

# MONEY GROWS ON TREES



**PARENTS JOURNEY TO  
RAISING FINANCIALLY SAVVY CHILDREN  
FROM KINDERGARTEN TO COLLEGE**

**VINCE SHORB**

## Foreword

Give your child the gift of financial knowledge; it's a gift that will benefit them every day of their life. With your guidance, they will avoid the mistakes that plague many people so they can live a lifestyle free from financial worry.

If you know someone under the age of 25 that you truly care about, it is important you're aware that practical financial education is still *not* taught in most public schools. In fact, recent studies conducted by Charles Schwab Foundation conclude that 87% of young adults rely on their parents as the primary source of financial education. So parents, it's up to you to prepare your child for the real world.

This booklet comes with our compliments; feel free to pass this along to anyone you feel would benefit.

## About the Author

Vince Shorb, the leading young adult financial literacy expert, provides real-world advice on how to be financially free. Broke at the age of 26, it took him just six years to make his first million. Vince has personally reviewed the finances of over 10,000 people and advised thousands of clients on ways to better their financial future. His course *Financially Free by 30* has been designed specifically to provide young adults real-world financial advice, and can be found at [www.FreeBy30.com](http://www.FreeBy30.com).

*Financially Free by 30* is the single most comprehensive home study course on 'money' available to young adults today.

Inside the course you'll get real world financial advice that simply isn't available in school. It gives students simple guidelines to take their income and savings – no matter how small—and build them to a point where they can **be financially free by the age of 30**.

Students receive:

- \***16-Module Interactive, Multi-Media Course-** video, online tools, and hands-on learning.
- \***240 Page, fully indexed manual**
- \***Seven Hours of Audio Instruction**
- \***Electronic Versions of Manual**
- \***Online Progress Quiz**
- \***Nine Interactive Software Tools**
- \***Plus much more**

All of these resources are packed with hundreds of the same cutting-edge strategies that I personally used to achieve financial freedom. **Financially Free by 30** will show you how to make the money to achieve your dreams—now, and for the rest of your life. For Free video lessons visit [www.FreeBy30.com](http://www.FreeBy30.com).

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## **Don't be like me!**

You would think I'd be happy when people say about my children, "They're just like you!" That *used to* make me feel so proud. I say "used to," because there's one area that I want them to be different from me: how they take care of their money. Oh, I'm glad that my oldest has a job and knows how to work – just like me – but he also has too many debts and nothing in the bank, just like me. And I never knew how to teach them to be different, to be better than me, until the first day of the new soccer season.

Every Saturday during soccer season I would see Tim and Kelly. Their son Art is the same age as my middle son, Jason. I could tell they were well-off, but not by how they acted. They were always friendly and fun to be around. But I could see they had the latest fashion, higher end cars, nicer watches, and my son would always come home talking about the trips Art's family went on.

This season Jason and Art were going to be on the same team, so I was looking forward to seeing them all again.

When I saw their family walking out to the field, Tim and Kelly had big smiles on their faces. Tim was a little on the heavy side and had some gray in his dark hair. Kelly was slender and wore a beige linen dress that was really pretty – and good for the weather, too, since it looked like it would be a warm afternoon.

"Hey you two!" I called.

"Haven't seen you since last season!" Tim called back. "How are you?"

"I'm doing good!" After I said it, I knew it didn't come out right. I've been having a lot of stress with bills piling up, and it all came through in that simple answer.

When I reached them, Tim said, "I'm going to run to the snack bar. Can I get you ladies anything?"

"A water for me," Kelly replied.

"Anything's fine," I said.

When he had walked away, Kelly said in a more serious tone, "No, really, how are you?"

## **Living paycheck-to-paycheck.**

"I'm a little embarrassed to say this, because I know you and Tim are doing well, but I'm having a hard time making ends met. I've always lived paycheck-to-paycheck, and I'm used to it, sort of. But that's not what's bugging me, really."

"What *is* bugging you?" Kelly asked.

“It’s my son Nick’s second year at college, and he’s already in debt over his head. Credit cards, student loans, you know. And he bought a second-hand car, but he can’t make the payments. I’m having trouble helping him out.”

Kelly didn’t know how to answer, but before she could think of something, I said, “I think he learned a lot of this behavior from me, and that’s what’s *really* bothering me. I don’t want him to make the same mistakes I made, but he reminds me of myself at that age. Jason is already developing bad spending habits. And Clint, my youngest, copies everything the older boys do. I can see that they’re doing just like Mom did, and I don’t want them to live like I do – always stressed out about money.”

