



# The Seven Secrets Of A Financially Healthy Kid

## *Introduction: Teaching Your Child About Financial Prosperity*

In this Special Report by **Prosperity 4 Kids**, you'll learn how to teach the basic principles and actions of financial prosperity. We reveal these to you in the form of "Seven Secrets." Once you have the knowledge you'll gain by tapping into these powerful secrets, you'll be exceptionally well versed in how to prepare your child for a lifetime of wealth, health and happiness.

So where do we start? By answering

one of the most important questions on your mind: What age must my child be in order to benefit from these lessons on money?

The answer is simple: Even before s/he can tell the difference between a nickel and a dime. Be bold about teaching positive money actions to your child even before s/he understands why, and even before she can count. After all, you can count for her, and we can assure you that

because money is involved s/he'll be anxious to learn to add, subtract, divide and multiply.

We all know how tough it is to break a bad habit. Just remember: Good habits are as challenging to break as poor ones. Instill wealth-building habits in h/er even before s/he fully understands them, and s/he will adopt and live by these habits all of h/er life.

## *The First Secret: Value Money*

### The Seven Secrets

- Value Money
- Power of Giving
- Power of Investing
- Power of Saving
- Power of Spending
- Power of Earning
- Power of Being Boss

An informal survey conducted by Prosperity4Kids has revealed that most children wouldn't bother to pick up change that they found in the street. It seems that nickels and dimes just aren't worth their time! It's unfortunate that a lack of education would impede their transforming those found pennies or nickels into real buying power!

One way to teach your child how money can appreciate with care-

ful management is to initiate a Money Scavenger Hunt at home. Start by having your child imagine all of the places that money could "hide," in drawers, behind the couch pillows, under the bed, in pants pockets and the like.

### **Money Grows!**

Then join in as s/he searches for all the loose change and bills tucked away about the house.

You'll probably notice that with each bit of change s/he discovers, the excitement intensifies. Once your child has completed this task, have h/er sit down and add up all of these little money seeds.

Here you'll want to explain that an apple seed does not look like an apple or like a tree. And yet, if properly nurtured, an apple seed

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will grow into the tallest, fullest apple tree imaginable---one that can feed h/er for a lifetime. Money works in much the same way. If your child is taught to value each penny for its full potential, s/he will learn to produce and live from the fruits of h/er own money trees.

A penny is just a penny until you've got five of them. Add five more to that and you've got a dime. It takes only 15 more to make up a quarter. And just four of those make a dollar. With this understanding of financial accumulation, your child will never devalue change again. Instead of "Why bother?" when s/he sees a penny in the street, your child will eagerly pick up that lost coin and give it a home. After all, if s/he's got 99 cents in the bank, that little penny just turned a pile of change into a dollar!

### A's In Math

One must add, subtract and multiply in order to manage those ones, fives, tens and twenties! Teaching math with money is a joy!

It wasn't until I attended teacher/parent conferences that I understood how much my young kids had benefited by being versed in money management. My children's teachers were very impressed with their math skills, and asked what kind of lessons I was teaching them at home.

I explained that what I had learned is that money is one of the best tools for teaching the basics of mathematics. I'm proud that because I worked with my children on the core skills outlined in the **Prosperity 4 Kids program, they excel in math and score** "off the charts" on school assessment tests.

Most children don't know the difference between a nickel and a dime when they initially enter first grade. But your child will have the advantage of drawing upon the problem-solving skills and applications outlined in our system for acceleration in math.

Teachers are clearly impressed with how math savvy our **Prosperity 4 Kids** students are, and are enthusiastic about incorporating our teachings into their school curricula. While this is goal for us in the future, the information we receive from statistics tells us that parents remain the primary teachers concerning money and their children. So at least for the moment, our passion is to help you impart these lessons to your kids at home. How money is managed by each individual child will have much to do with h/er family philosophy on giving, investing and work. We feel that lessons of this magnitude ought to be imbibed with meaning, purpose and discipline.

### The 10/10/10/70 System: The Basis of Building and Maintaining Financial Wealth

At the core of the **Prosperity for Kids**

money management and wealth building philosophy is the 10/10/10/70 System, to which we will refer throughout this document. Each of these numbers refers to the portion of income that is to be used for Charitable Giving, Investing, Saving and Wise Spending.

In order to teach this system, it is necessary that your child have a place of h/er own at home in which to put h/er money for safe-keeping before s/he uses it. This "bank" must have four separate places into which her money will be divided.

We at **Prosperity 4 Kids** have designed a unique tool --the **Money Mama Piggy Bank™**-- that contains four separate compartments for the divisions outlined in our 10/10/10/70 System. This will help h/er become familiar and practiced at using the system consistently.

