ColoradoKids
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Editor's Note: This week's edition of *Colorado Kids* was produced by Young Americans Center for Financial Education.

Money smarts for youth of all ages

April is Financial Literacy Month! With this spotlight, many organizations across the United States are rallying to help kids and adults gain financial literacy.

When a person has knowledge about how money works, why money is important, and how to earn, spend, save, and share money, that person is considered to be financially literate and "money smart."

Researchers have found that people who know more about money tend to be better at saving it and spending it wisely.

It is a good idea to have money saved to pay for unexpected expenses. An unexpected expense could be a trip to the emergency room or a car repair. These purchases need to be made but weren't planned.

Having savings means that a person can pay these expenses without borrowing money from a bank, financial institution or family member—money he or she will have to pay back later.

Another benefit of financial literacy is people who know more about money tend to be better at planning for the future. They might be more comfortable investing their money, which is a risk, but it has the potential to earn more.

People who know more about money tend to be better at planning for the future.

Or, they might be better at budgeting their money, meaning they plan ahead to make sure they don't spend more money than they earn.

Just like learning how to read or how to ride a bike, learning about money takes time. It is not something that happens all of a sudden, and it takes practice to get it right. That is why learning about money and starting to use money in a responsible way at a young age is so valuable.

Learning about money and starting to use money at a young age is valuable because it allows time to develop responsible money habits. ***Photo courtesy of Young Americans Bank.***

"A good place to start is to have a conversation about the difference between needs and wants as a family," says Rich Martinez, President and CEO of Young Americans Bank and Center for Financial Education in Denver. He encourages families to make a list of all the purchases made in the course of a week and categorize the list into needs and wants.

Needs are items that must be purchased to keep a family safe and healthy. Wants are items that can be purchased if budget allows. "The next time a family members asks to buy something, ask if that purchase is a need or a want," says Martinez.

Included in this special edition of Colorado Kids are additional ideas to help young people and their families start a journey towards being money smart. Young Americans Center for Financial Education believes that youth are never too young to start learning about money.

Readers will find ideas for how to earn money as a kid that go way beyond just opening a lemonade stand. There are tips to help individuals and families save more by setting short- and long-term savings goals. Finally, readers will find inspiration for donating time, talent, or treasure to help better the community.

This Financial Literacy Month, commit to working towards a financially-literate future.

Five reasons to keep money at a bank

There are many of reasons why it is better to save money at a bank or financial institution instead of at home, and five are included here.

SAFETY – Most banks have deposit insurance through the Federal Deposit Insurance Corporation (FDIC), which insures account holders against the loss of their money up to a specified limit. If a person saves money at home and something happens to it, the money is gone. But if a person opens an account at a bank and the bank experiences a fire, flood, or robbery, the customer will still has his or her money.

INTEREST – Banks pay customers to keep money there! That money is called interest. Because the bank uses the money put into savings accounts to loan money to customers, the bank pays interest to savings account customers.

RECORD KEEPING – Statements from the bank provide a record of transactions, and customers can check their balance online any time. It is a good idea to double check the balance against a register at home, however, to make sure there isn't a mistake.

BUDGETING – Storing money in the bank helps people save for long-term goals. A bank helps track deposits and withdrawals because these are each included on monthly or quarterly statements the bank sends to customers. Since money in a bank is also less accessible than money kept at home, many people find it is harder to spend on impulse.

A customer makes a deposit at Young Americans Bank, the only bank in the world specifically designed for youth under age 22. Opening a savings account helps keep your money safe and can help you save more. ***Photo courtesy of Young Americans Bank.***

EMERGENCY – Savings can be used in case an emergency occurs and a person is short of cash.

Not only does a savings account encourage people to save more, but it also provides safety and security. There are many options for where to open a savings account. These considerations are important to keep in mind:

- Make sure your bank or financial institution is insured by the FDIC.
- Check and ask questions about any fees associated with your account so that you aren't surprised later.
- The more convenient your bank or financial institution is, the more likely you are to utilize the services.
- If the bank or financial institution has a minimum balance for an account, ensure you have enough money to meet the minimum. Also ensure you can comfortably meet that minimum in the future.
- Although many banks have products and services for youth, there is also a bank in Denver specifically designed for young people: Young Americans Bank. Find more information at **https://yacenter.org**.