“You’re a great mom, Mary, and you’ve done a lot for your boys. It’s obvious they love you,” Kelly answered.

“Yes, we have a loving family,” I said, “but deep down, I feel like I haven’t prepared them for the real world. Especially when it comes to money.”

Kelly shook her head. “I know the feeling all too well.”

“You do?” I asked, surprised.

### **Most people learn about money from the school of hard knocks.**

“And it wasn’t too long ago either, that I felt just like you,” Kelly said. “I remember when Art, our youngest, was born. He was a ‘surprise,’ if you know what I mean.” She laughed. “Our two girls, Molly and Sarah, were six and twelve at the time, and Tim had just lost his job. We were behind on our rent already, and at the worst point we had to hide our car at a friend’s house because we were scared it would be repossessed! Credit cards maxed out... we were in really tough shape. The part that made it so bad was the stress about the money. It caused Tim and me to fight all the time, and we were both short with the kids.”

“Oh my gosh, I’m so sorry. That must have been so hard for you. But I would have never guessed!”

“Well, that time’s over, thank God! I really can’t believe it’s twelve years later, and our boys are playing together....Time flies.”

“So how did you [get out of debt](#)?”

Kelly smiled ruefully. “Not like I ever expected. I still remember the day Tim broke down and asked his dad for help. Tim’s so proud, and when he did that I knew we’d hit rock bottom. Speaking of the devil!” she said as she looked past my shoulder.

I turned around, expecting to see Tim. But instead I saw an older, heavy-set man with a head full of gray hair and an expensive-looking salmon-colored sport coat. I didn’t recognize him.

“That’s Gramps,” Kelly said. “He’s Tim’s dad, but our sons all call him Gramps, so we do, too.”

Mary stood up and introduced herself. Tim came back right behind his dad.

“What are you doing here, Gramps?” he asked.

“Can’t I watch my own grandson start his new season on a new team?” he replied.

Tim passed out the drinks for us women, kept a Coke and a Twinkie for himself, and said to his dad, “If I’d known you were coming, I’d have picked up a Perrier!”

“Any bottled water’s just fine for me, Tim. It’s not about appearances, it’s about health. You kids all oughta stay away from those soft drinks!”

“C’mon, Gramps,” Tim said, laughing, “We’re all grown up now. We don’t need parenting anymore.”

“I was just telling Mary our story, Tim,” Kelly said in a voice that said “gotcha!” “I was at the part where you went to ask your father...”

### **Money taboo.**

“How’s that for timing?” Tim interrupted, screwing his face up as if a load of bricks had just landed on his back.

“I don’t want to embarrass anybody,” I said. “Just forget I ever brought it up.” I sure didn’t want to cause problems between Tim and his dad. At the same time I wondered why money issues were such a taboo to talk about. Tim, sensing how bad I felt, just picked up the story where Kelly had left off so he could take the focus off me.

“So I finally mustered up enough courage to go talk to Gramps,” Tim continued as if his father weren’t there. “He was always there for me, but I was always too proud to ask anyone for help. I went over to visit one afternoon, and I couldn’t bring myself to do it. Minutes turned into hours, and I knew it was getting close to his four o’clock nap. I finally saw an opening and told him my financial situation in a rambling, fast, ‘I’m drowning’ kind of way.”

Then he turned and looked at his father, and a tone of disbelief came into his voice. “And he started to laugh! I didn’t know what to do. He said, ‘I wondered when you were going to finally be able to ask me!’ Then I started to laugh, too, in a semi-hysterical way, where the pressure on my nerves was being released.”

### **Instant relief.**

“That’s right!” Gramps chimed in. “I told him I had money to give him. I was gonna give him \$100,000!”

“Can I tell this story, Dad?” Tim asked.

“I just wanted to be sure you didn’t leave out any of the good parts,” Gramps answered.

Tim turned back to Kelly and me, and said, “Anyway, I felt this great sense of relief, like the world was lifted from my shoulders, and I started to say ‘thank you’ and was halfway into leaning over to give him a big hug, and he said, ‘But first you have to save up \$100,000 on your own.’ I couldn’t believe him!”

Tim looked over at Gramps to make sure he agreed with this version, and Gramps nodded. Then Tim continued, “My heart sank again. All I could think about is that I failed my wife and daughters. Was he playing a joke on me? I was starting to get really angry!”