We encourage you to use the 10/10/10/70 System for *all money that comes into your life*--whether you earn it, find it or receive it as a gift.

"A penny is just a penny until you've got five of them."

## The Second Secret: The Power of Giving

The true test of the values you teach your child is not what you tell h/er, but what s/he reveals to you through h/er actions.

As a child I was not taught the value of Charitable Giving. I was not given the opportunity to know the joy and fulfillment that sharing wealth brings. When I am able to give from my heart, unselfishly, without expecting anything in return, it seems that the universe acknowledges me by gifting me ten-fold. My life is always enriched.

Every young child can be taught to give unselfishly. It's really very simple. When you let your child give of h/her own volition, for reasons that are entirely h/er own, s/he will experience the enrichment that flows from passionate giving. Before you know it, not only will s/he have no fear of giving, s/he'll be dreaming up h/er own ways to make a difference in the world.

### Always Give First

The first "10" in the 10/10/10/70 System

refers to the 10% of income that is set aside for Charitable Giving.

Giving comes first from what is earned; not from what is left over after bills have been paid. By giving first, we show our gratitude for what we have received.

And since charitable giving always returns multiplied, this is a VERY sound financial strategy.

When your child earns any money (through  
(Continued on page 3)

(Continued from page 2)

h/er own entrepreneurial actions, or in the form of Allowance earned for performing previously agreed-upon tasks) have h/er put 10% of h/er income into the “Giving” portion of the **Money Mama Piggy Bank first**.

### Why must we Give First?

Too many of us have the habit of waiting until our money is spent to bemoan the fact that we have nothing left to give. You must not pass this belief or habit on to your child! It stems from a philosophy of “lack”--a belief that “there is never enough.” Instead, you must teach h/er the importance of Giving Charitably from what s/he earns, and not from what is left over, for two specific reasons:

1. All of us, with careful money management that prioritizes and separates our necessary expenses from our unnecessary ones, could eliminate some spending.

If you don't believe this, simply write down every penny you spend for the next month, beginning today. Beside each expenditure, place a number-- use “1” to accompany expenses that were absolutely necessary and unavoidable, and “10” to accompany those that you really could have done without.

Then total all of the items designated with the number 4 and greater. Take a good look at this sum and honestly ask yourself: Could I have done without these expenditures? And how would I feel right now if instead of having spent this money on things that gratified me in the short term, I had this money, today--working for me and my future prosperity?

2. Here's the second reason: You want your life to get better, and your money to grow.

Whatever you spend becomes somebody else's *money*, and you can be sure they'll be glad to take it from you! Then you'll gripe about how little you have for yourself! You can change this habit by realizing the importance of *using* your money rather than *spending* it. Charitable Giving is the first--

which you can begin to feel good about how you use your money.

We believe that the sense of satisfaction one derives from Charitable Giving is reason enough to give it financial priority. But there is another reason for Giving first, having to do with your happiness: Giving first puts your attention *on giving*.

Why is this important? To paraphrase what Napoleon Hill writes in his book “Think and Grow Rich,” What you put your attention on is what you get (more of) in your life.

What this means is that when others perceive you as a charitable, giving person, they are more likely to be giving toward you. And it also means something from a much larger perspective. If you have a spiritual belief, you will recognize a universal principle. You might call it “tithing,” or “*tzedakah*,” but it's all the same: The universe recognizes your unselfish giving. When you give unconditionally, truly without any expectation of getting anything in return other than the satisfaction of your own service to others, your giving will return multiplied.

There are two ways to test this theory: 1. Ask someone who is a generous giver, even if s/he has little money; and 2. Do it yourself, and notice the results.

Just remember, Charitable Giving is unconditional giving. If you're looking for a “return on investment” from your giving, you won't get it. You've got to give up the expectation of getting anything in return; do your Charitable Giving solely for the joy it brings you and the good you know you are contributing to others. Only then will you experience any return, and then it probably won't look like what you gave away. Abundance in all areas of your life will just seem to happen magically.

### Give Genuinely

It is important to share your prosperity with organizations that mirror your beliefs and share your passions. By example, you will teach your child the power of giving through h/er values. Even a young child can make a difference in h/her community,

path.

Discuss with your child to whom s/he would like to give. Guide h/er by suggesting a variety of options. Let h/er know that this is an individual choice.

Start by asking your child what s/he really cares about. Every child has passions. You may discover some are surprising, if not amazing! Don't stop at what s/he knows. Help your child to expand h/er list of possibilities by teaching (appropriate to h/er age) about other worthy causes, especially ones that are near and dear to you. Perhaps you'll offer information about women's shelters, children's hospitals, cancer research, people with disabilities, orphans, or hungry children in other countries.

