E-mail: info@ohe.state.mn.us

www.getreadyforcollege.org
www.ohe.state.mn.us

GETREADY!

MINNESOTA
OFFICE OF
HIGHER
EDUCATION

reach higher