Gramps smiled but spoke seriously. “Tim, I gave you money to invest when you were younger, but you just spent that money instead. Even that day, I knew you thought I was playing a cruel joke, so I told you to bring your wife and come over the next day, and I’d give you the lessons that you needed to teach your kids. Mind you, the lessons weren’t so much for you...they were for your wife and my grandkids. I didn’t want my grandchildren following your mistakes!”

Tim said, “Deep down, I knew gramps wanted *me* to take the advice, too, but he knew how not to get me so mad that I wouldn’t come back. That’s why he said it was just for grand kids.”

“Pride goeth before a fall, son. That’s one I’m *still* trying to teach you.”

### **Catch your own fish.**

“Gramps said if he just gave me the money, I’d end up losing it all. Look at all the lottery winners, he said, most of them are bankrupt within a few years of hitting it big.” Then he imitated his dad’s voice and said, “I don’t know why you young people these days don’t take money seriously!” He turned back to us and continued, “Then Gramps began to rant about the Great Depression, but I stopped listening. I just wanted the money, not lessons. So Kelly and I spent the next day with him, but all the while I was hoping there would be a check waiting for me when I got there.” Tim rolled his eyes and added, “Yeah, right...”

“Tim thought he could learn everything he needed to know in school,” Gramps explained, “and he didn’t need no advice from his dad. Geometry and literature and biology are all fine, but what kids really need, they don’t teach in the classroom. So I kinda told him it was too late for him. But for his *kids*...”

Tim said, “This ‘lecture’ may take a while – I know how you like to explain, Gramps. Let’s grab a seat under that tree over there, the one that’s so green. We can still see the field.”

As we approached the tree I noticed the branches were hanging low, and the fruit looked ripe and delicious. It appeared like all I had to do was reach out to grab some of it, but strangely enough the fruit was just out of my reach.

We reached the cooling shade of the tree and Gramps continued his explanation.

**To retire with annual income of only \$30,000 young people today need to have over *one million dollars* saved.**

“Times are changing, and they are changing faster than ever right now,” he said. “It’s important you realize that pensions and social security won’t be around when your kids reach retirement age. That means they will have to self-fund their retirement. That scared Tim when I told him, but here’s what really scared him: figuring inflation, cost of living and life expectancy, a young adult today will need at least \$1.3 million in order to retire with an income of only \$33,000 a year.”

My jaw immediately dropped and I felt a sick feeling in my stomach. How could my kids ever hope to save that much?

**Saving \$73 a month starting at 18 will give them over a million before age 65.**

“Now, here’s the good news,” Gramps went on. “If your boy just saves \$73 per month starting at age 18, he will have over \$1.3 million well before the time he reaches retirement age!”

“You mean, if my Jason just invests \$73 a month, he will be a millionaire when he retires?” I asked.

“Sooner! Most people have no idea about this, and other people I share this with wish they would have known this when they were younger!” He nodded toward Tim.

“If it’s that easy, why don’t more people know about it?” I said.

**Personal finance is *not* taught in schools.**

Gramps just smiled and replied, “The public education system trains people to be workers. You know, how to work in a factory or on an assembly line or in a department store. The problem is, many of the jobs like that are being sent overseas where workers will do it for a lot less. So it’s important that young people today learn [practical, real-world money lessons](#).”

Tim said, “After the ‘lesson’ that day we went back home and decided to personally make changes, and also vowed to teach our children so they wouldn’t be forced to eat ‘mac and cheese’ for dinner, three nights a week for the rest of their lives. We called our oldest at school – she was a freshman at the time – and asked her what they teach about money. We were shocked to find out that it’s not taught – period. Our public high school curriculum really has not changed in 50 years. So, back when my older brother was hanging out at the malt shops and poodle skirts were the cool thing, our schools were teaching the same subjects they do today.”

“If that’s true, how do I teach my kids to live the lifestyle they want?” I said, and looked at all three of them. “Can you share the secrets your father – ‘Gramps’ - taught you? I really want to give my kids the advantages I didn’t have, and I want their lives to be easier than mine has been – especially these last few years, financially.”

Gramps laughed, and Tim and Mary smiled. Then Gramps said, “Well, there aren’t actually any ‘secrets,’ they’re just real simple lessons that anybody can learn and be successful with. Look at that last thing, \$73 per month...if you had known that at 18, wouldn’t you of started sooner? I’m a shocked more people don’t know.”