Instead of keeping money in a piggy bank, it might be time to move it to an actual bank!

Entrepreneurship inspiration for kids

With summer just around the corner, it is a great time for kids to think about how to earn some extra spending money.

There are so many ways to be a young business owner, and here are some ideas for inspiration.

Neighborhood Game Night – Organize games for neighborhood kids to come over and play…for a small fee.

This can be executed with little or no expense. Use games already at home, and design and print fliers on a home computer or at the local library.

Popsicle Stand – Tired of the same old lemonade stand? Why not try a popsicle stand!

The process is simple and inexpensive, and the product will be in high demand on hot summer days.

Bike Accessories – Help neighbors and friends make their summer wheels even better with streamers, spoke decorations, seat covers, or bells. Pinterest is a great crafting resource for this.

Save money in your start up costs by thinking about ways to use materials in multiple products.

Tutoring – Help younger kids learn new skills. Start by making a list of everything you're really good at. Be creative and think beyond the classroom. Maybe you're a great soccer player? Could you teach your cousin how to make tacos?

Young entrepreneurs Charlie and Sam Warren started their own toy company called Knot It. ***Photo courtesy of Young Americans Center for Financial Education.***

Event Planning – Chances are, someone in the neighborhood is throwing a birthday party/pool party/ block party/4th of July party this summer.

Do these people need help? Perhaps they need invitations, party decorations, party favors, or even help at the event in the form of a babysitter or food assistant (someone to refill food/beverages as needed)?

Qualified youth should reference past experience when pitching their services.

Recreation Rental – Try renting out fun summer recreation equipment. If a tennis racket sits idle most days, could it be loaned out when not in use?

And, here are some other items to consider: bikes, skateboards, boogie boards, stand up paddle boards, pool toys, lawn games, binoculars…the list goes on.

General Service-based Business – These might not be "new and different" but they can still earn some money. Traditional summer jobs like babysitting, mowing lawns, walking dogs, watering plants, and bringing in mail/newspapers for someone on vacation are a great thing to try if running a business is a new endeavor.

Start small, with just a few clients. Then if the project goes well, encourage clients to tell their friends about your business.

What are you waiting for? Why not give business ownership a try this summer.

Save more with savings goals

Set short- and long-term savings goals to help save more money. ***Photo courtesy of Young Americans Center for Financial Education.***

Think about the things we try to do every day--brushing our teeth, eating vegetables, going to bed on time. These things help us and our bodies stay healthy. When we get sick, doing these things help our bodies get better faster.

Saving money is a way to be financially healthy. When a person sets money aside, she ensures money is there when she really needs it.

By starting to saving money at a young age, youth develop a habit that will help them be financially healthy as an adult, too.

Four in ten Americans do not have savings. They can't cover a $400 unexpected expense—less than a set of safe tires or a doctor visit–without borrowing money. Many of these people can't afford to pay back the money they borrow to pay these expenses.

Even though it is important, setting aside money for saving can be difficult. When a friend receives a new toy or video game, it is tempting to spend savings on that item, too.

By setting short-term and long-term savings goals, it becomes easier to save. With a goal in mind, it's easier to think about an item that is truly desired and forget about an impulse purchase.

Here's the difference between these two types of goals:

SHORT-TERM GOALS

A short-term savings goal is something one could purchase in the next few months. These items are usually smaller purchases–maybe a ticket to go see a new movie, a birthday present for a sibling, or some spending money for a family vacation. Short-term goals are somewhere between $10-$50.