After you've made an initial list of possible recipients, visit a nearby animal shelter or the local wildlife refuge. Visit a homeless shelter. Give your child the opportunity to see firsthand how h/er money could benefit others, and then watch h/er grow graciously into the role of caring giver.

### Make it Your Child's Choice

After your child satisfactorily explores her many options for Charitable Giving, let h/er decide how **s/he** will divide her money among h/er chosen recipients. When s/he has put enough money into the Giving portion of h/er piggy bank to warrant a gift, take h/er to each facility to deliver the money in person--where it is possible. Whether given in person or sent by mail, have your child express a sentiment in a card; then give that card to the organization or persons that h/er money will support.

### Support for Religious Beliefs

If you'd like your child to give to organizations that support your religious beliefs, instead of simply instructing h/er on how to drop money into the basket that passes down the aisle during services, find out together who benefits from your donations. Who are the people behind the Charitable Giving? Why have they specifically been chosen by your Temple or Church? With this level of involvement,

(Continued from page 3)

you cannot help but create a practice with meaning that will last a lifetime.

### Children Are Amazing Givers

Children do not hold the belief that giving equals losing.

Most children love to help and to give. By instilling in h/er at a young age that 10% of h/er money really can help people, animals and nature, you will be raising a generous, thoughtful child. Your child will embrace

the true idea of abundance: Giving equals receiving.

Demonstrate for your child how money can enrich others in h/er own community, by visiting local charities, by having h/er ask questions. It's one thing for you to explain that others need help--that animals are homeless, that people are hungry. Hearing it firsthand from the people who manage needs shelters, hearing it from people in need, will impact more than hearing these tales at home. Let your child see by way of h/er own eyes why giving is vital to the economy of life.

Money is not the only thing your child has to offer through Charitable Giving. S/he can donate toys and clothes to shelters, or volunteer h/er time to help others. S/he might enjoy making your community more beautiful.

Your child will come into h/er generosity and confidence by knowing that s/he has the power to make a difference in the world. Since charities often send "thank you" letters to their donors, your child may acquire a record of h/er giving that can be shared with friends and family.

## The Third Secret: The Power of Investing

When you teach your child to Invest, you teach h/er how one builds financial wealth one decision at a time. You help h/er create a foundation for h/er understanding of risks and rewards. You help h/er to understand the value of money. Imagine how wealthy you might be today if you had begun investing your money when you were young! It's a staggering thought, isn't it?

### Investing is Easy to Understand

The second "10" in the 10/10/10/70 System refers to the 10% of income that is set aside for Investing. Begin by teaching your child that for each sum of income s/he receives, 10% of the gross goes into the Investing portion of the piggy.

Like Charitable Giving, Investing comes first from what is earned, not from what is left over after bills have been paid. The basic principle of investing is: You set your money in motion to work for you. As your child puts h/er 10% in the Investing piggy, talk about investing in ways that s/he can understand. There are many ways to invest: Purchasing and trading stocks, bonds, or mutual funds; putting money into a private business, or investing in education, to name a few. Explain to your child that Investing means using money for something that will increase the worth of that money over time, even when you, personally, don't add to it.

### Diversification

An essential element of creating wealth is diversification.

Diversification simply means that you do more than one thing with your money. To your child you might simply say: "When it comes to money, don't put all of your eggs in one basket." If your child is too young to understand this, then simply doing it (putting some money into the Saving piggy and some in the Investing piggy) will help h/er create the habit of diversification.

Using the 10/10/10/70 System will result in your child putting a total of 20% of h/er income in h/er **Money Mama Piggy Bank** (or in whatever containers you are using for this purpose).

As the amount of money in each of these two piggies begins to grow, you can help h/er open a savings account (where h/er money is "safe," but earns little and slowly).

Then help h/er to decide how she would like to invest h/er Investing money, (at a high/er risk with quicker gain). In this way, you have helped your child learn the principles of making h/er money work for h/er, even as s/he sleeps.

### Investing In Stocks

An easy way to explain stocks to your child is by asking h/er to name some of h/er favorite things. If s/he needs some help getting started, you can suggest things like foods, drinks, toys, movies videos, the bands s/he likes to listen to, amusement parks or clothing brands.

Then explain that in some cases s/he can actually own a part or a "share" of a company that makes these products, by buying one or more shares of stock in the

company.

Also explain to h/er that when s/he purchases a product made by a company in which he owns shares, s/he's also helping that company grow and, hopefully, contributing toward increasing the value of the stock. When the value of the stock increases, the original amount of money s/he invested grows larger.

Explain also that the value of a stock can depreciate. This is why, of course, you'll want to help h/er research the companies s/he thinks she'd like to invest in. Teach your child that stocks are best for long-term investment, and investing in older companies that look to have strong futures is a solid strategy.