### **Share what you learn here today with others.**

“I’m sure my dad would be more than happy to share what he taught us with you,” Tim said. “Actually, he thinks it’s his duty.”

“Duty?” Gramps asked.

“Yes. You made us promise to share these lessons with anybody that has children and was serious about giving their kids some financial smarts. You know, most people never even think about it. But some do, and you always said, ‘people will change when it’s the right time for them.’ I can see it’s your time, Mary, and we would love to explain the lessons that changed our lives. In return, you should share this information with other parents that are ready to improve their children’s futures.”

“I promise!” I said.

Then Tim looked at Gramps and said, “And it’s your lucky day, too. Gramps here can tell it to you the same way he told it to me.”

“To us,” Kelly said lightheartedly. “Let’s put some lawn chairs under this tree.”

Once he was seated, Tim had the biggest smile of the day when he said to me, “Ah, this is better...I love these sunny summer days at Perry Field! You know, Mary, all the lessons my dad taught me were great, and you can benefit from them, too. But if you can teach them to your kids, their lives will be so much easier and more rewarding.”

“So how do I start to teach them about money?”

“A good place is by explaining the basics of spending, saving, and earning,” replied Kelly.

### **There’s a difference between a ‘want’ and a ‘need’.**

“One of the biggest problems kids have is not understanding the difference between what they *want* and what they *need*,” Tim said. “A *need* is something they can’t survive without, like food and water. A *want* – well, it’s a luxury. Your kids have to understand that if they *want* an Xbox, they can’t afford the iPod, so what do they want more? Have them prioritize their ‘want’ list so they can buy things from their own savings.”

“My kids tell me they can’t live without everything they ask for!” I said.

### **Young people are conditioned to spend, follow orders, and follow the crowd**

“That’s not surprising,” Gramps said. “Nowadays marketers spend millions of dollars developing advertisements that convince kids to always be spending. Your kids have been exposed to tens of thousands of ads. Besides all the advertising, we teach them to listen to their teachers and parents, so they’re conditioned to be followers.”

“When they ask for all that stuff, it’s not really them talking,” Kelly said. “It’s the advertisers and their friends and the radio and TV that tell them what to tell you. The trouble is, children don’t know that. You need to teach them to be free thinkers.”

“What’s that mean?” I asked. I always thought of “free thinkers” as people who didn’t follow conventions; didn’t do what other people expected.

“First of all, they need to understand advertising,” Kelly asked. “Kids are smart, but so are advertisers. Their whole job is to convince kids they *need* to have the latest phones, the iPods, laptops, the designer shoes.”

“I kinda know that in my head, you know, from experience,” I said. “But how do I show them?”

### **Raising free thinkers and understanding motives.**

Kelly smiled and said, “Actually, this is one of the most fun things you can do with your children. Make a game out of watching TV. Don’t zap those commercials; ask them to explain what ‘emotional response’ the advertiser is trying to create. Who are they trying to sell to, and what do they want people watching the ad to do? Here’s an example. You’ll see a million commercials for cars, but they’re not all trying to get the same buyer. Some car commercials ‘sell’ on safety or good gas mileage; those are logical reasons. Some sell on style – they’re for people who want to say, ‘Look at me!’ And some ads sell cars because they’re fast and have good handling. Can your kids spot the differences?”

Gramps added, “Once they understand the idea, they’ll be able to spot ‘advertising’ everywhere. Think about politicians promising more jobs, or a charities asking for

donations. None of them are necessarily bad, but your kids have to make up their own minds about what's true and what's right, so the next time you're watching an ad or listening to a politician. ask them, 'Do you think this ad or the senator is telling the truth?' Have them explain why they believe or why they don't believe. Show them how to tell if someone is telling the truth. Being able to understand people and their motives is a valuable skill, no matter what they do in life."

Then gramps changed gears. "And when they want something new, be prepared for their old argument, 'Because everyone else has it or does it.' Help them understand that if they follow the crowd, other people control what they think... the TV, the radio, the kids at school. They need to make up their own minds, not let others do it for them!"

I thought about the idea, and I thought that evaluating commercials with my kids might just work.

### **Teaching respect for money.**

"There's another real good way to start. The next time one of your kids wants money for something, let him spend *own* money, not yours!" Tim said. "That's because when it's his money, he'll think a lot harder about what he spends it on. Teaching them money management early in life will help them avoid the problems most Americans face. Did you know that the average person spends more than he earns?"