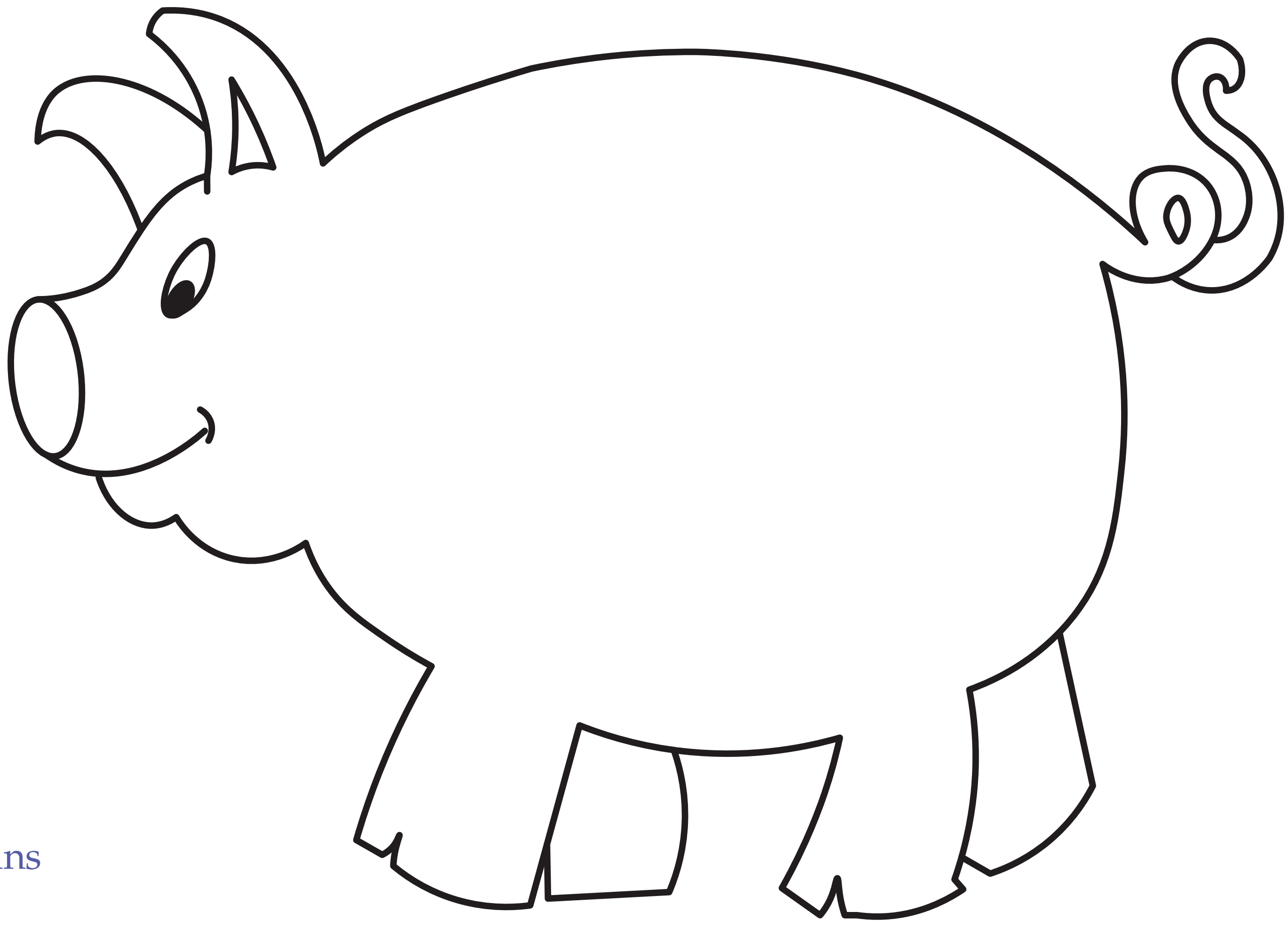
LONG-TERM GOALS

A long-term savings goal is something that will take a few years to purchase.