### Owning A Business

Another way for your child to invest is to put money into h/er own business.

For example, s/he can use h/er 10% Investing money to buy what she needs to start h/er own lemonade stand--an easy business to launch and one that can be run right outside your front door.

Teach h/er how to determine, before s/he starts, if h/er business might be profitable--in the case of a lemonade stand explain that s/he must charge more for each glass of lemonade than it costs to make that glass of lemonade. Not only is this a good strategy for learning about Investing, but s/he will come to know the responsibilities of running a business. In the end, if all goes

"An essential element to creating wealth is diversification."

(Continued on page 5)

(Continued from page 4)

well, s/he will reap the rewards of a smart investment venture.

The greatest thing about children starting their own little businesses is watching their creative processes awaken. You can help by working with h/er on business-building strategies that will give shape to new perceptions. S/he might ask, for example: What are my customers' needs? What would my customer think is the perfect glass of lemonade? What would attract me to a lemonade stand?

Here are some examples of how children took simple business ideas and maximized their potentials:

"My children and a group of her neighborhood friends had a lemonade stand for several weekends over the summer. It was wonderful watching them brainstorm about how to make it better. They decided to add to her sign that 10% of the money they made went to the local animal shelter, and people bought lemonade from them for that reason alone. They also decided to add ice to the pitchers of lemonade and changed the sign to read 'ICE COLD LEMONADE.' Her business doubled."

I recently read a great story about a child who enhanced his lemonade stand by adding food coloring to the lemonade and naming the colored drinks "Passion Berry," "Blue Raspberry," and "Green Slime." Then he bought a big box of individual chips and cookies and sold these along with the lemonade. This is a great example of how to expand a simple idea to increase profits.

### Products or Inventions

Why not encourage your child to invent something original? Perhaps a service or a product that would serve h/er own life?

Here is an example: We know of a boy who created a bumper sticker that read: "Peace Please for the Kids." His father helped him expand and market his business, and he ultimately appeared on radio and TV to talk about his passion--about an idea that impacted a whole lot of people. We think it's wonderful that he was validated publicly for his initiative, but we most enjoyed his creativity. The point isn't to make our children famous or to exploit their gifts, but to stimulate their minds to grow and their lives to prosper.

Here is another inspiring story about a child from "**Make a Wish**."

Ever wonder how those products that line supermarket shelves originate? Fourteen-year-old Natalie certainly did, but she took her curiosity a step further. When asked by the **Make-A-Wish Foundation**® what she'd like as her wish, Natalie elected to create, design and market her own product. The Make-A-Wish Foundation partnered with Wish-Bone® salad dressing, and the result is "Natalie's Nalu," a raspberry and guava vinaigrette launched on September 21, 2003.

### Certificates of Deposit/Money Markets

A Certificate of Deposit, or a "C.D.," is a great first combination savings/ investment for your child. Once s/he has saved enough total money in h/er Investing and Savings piggies, take h/er to the bank and invest in a six month C.D. Explain that the money will earn more money in this type of savings account than a standard passbook savings account (and more money than if it simply sits in the piggy at home).

Remind h/er that this money is not Spending money (that's what the 70% is for) and let h/er know that s/he will not be able to withdraw the money for at least six

months. When the six months have expired, help h/er to decide whether to invest in another C.D., or to explore another avenue of investment.

This is a great way to encourage the habit of putting money to work and out of sight. Just remember that since this account will hold money from both your child's Investing *and* Savings piggies, at some point half of this money will return to Savings, while the other half will continue be used for Investing--in higher risk/higher reward programs.

### Investing In Self-Discovery

Children are gifted and talented--each in h/er own way. If we encourage a child to shine from h/er essence and to discover what it is that calls to h/er, we find ourselves blessed by many beautiful and trying revelations. Support and enjoy the process.

If eliciting your child's potential is of interest to you, I'd highly recommend two great resources on this subject: "Emotional Intelligence" by Daniel Goleman, and "Multiple Intelligences" by Howard Gardner. Both offer great information about how to identify and work with your child's special skills and particular way of learning.

Don't fret over identifying a single interest or gift. Your child need not focus on one area of interest to succeed. S/he might like to explore several avenues of intellectual, creative, or physical expression simultaneously. Encourage diverse experiences. Encourage h/er to see that education is a great investment in h/erself. When you are open to this journey and can relax into the process, each change of direction is merely an adventure on h/er road to discovery.

## The Fourth Secret: The Power of Savings

The average family in the U.S. today spends 110% of its income. And most people of retirement age have little or no money of their own to live on after retirement. Many people practice the habit of putting money into the bank until they need it to pay bills, or want to spend it on something they'd like. While philosophically it might seem that they're

saving money because it is set aside, what they're really doing is postponing their cycle of spending.