I know that all too well, I thought to myself. My credit card debt was growing each month.

"By the way, do your kids get an allowance?"

"Of course," I said, "but it's not much."

"And they have to do chores to earn it, right?"

"Well..." I said.

"Understand that they should *earn* their allowance," Tim followed up, "but whether they do or not, how much of it do they save?"

### **Start the savings habit early.**

"Save??" I asked.

"Sure – do all of your kids have savings accounts? Somewhere where they put some of what they earn, plus some of their 'gift' money, so they can save up for college, or a car, or whatever it is they want?"

I didn't answer.

“I thought so!” Tim said, but not with a mean voice. “Our kids didn’t, either.”

“No wonder, Tim,” Gramps put in. “That’s because you and Kelly didn’t, either! Everyone needs to learn to manage their own money!”

“I get the idea,” I said, “but how can a twelve-year-old do that?”

“Get your children to begin saving as early as possible – right now, if you haven’t already – start the habit of saving, paying for their own college and having money for their first car,” Gramps said. “Start them in kindergarten with anything they receive – birthday presents, grandparents’ gifts, allowances, any money - setting aside 15% for long term college savings, and saving 15% for fun things they want to buy soon – like iPods. They have to learn young the importance of balancing money and fun. And have them set aside 10% for charity, too!”

“Are you serious?” I asked.

“Why not?” Gramps answered. “You have to figure they have no bills and don’t pay taxes...in the real world, 40% of whatever they earned would be going to taxes anyway, so this savings plan is right in line with what they will experience when they move away. You know, too many kids think that money comes from an ATM! I’m not kidding! They think that if they ever need money, all they have to do is take it out of some machine.”

I could see that Gramps was getting wound up on this subject. He continued, “Kids need to know that money only comes with responsibilities. Some parents prefer to give chores as part of household duties and responsibilities, and that’s fine. Or you can pay them for chores...either way, make sure you give them an option, give them other things they can do to get money. Then have them buy their own ‘wants’ with their own savings. You see, when you earn your own money, you respect it more. It represents a sacrifice you made to get it into your pocket, so you’ll think twice before you spend it, and you’ll value whatever you buy.”

Kelly said, “Nothing makes me crazier than seeing kids in the mall throwing a fit because mom or dad won’t buy them some trinket they want. Those kids have no idea how mom or dad got that money, and they don’t care. And chances are whatever gets bought for them will end up broken, lost, or ignored.”

### **Teach children to earn their own money, or risk raising a mooch.**

“Fortunately my kids are past that age now,” I said, “but my oldest still hits me up for money. He doesn’t throw a fit but he does give me a guilt trip. Even when he was 17 or 18 years old, he was always asking me for money to go out.”

“Whoa!” Tim broke in, noticeably dismayed. “At 18, he was asking you for money? He should have been working and paying for his own activities! In fact, by age 16 kids should get a job or be very active in outside activities – sports, leadership clubs, things like that. They should already be developing a good work ethic because they’ve been

doing chores for their allowance. Once they get out and start working for someone else, or get to be part of a team, whether it's soccer or a band or the Young Leaders or the choir at church, it's when they should be honing time management skills."

I had to grin when I heard that. Time management? How are you going to teach that to a teen? I didn't realize my smile was so broad, because Tim must have read my mind. He answered my exact question.

### **Time management and money management go hand-in-hand.**

"[Time management](#) is just like money management, Mary. It needs to be taught just the same, too, because it's *not* something that comes naturally or is taught in schools. Kids who have all their money given to them think the supply is endless. Kids who don't have any responsibilities or obligations feel the same way about time."

"Yeah, OK, makes sense," I agreed with him, "but I wanted to see how to actually *teach* it."

"It's part of the whole process we're talking about here," Tim explained. "Learn to be a free thinker, take responsibility for your chores, save some of your money, get your first job... all the while, you have to keep your grades up. When the days start to fill up, you explain to your kids that time is just like money... There's only so much of it, and each kid has to decide the best way to use it. School and chores have to come first, but after that, what's more important? Would he rather spend more time with his friends, or learn to play the guitar, or watch TV? If he says, 'I want to do all of them,' – that's what my kids told me – then you show them how to budget and schedule their time, just like their money. And now, when they're young, is the absolute best time to help them develop good working and time habits for the future," he finished. "I know it may feel like a long time before they do grow up, but looking back at my daughters, I cannot believe they're both already grown and gone."

