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Welcome! Whether they're your children, grandchildren, or nieces and nephews, start early to set them on a strong financial path. As soon as you think grade school kids are ready, take the opportunity to involve them in their own personal finances. Get them off to a strong start and help instill a healthy, open attitude toward discussing money.

Read on for some tips and fun websites so your kids, too, will stay On Course financially!

-Jennifer Lane, CFP

## Grade School Money Fun

**Don't miss opportunities to set your children on the right financial path.**

First, be sure the lessons you're offering fit with their understanding of planning and delayed gratification. Some of the websites listed have sections for parents and for teachers - take a look at both.

### Bank Accounts:

- Set up a direct deposit account for your child. This will be the easiest way to stay consistent with an allowance. Open an account at your favorite institution and transfer into it when you are paid.
- [SmartyPig.com](http://SmartyPig.com) is a free online piggy bank that lets you and your child save for a specific goal.

### Allowances:

- Most experts recommend you avoid linking allowances to household chores. After all, chores are an everyday reality of sharing family responsibilities.
- Pay the allowance in increments that are easily divisible so kids can decide on what to save, spend, and give, e.g., 25 cents, 50 cents, or \$1 per year of age.
- You might also give bonuses (e.g., 10 percent) for meeting goals like improved grades or special home projects.
- Be consistent. Allowances are more effective that way. Don't let the rush of the day interfere with paying allowances. Look at it as **their** payday!

### Debit cards:

- Yes! Believe it or not, debit cards are a great way to give your older children access to their money. And it's good practice for credit cards that will be coming down the road.
- When you set up their allowance accounts, choose a place ([IngDirect.com](http://IngDirect.com), for example) that provides a debit card.

As you teach your children about financial responsibility remember that the first lessons they'll learn are from watching how you handle money. Model the behaviors you want them to follow.

## Q&A

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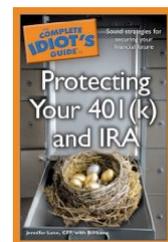
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Jennifer's Hint

One of the useful provisions of the tax law is that you can leave your IRA to your kids and they can take withdrawals over their lifetime. However, if you're married, unless you're super-rich or have a lot of life insurance, your spouse probably needs to inherit your IRA to support his or herself in retirement. Don't automatically try to stretch your IRA to future generations and neglect to name your spouse as the primary beneficiary of your IRA if he or she needs the money.

### Get more tips in Jennifer's book



(click for link)

### Helpful Websites

[Ing Direct's Planet Orange](#)

[IngDirect.com](#)

[KidsBank.com](#)

[Money Savvy Pig](#)

[SavingForCollege.com](#)

**Q:** Our daughter just entered the first grade. We would like to know the best way to save for her college.

**- Jane and Paul, Wayland**

**A:** Congratulations on being able to start now to build that college fund. Here are a couple of suggestions. If you were paying for day care, then take part of that money and begin putting it away in her college fund. Take a look at [SavingForCollege.com](http://SavingForCollege.com) where you'll find lots of information about how to tackle this goal. Remember to do thorough research before you invest in a 529 plan - some of them can be quite risky.

SmartyPig.com

U.S. Treasury For  
Kids



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