The third "10" in the 10/10/10/70 System refers to the 10% of your child's income that should go into long-term Savings, to ensure that s/he has money later in life for emergency and retirement spending.

The practice of Saving for the future is the most challenging part of the 10/10/10/70 System. You must teach your child to *not* spend the Charitable Giving, Investing, or Saving portions of h/er income. That's what the remaining 70% is for.

With this in mind, you must help your

(Continued on page 6)

(Continued from page 5)

child to build this as a philosophy and a practice by having her begin with the amount of money she receives and first:

Immediately put 10% into the Giving piggy;

Immediately put 10% into the Investing piggy, and

Immediately put 10% into the Saving piggy.

(The remaining 70% will become h/er Spending money, and you will learn later in this document how to teach h/er to spend wisely.)

(If you don't use the Prosperity 4 Kids **Money Mama Piggy Bank**, make sure to have a set of four containers to hold each portion of your child's money.)

### Will Your Kids Live Paycheck to Paycheck?

In Mark Victor Hansen's live presentations, the co-author, creator of the "Chicken Soup for The Soul Series" shows a slide of a comic strip in which a guy is sitting with his accountant. The caption reads. "Well Sir, if you lost your job today, you would be able to survive until about 2 p.m. tomorrow." As funny as this seems, most people in the audience laugh nervously, because it's far too true for most of them.

The great majority of people in the U.S. live paycheck to paycheck, because their spending equals or exceeds their income.

This is one of the reasons why I created **Prosperity 4 Kids**. I saw my own two children living from allowance to allowance. It was upsetting to me to watch them receive a five-dollar allowance and habitually try to spend six. Or to give them an allowance on Monday and have them ask for a loan by Wednesday. I knew that I needed to teach them new values and habits if I didn't want them living this way for all of their lives.

The only difference between the wealthy and the poor is education, knowledge and action. If a child receives a dollar in income and spends the whole dollar, this is an action of the poor. If a child spends 70% of a dollar, after allocating 30% to charity, investing and savings, s/he is well on h/er way to financial success.

### Saving For the Future and Emergencies

"Save your money" really means: "Pay yourself first!" Saving money sets your child up for a successful future. When you instruct your child to save h/er money, explain that she is paying h/herself for her future, first.

Your child's savings is designed as a safety net that ensures that s/he has money should a financial emergency arise--such as being laid off work. Savings is also (and possibly most importantly) personal financial insurance for your child's future. The Social Security system is in jeopardy, and even if it still exists when your child is old enough to receive benefits, h/er payments will probably be insufficient for pursuing a quality lifestyle. You must teach your child to be self-sufficient and not to rely on government subsidies, even if they are available. Teach h/er that saving now will equal having abundance and peace of mind in the future.

### Comparing Saving and Investing

In the prior Secret we presented some differences between Investing and Saving. Saving is simply safer than Investing, but the actions are essentially the same. You must put your child into the habit of not spending all of h/er income. Instead, she must dedicate a portion of h/er income to increase itself, and secure h/er savings for emergencies and future financial needs.

In the **Money Mama Piggy Bank**, the Savings piggy is designed to hold the 10% of your child's income that is liquid money. Even though you hope that it will remain in Savings until retirement, if it becomes necessary, Savings can be used at any time for financial emergencies. Many financial literacy systems advise that one should have the equivalent of six month's to a year's salary saved--in order to cover bills, should you lose your job or source of income. While this is advice to adults, it is essential for your child to learn that s/he must use a portion of h/er income for Savings now, in order to instill this habit for life.

The Investing portion of income, however, is the portion of your money that will be afloat and at higher risk. Also this money may not be available to you in the short term. It is not a security fund. It is important that you understand how this

differs from Savings, your life "security" fund.

The wisest investments for children are in stocks, bonds, or mutual funds--investments that bear the likelihood of long-term success. Keep in mind that short-term losses on these types of accounts are not uncommon. One should note that money invested in these types of financial instruments can be subject to high fees or penalties if liquidated before their maturity.

### Savings Accounts:

Most of us are taught that taking risks is unwise. However, the only way to get ahead in the money game is to take some risks. So calculate well for your risks. Buying a lottery ticket is not a well-calculated risk, because although you could win a large sum of money, your chances of winning are merely 1 in 18+ million. Savings is a well-calculated, "safe" risk, because although the return is relatively small, it is guaranteed by the U.S. Government or FDIC.

(For more information on how to diversify your investments, read "Multiple Streams of Income," by Robert G. Allen. His book includes several charts that demonstrate the results of investing money at several different rates of return. You can also get this information on the Web by visiting sites that have online investment calculators, such as [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)." By using these charts and calculators, you will quickly learn the facts about how to effectively manage your money.)