### **Sharing personal work experiences makes great lessons.**

Kelly spoke for the first time in a while. "Yes, they do grow up fast. One day they're playing soccer, the next day they're graduating college and getting a job. Because of that it's important that you share your experiences with work so they'll know what to expect when they look for their first job. Keep it positive, and encourage them to follow their heart. You're a working mom like me, so explain to your kids what employers look for. They need to know that each job is a way to [build skills](#), and a stepping stone to the next position."

"You make childhood sound like business boot camp!" I said.

"Well, that's not the idea," Kelly said. "But you know yourself, young people learn faster and easier than at any other time in their lives, and whether you teach them or not, they're learning from someone – TV commercials, billboards, the radio, what their friends say... they absorb it all. I mean, do you want a kid that gets his money advice from rap videos?"

If the only source of money is you, they won't have any idea how to manage it once they get out of school and into the real world!"

"So talk to them about jobs they could do, based on what they like," Gramps said. "Help them find what they might want to do in the future."

### **Children of all ages remember family field trips.**

"Here's what I do with Art," Tim said. "This was when he wanted to be a fireman – what kid doesn't? I drove him past the fire house down on Seventh Street so he could see the big trucks. Then I took him in and introduced them to the firemen. I asked one of them to help us. I said, 'Being a fireman is a real job, Art. If you wanted to work there, what do you think this fireman would ask you before you start?' Find out what they like about it...what attracts them... and steps to get there. Maybe one of the firemen can tell you what it takes to be successful firefighter! Of course, Art had no idea, so I asked him to think of five questions they'd probably ask him, and I'd think of five, and we'd practice him interviewing for the job. Doesn't matter what he wants to be – mayor, house builder, hair stylist, doctor... role play getting the job. Kids really get into it, and it's a good step in teaching them to sell themselves and their ideas, to be free thinkers!"

"The same applies for careers," Kelly said. "I'll tell you what I did. One of our daughters was into fashion, so I showed her examples of successful fashion designers and fashion industry type stuff... you know, fashion magazines, the advertising supplements for clothes that come with the morning paper..."

"But the ads in the paper aren't fashion," I said, "that's just school clothes and work clothes and stuff."

"That's what I thought, too," Kelly responded. "But my daughter and I both found out that fashion covers a whole lot more than just runway models in New York. We learned that all clothes have to be designed, from toddlers to Gramp's fancy sports coat. She really got into it, and got a degree in fashion at college!"

"That's a great idea," I said, "and I think it's important to encourage their dreams. I really try, but I don't know what to teach them about getting their financial life in order."

### **The time to open a bank account is now.**

"That's where a lot of parents get confused," Tim said. "The place to start is with [building a financial foundation](#). The first thing they will need is a bank account. It's important to remember that bank accounts shouldn't be a chore that you impose on them. Take them all to the bank together so that each of them can open his own account – and let them take control! Make their own deposits, pay bills automatically through bill pay service, and automate their savings."

"That seems like a lot for kids," I said.

Tim smiled and said, “They’ve got room in their heads to learn everything, so make sure you’re putting the right stuff into them to succeed. And the way I define success is having the ability to live a worry-free lifestyle on my own terms, and not the terms of bosses and bill collectors.”

### **Build their credit and credit knowledge early.**

“While we’re talking about banks, I also suggest you consider getting your kids a secured credit card with low limit at age 18,” he continued. “Make sure you check each month so they pay the bills. This will build their credit and teach them responsibility. Explain how credit cards help to build credit – or wreck it. Credit is essential as you grow up. You need it for everything. Explain how credit bureaus work, and if you don’t know, do some research yourself, because it affects you every day!”

Kelly said, “It’s important to know that credit card companies prey on recent high school graduates. They give away free gifts on college campuses in exchange for grads signing up for a credit card. Your children need to know that credit and money aren’t free, and the credit card companies are using the same emotional triggers, just like the old tobacco ads. If you don’t prepare them, these companies will take advantage of them!”

I couldn’t agree more, I thought. They take advantage of adults the same way, using the same emotional triggers. “Spend now! Buy this! You don’t have to worry about money! No payments until next year, and you can have whatever you want!”

“You may know how it works, Mary, but most kids are still ‘green’ when it comes to money,” Gramps said, appreciating the groans he inspired. “Remember how I talked about the \$73 a month, and how it can grow for your kid?”