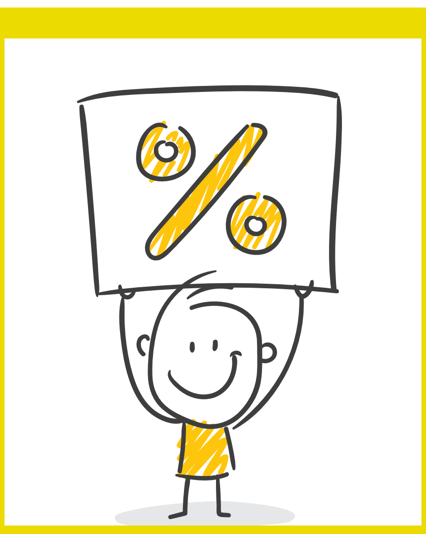
A large Lego set or an upgraded bicycle are two examples of long-term goals, which are typically over $100. Long-term goals can also be many years away–a car or a college education. Start planning for such long-term expenses when you are young.

Ready to start goal-setting? Use the space below to help. Once short- and long-term goals are set, sharing them with a friend, a family member, or even a teller at a bank or financial services institution can help goal-setters in their journey.

What I'm Saving For



The good and the bad: defining interest



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Interest is the money paid or earned related to the privilege of using money.

Sometimes interest is a good thing: banks pay customers interest for keeping money in a savings or checking account.

On the other hand, interest can be a bad thing: a credit card holder pays interest to a credit card company if he can't pay the entire credit card bill in one month.

The amount of interest paid or owed depends on the interest rate, which is a percentage set by the financial institution.

For a savings account or checking account, a higher interest rate is a good thing. For example, a customer who has $100 in a savings account with a 5% interest rate will earn $5 every month. If the account had a 3% interest rate, she would only earn $3 every month.

For a credit card, a higher interest rate is a bad thing. For example, a customer who has a $100 bill with 7% interest owes $107. A customer who has a $100 bill with 10% interest owes $110.

Before you open a new account or a new credit card, make sure you know the interest rate. This knowledge helps you compare products and make an informed decision about your money.

Philanthropists share time, talent, treasure

It feels good to give. By shoveling a neighbor's sidewalk in the winter or holding the door open for a person walking into a store, doing something helpful releases endorphins that make a person feel happier.

Helping out members of the community is another word for being a philanthropist. Philanthropists share time, talent, or treasure to make the community a better place.

Young people of all ages can be philanthropists and share time, talent, or treasure.

Students from Graland Country Day School collected loose change to donate to local nonprofits as part of a program called Spark Change offered by Young Americans Center for Financial Education. *Photo courtesy of Young Americans Center for Financial Education.*

One way to share time is to volunteer. It takes just a moment to make someone's day, change a life, or change the world. Put a bunch of those moments together and volunteer for an important cause. Young people can read a book to a blind person, an elderly person, or another child, pull an elderly neighbor's weeds or shovel her sidewalk, take a disabled neighbor's paper and mail up to their door, or pick up trash while at the park or on a hike. There are all sorts of small tasks that just take a little bit of time.

Similarly, young people have many talents they can share with their community. Writers could tutor classmates or start or join a poetry club designed to help youth express themselves. Sports stars could offer their skills to help younger athletes. Musicians could share their talent through a community performance. Tutors don't have to be old to help others with their skills.

Finally, kids are not too young to donate. In fact, research supports why it is important to develop a community-oriented mindset at an early age. Kids learn even a small amount makes a big difference.

Before donating to a cause, research the organization to make sure money is being spent wisely. There are many online resources, but one website specifically for philanthropic kids is "Kids for Colorado Gives," created by Community First Foundation. At **www.coloradogives.org/kidsfor**, Parents and grandparents purchase a Giving eCard, and then kids use this card to donate to a nonprofit of their choice. The site is informative, fun, safe and kid-friendly. There's a quiz to help youth decide what kinds of programs interest them, there's a Giving Activity Kit for parents and educators, and every donation comes with a downloadable coloring page.

Whether a young person decides to give her time, talent, or treasure to help someone or something, that person is making a valuable contribution to the community.

Use the right type of plastic for your purchase

More and more people are using plastic instead of paper money to make purchases. Even though credit cards, debit cards, and gift cards all look the same, they are very different.

