

Raising financially savvy kids

A guide to having financial conversations with your kids

You may know how important it is to teach your kids strong values. But when it comes to having serious financial conversations, many parents aren't sure where to begin.

We're here to help. The tips and questions included in this guide are designed to help you talk to your kids about money and financial responsibility. Introducing these concepts early can help your kids develop a foundation of financial literacy and build strong decision-making skills that carry through to their adult lives.

To get started, choose the section in this guide that's best-suited for your child's age group. In general, we recommend starting these financial conversations with slightly older kids. Remember, not every question will apply to your unique situation—the suggestions included here are simply meant to serve as a starting point. Once you've had a chance to review the guide, plan some time to sit down with your child and discuss some of these money lessons. This can be a fun way to connect with your kids.



Section 1: Pre-teens (ages 11 - 13)

As your children enter the pre-teen years and begin spending more time outside of your home, outside influences – such as friends and the media—begin to impact their perceptions of money. Along with greater physical freedom, pre-teens may start to crave more financial independence. This is a great time for you and your child to begin discussing topics such as budgeting, the importance of earning money, and the difference between needs and wants.

Topics for conversations with pre-teens



Needs vs. wants

- Think about the items you use every day, either at home or at school. Which items qualify as needs, and which qualify as wants? What's the difference between the two?



Budgeting

- What is a budget? Think about the things on which your family spends money each week or month. List some items that may belong in your family budget.



The basics of earning money

- Now that we've discussed the different types of expenses that go into a family budget, let's talk about earning money. How do we (parents) earn money? What are some ways you may be able to earn money, either now or in the future?

TIP FOR PARENTS:

If kids struggle to come up with examples, make suggestions that apply to them directly, such as:

- ☑ Do we need food every week to pack your lunch for school?
- ☑ Do we need money for the electricity that powers the lights and TV?
- ☑ Do we need to put gas in the car to drive places?



Section 2: Teens (ages 14 - 17)

The teen years are an important time for kids to learn more about taking financial responsibility. As parents, you're probably still responsible for the majority of basic needs at this point, including food, shelter, and clothing. But teens can begin contributing their own money to fund additional wants, such as expenses for cars or entertainment. As kids begin to desire more financial independence, you can talk to them about topics such as getting a debit card, opening a checking account, looking for a first job, and having a car.

Topics for conversations with teens



First debit card and checking account

- Having a debit card is a big responsibility. What are some things you can do to help keep the card – and your money – safe?



First job

- Let's talk about what your first "official" job may look like. What kind of job would you like to have? Some options may include bagging groceries at a local store, waiting tables at a restaurant, or working at a coffee shop.
- Once you start making money, what will you do with your weekly paycheck? Spend it right away, save for a special item you want, or put it into savings for the future?



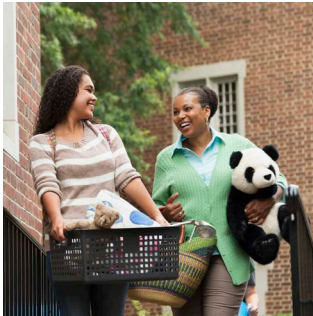
The responsibility of driving and having a car

- Let's talk about the costs associated with driving and caring for a car. How much do you think a new car costs? A used car? How much do you think insurance costs for a newly licensed teenage driver?
- Assuming that you're allowed to drive a car, how do you plan to cover day-to-day costs for things such as gas, tolls, parking, and cleaning?

TIP FOR PARENTS:

Kids may not know the answer to this question right away, so this is a great opportunity to educate them on best practices for their first debit card:

- ✓ At all times, keep the card in a safe and secure location, such as a wallet or purse that you plan to carry with you.
- ✓ A personal identification number (PIN) will be required to make some purchases. Select a number that's private and do not share it with anyone except a parent.
- ✓ When you make a purchase with a debit card, the money automatically comes out of your account. It's important to review card statements regularly to make sure that the correct amount was withdrawn from your account and that all of the transactions are yours.



Section 3: College kids/young adults (ages 18+)

In the early adult years, your kids may be preparing to leave home. Whether or not you plan to continue to support them financially beyond this point, you can instill important money lessons to help them adjust to adult life and begin responsibly managing their own day-to-day finances.

Topics for conversations with teens



Student loans

- Depending on the amount of financial aid and scholarships offered, you may have to consider taking student loans. Are you willing to take on the responsibility of student loans if you need them to pay for the school of your choice?
- Having student loans is a big financial responsibility that needs to be factored into your budget. How can you save money to pay back these loans, both during and after college?



Credit cards

- Let's talk about the responsibility associated with having a credit card. Do you know what it means to have "good credit"? How can you achieve a good credit score?
- What are some of the benefits of having a credit card? What are some possible pitfalls?



First lease

- Your finances are a key factor in making decisions about your first lease. Are you confident you'll have enough income to cover the cost of your monthly rent?
- After factoring rent and utilities into your budget, do you have enough to cover other necessary expenses, such as groceries and transportation?

TIP FOR PARENTS:

Kids this age may need more information about credit cards. This can be a great opportunity to go over some key benefits and precautions:

Potential benefits:

- ✔ Building a good credit score can help with future car loans or rental applications.
- ✔ A credit card allows you to access money quickly in an emergency.
- ✔ You may be able to earn rewards or cash back.

Potential issues:

- ✘ Overspending, late payments, or non-payments can negatively impact your credit score.
- ✘ Having too many credit cards may negatively impact your credit score.

Our team at Lincoln Financial is here to help you navigate each aspect of your financial life — and we know that parenthood is an essential part of your journey.

Having these financial conversations with your kids lets you take an important first step toward boosting your family's overall financial health. Teaching kids about finances from a young age also can be a great way to boost self-esteem, build strong decision-making skills, and empower kids to become the next generation of financially responsible adults.



Keep having these important conversations to build a brighter future for your family.

To access materials and learn more about raising financially savvy kids, visit LincolnFinancial.com/Retirement.

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