If when you were born your parents began saving \$1 a day at 10% interest for you, you would have one million dollars saved by age 59. If they saved \$2 a day at 10% interest you would have a million dollars saved by age 52. You can find banks that offer 10% savings returns now, though you've got to do your research to find them. Even at 6% interest, you would have a million dollars at age 87. Imagine how much money you would have now if your parents had started saving \$1 a day for you when you were born, and then you had taken over that savings account and added to it on your own. A dollar, or even a penny, is a "money generator" when

(Continued on page 7)

invested properly and with a calculated risk.

### **Saving with Discounts**

Everyone likes a bargain. Teach your child that one way that s/he can maximize what s/he gets for h/er money is by researching sellers for the best price, by phone or online.

While some people hold the belief that bargain hunting is a practice for cheap

people, purchasing at the greatest discount leaves you more money to give, save, invest or spend wisely. Paying the lowest price is a form of Saving, and leveraging--which means that you use money to work in your favor. Wealthy people practice getting the most for their money (that's one way that they become and stay wealthy) and so should you and your child.

When your child saves money on a purchase, teach h/er to take the money that was saved and add it to h/er Savings piggy (or put it into h/er savings account). This will help h/er learn that the money s/he saves on purchases is really money saved. Watching h/er savings account grow from this practice will encourage h/er to look for the best deals.

## *The Fifth Secret: The Power of Spending*

In the 10/10/10/70 **Prosperity4Kids** system, the first 10 represents the percentage allocated for Charitable Giving. You use the next 10% of your income to invest in higher-risk higher-return Investments, so your money grows larger, faster. The next 10% of your income goes into long-term Savings, in order to ensure that you have money later in your life for retirement and emergencies.

Finally, we arrive at the 70% that remains after Giving, Investing and Saving: The portion of your money that you get to Spend, wisely. Remember to use whatever system you have set up for your child to put each portion of the 10/10/10/70 into its proper container. In our **Money Mama Piggy Bank**, "Mama" is where the 70% "Spending" portion goes. This 70% is your child's to use as s/he deems fit.

It will be of great help if you bring your family's values into play in guiding your child to spend wisely. Keep in mind that unless your child is spending and managing h/er own money and is held responsible for the results, s/he will not truly embody these lessons.

Now is the perfect time for h/er to make mistakes with h/er money. S/he may decide that s/he wants to buy something that you consider "junk," and it may break as soon as you get it home. Instead of being upset with h/er (s/he'll probably be upset enough) take opportunity to have h/er figure out what happened. Discuss how the situation could have been avoided. S/he may, for example, come to the conclusion that the toy was poorly made. Then help h/er decide what to do next. What recourses are open to h/er? How could s/he have been a better consumer? If

we don't learn discernment as children, as adults we tend to make messier and far more costly mistakes.

### **Spend Money**

In the prior section you learned about the importance of Saving. Below you'll learn why it is important to spend. Most people do not have this problem! But for "Savers," who teeter on the side of miserly, remember we must all take responsibility for stimulating the growth and encouraging the health of the economy.

Money moves in cycles. Money spent by one person can be used to pay another. If people saved all of the money that they earned, there would be no money in the economy for other people to manufacture products or deliver services. People must spend money to foster a healthy economy. The 10/10/10/70 System brings Spending and Saving into balance.

### **Savers and Spenders**

It is amazing that one can identify whether a child is a "Saver" or a "Spender" pretty much as soon as s/he starts handling money. Of my two children, one is a Saver and the other a Spender. But each of them understands why it is important to do both--and you must teach your child the same lesson. You teach this through experience, of course, using the 10/10/10/70 System, so that your child has the opportunity to "real-ize" the benefits of each of the four components.

If your child is a Saver, h/er inclination may be to hold on to the 70% as long as possible. You might encourage your Saver to put the idle money into h/er bank savings account, so that it earns interest until s/he spends it. Explain that by doing

this, h/er money will be there for h/er to spend when s/he finds something to buy, and at the same time it is earning interest for h/er.

You may want to explain that the bank will pay h/er in exchange for h/er having "loaned" money to the bank. Have your child keep track of the Spending money she has loaned in h/er **Money Mama** (by way of a written note), and in h/er bank Savings passbook. My kids love the idea that they are loaning the bank money, and yours will, too!

Your Spender will want to spend all of h/er Spending money (the 70%) and then some. For a Spender, it is important to instill the practices of Giving Charitably and then of paying h/erself first (through Savings and Investing) so that h/er spending doesn't hurt h/er in the long term.

### **Spending Wisely**

Teach your child to take a moment to think about what s/he is spending h/er money on before he decides to buy something.