Credit cards allow a person to "pay later." When you use a credit card, you're borrowing money from the company that gave you the card. The company pays for the item you purchased, and then you pay the credit card company back at the end of the month. If you can't pay back all that you borrowed, you have to pay interest, which is an extra charge set by the credit card company called annual percentage rate or APR. Interest can add up quickly.

Card issuers, such as stores, banks, and credit card companies, decide how much money you are able to borrow, also called how much credit you have. This amount is based on your credit history, how good you are at paying back loans, your ability to repay, and how much money you have in your bank account.

A good rule to follow when using credit cards is not to spend more than you can afford to pay back by the end of the month. That way you won't owe the companies interest and you will build good credit at the same time.

Debit cards allow you to "pay now." When you use a debit card, you are actually using your own money from your checking account. Debit cards offer a convenient alternative to carrying cash or a checkbook with you. These cards only carry the information needed to pull money out of your bank account, and if they are stolen, they can be canceled. If your cash is stolen, you will probably not get it back.

Because this money comes directly out of your checking account, it is very important to keep track of how much money you're spending so you don't overdraw your account. Overdraw means to spend more money than you have, and banks usually charge you a fee when you overdraw.

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Gift Cards are "pre-paid." Many stores and restaurants offer cards in specific denominations for purchase which can then be used later to buy products or services from that store. Some gift cards allow the purchaser to re-fill the card when it is empty.

If you decide to pay with plastic, make sure to use the right kind of card.

Sudoku

				3	6
	1	6			
6		2			
				6	5
2			4		
4				2	

Rules: Every row across, every column down and each of the six smaller boxes must contain numerals 1,2,3,4,5 and 6, one time and one time only.
The solution to this week's puzzle is on Page 4.

Brainteaser

In celebration of Financial Literacy Month, the answers to this week's brainteaser all have to do with money.

1. This animal refers to a period of time when prices are rising in a financial market.

2. Money paid or earned related to the privilege of using money is called this.

3. Keep track of the money in your savings or checking account using this.

4. This term refers to the confidence in a borrower's ability to repay.

5. Credit cards have this kind of rate which is the amount you owe for borrowing money.

6. Using this kind of card makes it easy to use the money in your checking account without writing a check.

7. Being a philanthropist means sharing one of these three things.

8. This institution insures savings accounts in the U.S., usually up to $250,000.

9. This animal refers to a period of time when prices are falling in a financial market.

10. The first bank in the U.S. opened in this year.

(Answers on Page Four)

Take the quiz: Are you ready for credit?

Credit cards can cause trouble if the person using the card doesn't know exactly how they work.

To see if you are ready for credit, read through the following scenarios and put an X by anything that seems like a dangerous use of credit.

_____ 1. Monthly credit card payments equal half of a person's take-home pay.

_____ 2. Completing every credit card application that you receive in the mail.

_____ 3. Using a cash advance on one credit card to make a minimum payment on another credit card.

_____ 4. Receiving a letter that announces that your credit limit has been increased because you are a responsible borrower.

_____ 5. Opening new credit cards at a number of stores so that you can enjoy 10% off your purchase.

_____ 6. A late fee is charged on your credit card statement.

_____ 7. You can't find your monthly credit card bill so you decide to just wait and pay it next month.

_____ 8. You don't know how much money you owe on your credit cards.

_____ 9. Transferring your balances on cards with a high APR (annual percentage rate) to cards that have a lower introductory APR.

_____ 10. Purchasing a "fun-to-have" item because the store offered small monthly payments.

(Answers on Page Four)

Young Americans Center for Financial Education

Money Smarts for Kids. Money Skills for Life.®

This issue of *Colorado Kids* was produced by Young Americans Center for Financial Education in cooperation with the *Denver Post Educational Services*.

Young Americans Center for Financial Education is a nonprofit organization committed to developing the financial literacy of young people, up to age 22, through real life experiences and hands-on programs. The Center fulfills its mission by offering programs that complement and reinforce each other to build life skills, work skills and financial self-sufficiency. These include Young AmeriTowne, International Towne, YouthBiz, Money Matters classes, summer camps and more.

