EMPYRION™

WEALTH MANAGEMENT

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Monthly Insight

Prepare Your Kids for Success in Life: Teach Them about Investing

Do you remember Jordache jeans? I sure do. As I relate in my book, *Wealthy by Design*, when I was a teenager, Jordache jeans were what the cool kids wore, and I really wanted a pair. But the problem was, my folks didn't have the kind of spare cash lying around to permit them to just go buy the jeans for me. So, my solution was to negotiate with my dad for the rich sum of a dollar an hour for cleaning up a thicket in our yard and building a rock wall in its place (anyway, the thicket was always a mess, and it kind of embarrassed me). I cut down the blackberry vines and the rest of the tangled mess, hauled it all away, and built the wall. By the end of the project, I had enough money to go buy my brand-new Jordache jeans, plus some extra money to stash in my blue strongbox—the beginnings of my "rainy day" fund.

There's nothing like providing kids with a meaningful incentive to get them to do stuff, whether it's saving money for a first car or learning to put cash back for a rainy day. Many of us had some version of the "piggy bank"—for me, it was my blue strongbox—where our parents wisely encouraged us to save our birthday money, chore wages, and other funds we received so that we could have money for some future purpose.

There may have never been a more crucial time than the present for us to ingrain the principles of saving and investing in a younger generation. With student loan debt at an all-time high, the costs of getting into a first home rapidly rising out of reach for many young families, and consumer debt out of control for many Americans, now is the time to reach our kids with the message of saving and investing.

A recent survey of 2,000 American kids and parents indicated that almost half of US youngsters own savings accounts (49%). However, only 6% had any type of investment account. In fact, more kids had credit cards (9%). That's the wrong side of the equation if we intend to build a generation of savers and investors instead of yet another wave of spending and borrowing. Further, a University of Michigan study found that children as young as five are already forming emotional attitudes toward money, including whether they receive greater pleasure from spending or saving. Researchers also concluded that attitudes formed early in life can strongly influence behaviors in later years—when the decisions have much larger implications. Clearly, it's hard to start too young with instilling positive attitudes about saving and investing.

Besides, giving kids the tools they need to learn about money and investing has never been easier. For example, with Greenlight, kids can get a parent-supervised account that comes with a debit card attached to a spending account, a savings account, and a charitable account that teaches kids how to allocate the money they get for all three important purposes. The company has plans to launch an investment account feature that will allow kids as young as 10 to research, follow, and invest in stocks, all with parental supervision. Similarly, BusyKid helps kids save money from chores and other jobs, provides a debit card for spending, provides "buckets" for giving and investing, and has a built-in PayPal-like feature that makes it easy for parents and others to transfer funds to the child's account when chores or other jobs are completed. Another great tool, GoHenry.com, allows parents to supervise up to four children's accounts, including spending limits, automatic allowance transfers, paying for chores, and setting tasks for extra earning. Kids can learn to save, give to charity, and spend wisely, using their own debit cards.

Young people get even more excited about investing when it involves a brand or topic they're interested in. Does your kid adore the Disney channel? Just ask them how they'd like to have a share of ownership in the company. Is your teen enamored by the latest sports car or fancy pickup? What if they could own shares of Ford? Platforms such as Greenlight and BusyKid allow kids to buy fractional shares in their own accounts so that they can watch as their holdings grow in value over time. This also helps them learn the wisdom of buying quality assets and committing to them for the long term—a principle made popular by savvy investors like Warren Buffett and others. Another benefit of talking with kids about companies and products they're familiar with is that it can get them interested in keeping up with current events in the financial world. For example, if a popular gaming company comes out with a new game, it's logical to ask your gamer kid, "So, do you think this new game will cause the company's stock price to go up or down?" When kids relate investment performance to topics and concepts that are part of their everyday world, finance and investing can become part of their reality.

Best of all, introducing kids to these concepts now, while they're young, encourages them to fully leverage the greatest advantage they have: time. Money saved and invested when kids are teens or younger has decades to compound and grow in value, affording them the opportunity to enter adulthood not only with a good grasp of finance and investing, but also with a solid nest egg that can generate security and opportunity for years to come.

As a fiduciary, professional wealth advisor, I work with family stewards, parents, and grandparents to develop financial and investment management strategies designed to provide security for future generations. To learn more, click here to read my article, "Maximizing the Impact of Your Family Legacy: Helping the Next Generation Inherit a Philanthropic Mindset."

Stay Diversified, Stay YOUR Course!

SOCIAL MEDIA DIGEST

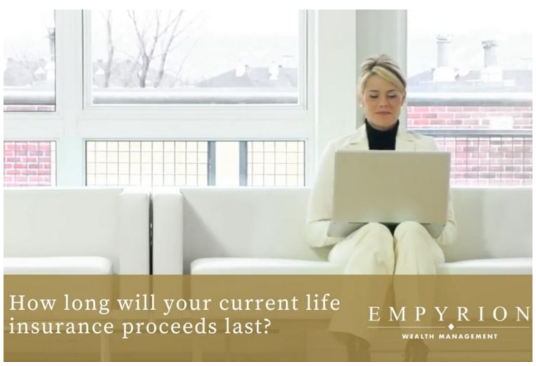
In case you missed them, here is a roundup of my latest posts on social media:

I am thrilled that Empyrion Wealth Management has been recognized as a top firm in Financial Advisor's 2021 Annual RIA ranking. It's a privilege to be named among so many fantastic firms!

Everyone hopes for a comfortable

retirement, but what does that mean for you? Utilize Empyrion Wealth Management's financial planning checklist to help you set and achieve your retirement goals.

As we head into the final third of 2021, I'm keeping a close eye on the US economy, the financial markets, and the delta variant. Read my blog for a financial and economic roundup.



You may think that you are adequately insured in the event of your death, however, it may surprise you how quickly the tax-free insurance proceeds may be depleted by your survivor income needs. Try my calculator.

KIMBERLY FOSS

President, CFP®, CPWA®, CFT-I™ Candidate

"We understand that every person we serve has distinct values and ambitions, and they

each need their own plan for wealth management."