Some good questions for h/er to reflect upon are: "Do I really want this?" "Do I have to have it?" "Is there anything else I'd like more?" By stopping to quantify what a purchase means, your child will learn to spend with discernment and discipline.

If a child values what s/he spends money on, there is yet another bonus. S/he will respect and care for the purchases as if they were treasures.

### **Keep Track Of Spending**

If your child doesn't learn to track h/er

*(Continued on page 8)*

spending early on, when s/he becomes a teen, or an adult, s/he'll likely end up asking again and again: "Where did all the money go?" How often do you ask yourself this same question?

Help your child take control of what s/he spends h/er money on, down to the penny.

Teach h/er to keep track of how s/he spends h/er money by keeping receipts in h/er **Money Mama Piggy Bank** or Spending container, and by writing h/er purchases down in a ledger--a special book for recording financial transactions.

When you teach your child to keep

receipts, you are encouraging the good habit of recording Spending, and consumer prudence--so should something go wrong with h/er purchase there is a record for h/er protection.

## The Sixth Secret: The Power of Earning

Most of us were taught that to earn money we'd have to get a job. While the majority of us must work to earn a living, the truth is that there are many other ways to generate income. One can earn money through capitalizing on ideas and education, through financial investments, or by way of compound interest earned on Savings. Open your child's mind to possibilities that aren't limited by h/er own capacity or longevity for work. Investing money that is earned is a practice that expands both the mind and the financial portfolio.

### Earning Through Allowance

For a young child that doesn't have h/er own source of income, we at **Prosperity 4 Kids** believe that earning an Allowance is the best way for h/er to receive money from you. We believe that one of the worst habits you can establish is to give your child money that is not earned. This can create an entitlement relationship to money that could prove difficult to overcome, down the road.

Financially healthy children and adults understand that money is earned both through working and by way of investments.

### Service

Often when we think of "service," we think of customer service. We think of how well we were treated by the salesperson, or the food server or the phone company representative in some business exchange.

But service is much so more than what is received. Service is a state of mind. It's about genuinely being helpful, willing and cooperative. When you live your life from a place of service, those around you benefit in immeasurable ways. When one practices a service approach to business, the business thrives. Money is fluid and constant; customers are satisfied.

So not only do we need to teach our children how to run businesses, we need to teach them the social and economic values of service. When we combine service with

money acumen, we have a formula for financial success.

We recognize that Allowance is a controversial issue. Our belief is that Allowance is an essential tool for children to learn about the value of Spending and the importance of money management. It also provides a foundation for learning about earning. Visit our **ProsperityMail** online newsletter archives at [www.Prosperty4Kids.com](http://www.Prosperty4Kids.com) to read two full issues dedicated to the subject of Allowance. You can also send us an e-mail at [ezine@prosperity4kids.com](mailto:ezine@prosperity4kids.com) and write "Allowance" in the subject line, if you'd like to receive a copy of our report with over 80 ideas on how your child can earn allowance through activities.

## The Seventh Secret: The Power of Being Boss

Your child is never too young to learn to be a leader. In fact, the earlier s/he learns about entrepreneurship, the better. Being the boss means, that the very least, your child will be in the driver's seat on the road to the future.

Most of us are taught to get a job and to earn a paycheck, and in this often-disheartening process, we lose touch with our dreams and passions. We spend our lives building the bosses' dreams, fulfilling the bosses' passions. While there is nothing wrong with having a job, there *is* something wrong with thinking there is security in having a job. One will likely not realize h/er

own income potential working for someone else.

A financial savvy child will understand that when s/he lands h/er first job, the job will provide money for expenses--such as a car, gasoline and insurance, but future financial wealth comes from good money management. As s/he is already in the habit of Investing 30% of h/er income before Spending, a part-time job can represent much more than a dead-end stop gap. It can be the seeds for future wealth.

S/he might also be encouraged to invest in a home-based business that is fueled by this

outside income, thus diversifying h/er means of generating capital. The more diversified we are in our ability to generate income or interest on investments, the better prepared we are for when economic hardships arise.

Here are some examples for how your child might experience being h/er own Boss and earn valuable income for use in the 10/10/10/70 System:

**Idea:** Your child is 16 years old with a JOB, (Just Over Broke!). His passion is photography. Why not have him start a

(Continued on page 9)

(Continued from page 8)

business taking pictures of family, pets, products, other children and sporting events? S/he'll earn income to further h/er passions--to purchase classes, equipment and books. This is a great opportunity to experience how businesses are built on small successes. It also demonstrates how income can be used for self-improvement.

