



On Course | March 22, 2022 | Volume 22, #3

Welcome. We at Compass Planning continue to appreciate your support. Thank you.

As a parent, you want to raise your children to be self-sufficient adults. Among the many ways you help them is to start discussing money as early as they can understand simple concepts. As they grow, you can expand the how and why, with the ultimate goal of having them financially skilled enough to be able to manage both a credit card and budget by their sophomore year in college.

If you missed our series on retirement, you can still access the issues. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you would like assistance helping your children learn about managing their money, we are here to help you stay *On Course!*



Jennifer Lane, CFP

Your Kids and Money

Spending. Saving. Giving. Investing.

- The four pillars of teaching your children about money. The sooner you start talking about money, the more comfortable both you and your children will be. Many, many parents shy away from money talks because their parents never spoke about it. Begin wherever you are to instill a healthy, open attitude toward discussing money.

Allowances

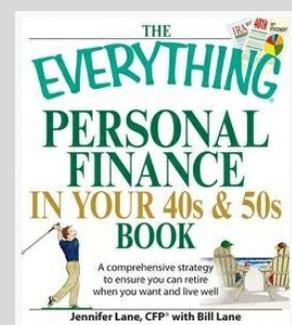
- Your ultimate goal is to teach your child how to handle money. In order to do that, they need a cash flow.



Cosigners on a loan are both responsible for the repayment of that loan. Avoid cosigning a loan for your child unless it's absolutely necessary.

If you do cosign, ask to receive duplicate statements from the loan company so you can be sure the payments aren't missed.

Get more tips in Jennifer's book



- Each family member has chores and responsibilities for the household. These should be separate from the allowance.
- Be consistent about paying the allowance -- think of it as your child's payday. When they're older, you can set up direct deposit.
- Your role is to work with your child to decide how to spend, save, donate, and invest the money -- the four pillars.
- It's ok to give extra allowance for extra chores.

Managing the money/allowance

- Some parents set up a separate savings account with a debit card at their bank, which makes it easy to transfer money.
- Another possibility is an app with a debit card. [Greenlight](#) and [GoHenry](#) are options. Greenlight costs \$5 per month per family. The apps let you set up chores, automatically transfer allowances, recharge the balance, and give you notifications when the card is used. You child cannot overdraw the account -- excellent idea when you're trying to build credit.

In the early years

- Begin as early as your child can understand what to do with money, perhaps a few quarters a week.
- Let them use the money in different ways and discuss why and what other options they have.

As they grow up

- Your goal is to send your kids to college knowing how to manage their money. Ideally, by sophomore year, they should have their own credit card and handle their own budget.
- One great result of this is that by the time they graduate, they will have a fairly decent credit rating because much of the rating is based on how old the credit history is.
- In middle school and especially high school, work with them on how they're spending their allowance.
- Jobs are important for earning extra money as well as learning how to manage a different environment from school and home. Great practice for later on. As mentioned below, time to set up a Roth IRA!

Ideas

- For spending, have her figure out what she likes to do socially and use part of the budget for that. If you get a call from the pizza place asking you to put more money on the debit card, it's time for a talk about budgeting!
- For saving, you might say that he needs to budget for the cost of car insurance. Give him the money for it and then have him pay you back quarterly. Same for events or travel that happens only once or twice a year. Another option is a clothes budget, with required items and discretionary items. The purpose here is to learn how to budget for all types of expenses.
- For giving, together find a worthy cause that your child wants to support. Add it to the budget.
- For investing, as soon as she gets a job -- babysitting, camp counselor, lawn mowing, cashier -- it's time to open a Roth IRA! Instill in your child the importance of investing now for the long-term.

[Buy Now](#)

Jennifer and Sarah were both named
2022 Boston Five Star Wealth
Managers.



Jennifer Lane, CFP®

2012 • 2013 • 2015 • 2016 • 2017 • 2018 • 2019 • 2020 • 2021 • 2022

Sarah Stamp, CFP®

2017 • 2018 • 2019 • 2020 • 2021 • 2022

Helpful Websites

[Greenlight card](#)

[GoHenry card](#)

[MyBankTracker.com](#)

[NerdWallet](#)

Jennifer In The Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- **NEW** Jennifer contributed to a WBUR Radio Boston segment, *How to Look Before Your Leap into the "Great Resignation."* Click [here](#) to listen.
- NBC10 consumer investigative reporter Leslie Gaydos interviewed Jennifer for savings tips. For a great video

- NBD's consumer investigative reporter Leslie Cayado interviewed Jennifer for savings tips. For a great video, ***How to Save \$1,000 in 5 Months***, click [here](#). For the written article, click [here](#).
- Jennifer contributed to a timely article, ***How to seek forbearance on your mortgage***, for The Boston Globe. [Read article.](#)
- If you're interested in dividend funds, Jennifer contributed to **The New York Times** article, ***Dividend Funds Can Add Income, and Risk, to Your Portfolio***. [Read article.](#)
- Jennifer contributed to a **BankRate** article, ***Should I combine my mortgage and student loans?*** [Read article.](#)
- Need help with your 401(k) during the pandemic? Jennifer contributed to a **Boston Globe** article, ***Five tips for managing a 401(k) during the pandemic's turbulence***. [Read article.](#)
- Jennifer contributed to the **Bottom Line Inc** article ***Prepare your Finances for a Possible Recession***. [Read article.](#)
- Jennifer contributed to **The Wall Street Journal** article ***If Saving During a Pandemic Is Hard, Here's How to Stay Motivated***. [Read article.](#)
- The **New York Times** featured Jennifer in an article titled, ***Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful***. [Read article.](#)
- With a contrarian view, Jennifer contributed to an article, ***People are enraged by the idea that you should have twice your salary saved by the time you're 35!*** published recently by **Business Insider**. [Read article.](#)
- Moving in together? Check this article from **Business Insider**, ***Five questions you and your partner should answer before taking the biggest step in your relationship***. [Read article.](#)
- **Insider** asked Jennifer to contribute to an article on old fashioned ways to manage your money, ***Six money-saving tips your grandma used that are way more effective than any budgeting app***. [Read article.](#)
- Jennifer contributed to an article on **Business Insider**, ***This is the best way to do your taxes online - according to experts***. [Read article.](#)
- **CNN Money's** Money Moves featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. [Read article.](#)
- Jennifer contributed to a **CNN Money** article ***When is the Right Time to See a Financial Advisor?*** [Read article.](#)

Compass Planning News

- Compass Planning is a sponsor of YW Boston's 2021 two-part [Elevating Lives Series](#).
- Compass Planning continues to meet with clients as well as those interested in learning more about the firm via phone and web-based video conferencing. Email info@compassplanning.com to learn more.
- Compass Planning has become a supporter of [The Center for Financial Planning](#) at the sustainer level. The CFP Board created the center to achieve a more diverse and sustainable financial planning profession so that every American has access to competent and ethical financial planning advice.
- AdvisoryHQ named [Compass Planning](#) as one of the ten best Boston financial advisors. ([Disclosures](#))

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our fee-only, client-centered approach provides education and guidance for achieving financial goals and dreams.

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