In addition, Young Americans Center houses the only real bank in the world for young people, Young Americans Bank, which shares the same educational mission of teaching children to be financially responsible. Since 1987, more than 800,000 youth have participated in the programs or bank.

Support for young entrepreneurs

YouthBiz, a program of Young Americans Center, provides year-round support for youth business owners, ages 6-21, including programming, retail opportunities, and the annual Spotlight on YouthBiz Stars business competition which awards cash prizes, up to $5,000.

Classes and resources

Through online tutorials, guided workshops, and downloadable content, Young Americans Center provides resources for parents and teachers looking to deliver a hands-on lesson in financial education at home.

For more information about any of these opportunities visit **https://yacenter.org**.

Six steps to help youth set a realistic budget

One way to plan ahead financially is to create a budget. A budget helps calculate how much money a person earns and how many expenses that person has every month.

Create a budget in six, easy steps:

1. Understand your current money situation by tracking how much you currently earn and how much you currently spend each month. If you have a savings or checking account, your register or bank statements can help.
2. Set a savings goal. Determine both your short- and long-term goals and how much these cost.
3. Compare how much you save each month with the savings goals you determined in step 2. Calculate how many months it will take you to reach your goals.
4. If you are not saving enough money each month to meet your goal, you will need to adjust your spending habits.
5. Calculate any costs of maintaining your goal. For example, if your goal is to purchase a car, you will incur additional monthly expenses such as gas or maintenance after the purchase.
6. If you find that you cannot save enough to purchase or maintain your goal, adjust your goal and start again at step 2.

Once the budget is complete, re-evaluate its accuracy on a regular basis. Make adjustments as income and expenses fluctuate or savings goals change.

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Sudoku Solution

5	2	4	1	3	6
3	1	6	5	4	2
6	5	2	3	1	4
1	4	3	2	6	5
2	6	1	4	5	3
4	3	5	6	2	1

Brainteaser Solution

(see Page Three)

10 right - Wow!

7 right - Great!

5 right - Good

3 right - See you next time!

1. Bull (market) 2. interest 3. Register 4. Credit 5. Annual Percentage Rate (APR) 6. Debit Card 7. Time, talent, or treasure 8. FDIC 9. Bear (market) 10. 1791

Are you ready for credit?

Quiz Answers

If you answered nine or more questions correctly, you may be ready for credit! Talk to your parents and the staff at your financial institution to learn more.

_X_ 1. Monthly credit card payments equal half of a person's take-home pay. *DANGER! Don't spend money on a credit card that you can't afford to pay back.*

_X_ 2. Completing every credit card application that you receive in the mail *DANGER! The more credit cards you have, the harder it is to use them responsibly; plus this may lower your credit score and your ability to qualify for a loan.*

_X_ 3. Using a cash advance on one credit card to make a minimum payment on another credit card *DANGER! You should only use a credit card if you can afford to pay it off each month.*

____ 4. Receiving a letter that announces that your credit limit has been increased because you are a responsible borrower.

_X_ 5. Opening new credit cards at a number of stores so that you can enjoy 10% off your purchase. *DANGER! Open only a handful of cards so that you can use them responsibly.*

_X_ 6. A late fee is charged on your credit card statement. *DANGER! Pay your bill on time to avoid fees.*

_X_ 7. You can't find your monthly credit card bill so you decide to just wait and pay it next month. *DANGER! Using a credit card responsibly means you keep track of how much you spent.*

_X_ 8. You don't know how much money you owe on your credit cards. *DANGER! Using a credit card responsibly means that you know how much money you owe each month AND can afford to pay that amount.*

____ 9. Transferring your balances on cards with a high APR (annual percentage rate) to cards that have a lower introductory APR.

_X_ 10. Purchasing a "fun-to-have" item because the store offered small monthly payments. *DANGER! Paying for an item in small, monthly payments means you'll end up paying more. It is better to save your money and purchase the item when you can afford it.*

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For tools to extend the learning in this feature, look under "Youth Content" at: www.ColoradoNIE.com

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