**Idea:** If your child is passionate and gifted in a sport, h/she might approach the parents of the younger children on the team, or in the league, and offer private lessons for a small fee. Not only will your child be earning income doing what h/she loves, but s/he'll be practicing the art of service, and improving the quality of h/er own life through mentoring.

### Entrepreneurs To Be

The Internet opens many doors for potential income. Even your very young child (with your help, or course) can sell old toys, games, bikes and the like at online auction sites like eBay. Yard sales and newspaper classified advertising represent other ways to sell belongings.

Selling teaches children how to create money out of something that may have otherwise been thrown away. More importantly, however, it allows h/er to learn that providing others with what they want is valuable to the buyer and profitable to the seller

Older children have more options. Dog walking, baby-sitting, mowing lawns, or watering a neighbor's plants. Help your child brainstorm a large list of services that s/he might offer your neighbors or relatives. Then help h/er prioritize these possibilities and take action on one or more from the top of the list.

### Children Are Creators

Children come up with the most colorful

ideas because they're not limited by failures and fears. You'll want to do your best to not limit your child's ideas by introducing obstacles, and questioning strategies. It's often easier to whittle down ideas than to think big. Teach your child to think outside of the box first, and to focus on "how" later.

Here is a valuable principle to share with your child: Explain to h/er that everything we have in our world began as an idea in someone's imagination. If you need proof of everything, you limit yourself by thinking "I'll believe it when I see it." This is the exact opposite of how things come into being. In order to create something--anything--you must first begin with the thought, "I'll see it when I believe it."

### Never Say "I Can't"

Henry Ford said: "Whether you think you can or can't, you're right!" Teach your child to never say: "I can't." Instead, whenever that thought is expressed, help h/er to "reframe" this belief into one that is just as true: "I can!"

This may be a difficult practice for you; it is most likely not how your parents guided you. They wanted you to be "realistic," but what they really wanted was for you to be "limited," to be safe. They didn't want you to get hurt by what might happen if you tried and, well, failed. They did the best they could to protect you from the potential hardships of life.

But as Marshall Thurber (prior mentor to Robert Kiyosaki of "Rich Dad, Poor Dad") says: "You're either on the winning team, or the LEARNING team." If you don't make an attempt, there is ONLY one possible outcome - you will not achieve what you did not set out to do. And in order to have the courage to achieve something, you must begin with an "I can!" attitude. As John Childers (creator and presenter of the "Million Dollar Speakers Training") says: "If you set the goal of making a million dollars

this year, and you only make \$750,000, will you still consider yourself a failure?"

So how do you instill this attitude in your child? Sincerity and repetition. First, you've got to believe that your child CAN do whatever s/he sets out to do. Even if you have your own negative self-talk or doubts, resist projecting them onto your child. Encourage h/er to explore a wide variety of activities, intellectual pursuits, reading, sports and the arts, even if s/he doesn't express an explicit interest. These experiments will help you both discover h/er interests and passions. When s/he does really demonstrate an interest in something, let h/er know that YOU BELIEVE IN H/ER, and that s/he should "go for it." You will be there for support.

When "I can't," comes up, gently help h/er to transcend h/er fear with words of encouragement and inspiration.

Remember this: When you were learning to walk, you didn't ask your parents if you could. You took a step or two, fell down, and then got up again. You probably laughed when you fell, and laughed when you walked. Remember this. It's a valuable lesson. You're OK and you fell. You probably never considered that you might fall. You had an idea. You believed you could accomplish it. You gave it your best shot. And you succeeded. Remind yourself about moments like this, and inspire your child to try.

### You Are the Hope

You are the directors for this and future generations. By incorporating the **Prosperity 4 Kids** system into your lives, you are acting to break the cycle of financial illiteracy that precludes so many from enjoying prosperity. No matter how old you are or how young your child, decide that from this moment forward that you'll empower yourselves to live in the way of prosperity.

We've now covered the "7 Secrets to a Financially Healthy Kid." You've learned the 10/10/10/70 **Prosperity4Kids** System, including techniques for managing money and creating financial wealth--keeping a perspective on how you emphasize "making money" in relationship to other aspects of your life, and the influence of belief upon success.

Thank you for the time you've invested in reading this Special Report. We hope that the lessons shared with you resonate for you and your child for years to come.

Enjoy and prosper!

With heartfelt thanks,

Lori Mackey, Founder **Prosperity4Kids**

Prosperity4Kids was founded on the premise that kids can be empowered to have true wealth - the freedom to have jobs they are passionate about, the financial ability to support causes they care about, and the security to see them comfortably into retirement - if, and only if, they are taught by doing at a young Prosperity4Kids is a firm believer in the negative impact of poverty thoughts. We believe in the positive influence of hands-on learning, our financial literacy program speaks straightforwardly to children and their parents.