I nodded.

### **Credit card debt is easier to avoid than to get out of.**

“[Credit card debt](#) is just the opposite. If a kid spends only \$73 a *month* with his credit card and only pays back the minimum, the interest rate will eat him alive. He’ll be up against his limit in no time, and saddled with a debt that could take years to pay off!”

“My oldest son is already there because I never explained that to him!” I said.

“I’ll bet none of you know that the *average* credit card debt in this country is almost \$9300 per household!” Gramps said. “I saw that in my *Old Timer’s Magazine*! Still, I’ve heard people give advice to close your credit cards to get better credit, which is absolutely wrong. On the other hand, credit cards are powerful and dangerous, and kids need to be taught how to use them safely. Would you give them the keys to your car without drivers’ training? Then why send them out without financial training...it’s a wreck waiting to happen!”

I said, “I know my oldest is already in debt, and I feel so bad. I never taught him any of this, and I feel guilty. But now I have an idea what I can do about it, especially for the younger ones. I think it will take some work on my part, but I can do it.”

“We remember that feeling, too,” Tim said. “It did take some work, reading books on what we talked about, but it improved our lives, and most importantly, it helped out our kids.”

### **If they aren't investing, they are losing money.**

Gramps waved his hand to attract my attention. “Of course, earning and saving money are important, but they're not enough. If your kids learn to be careful with their spending and all they do is put their money in a bank, they're still losing it. You lose some of it everyday you don't have your money invested. The average price of goods goes up about 3% each year. What that means is that your \$100 today will be worth \$97 next year, and doing some quick math, about \$54 in twenty years. So when your 20-year-old – you have a 20-year-old boy, right? - when he's retirement age, his \$100 will only be worth about \$26. If you don't know how to invest, you're in big trouble!”

### **The biggest key to financial security is to start young.**

“I have to keep coming back to my \$73 example,” Gramps said. “You know, kids don't realize how much difference it will make if they start now, even if they start small. You can explain it this way: 73 bucks may seem like a lot, and maybe you think it's better to start a little later, but save a little more. Well, a guy who sets aside *\$1000 a month* beginning at age 50 won't catch up to the teen who started at \$73. The old geezer won't even have a *quarter* as much as that teen! So you have to start *young* or it doesn't work, no matter how much you invest later!”

“A lot of the things Gramps talked about we had no idea of at the time, but we were dedicated to getting out of our own hole and giving our kids good lessons, so we learned them,” Tim said. “If you are unable to explain these things, you need to find someone that can. If you don't know them, don't feel bad. Most financial education in school is theory, and it doesn't help kids buy their first car or establish credit.”

### **Teaching basic economic principles.**

Gramps said, “Kids don't need an encyclopedia to know how to manage their money, but there are a few basic principles that everyone should know. They're all interconnected, and if you can help your kids see the big picture, you'll give them a foundation they don't get in school and can't learn from their friends. For example, there's one principle that underlies everything in every economy, everywhere? Do you know it?”

“Uh, let me think... the more money you have, the freer you'll be?” I said.

“That’s true, but this is more fundamental,” Gramps replied, “and you know what it is, too, but you just need to remember. It’s called ‘supply and demand.’ Everything works around that one law. And it’s the backbone to managing your money.”

“Supply and demand,” Tim said, “is why when orange juice is priced higher after hurricanes in Florida. There is a supply shortage. And when the Sony Wii is selling on eBay way above the suggested price, it’s because of demand. Do your kids understand that? If they don’t, use examples they can relate to and it will make sense to them.”

### **Buy assets, not liabilities.**

“Here’s another one. They need to know about assets and liabilities. The way to financial freedom is *not* to put \$10,000 or \$50,000 in a bank, or by work alone. Instead, you *invest* your savings in assets that give you monthly cash flow. Things like rental properties and businesses.”

“Don’t forget to explain to them that some assets that *don’t* give you cash flow, like the home you live in, are good as well,” Kelly added. “If you borrow money to buy assets that go *up* in value, like a house, it’s a good investment, even if it means getting a loan. If you borrow money to buy something that goes *down* in value, like a new car or 48-inch flat TV screen on a credit card, it’s bad.”

“Some assets, like the home you own, don’t provide cash flow, but loans to acquire them are still good loans,” Gramps agreed.

“You know that and I know that, but how do I get *them* to know that?” I asked.

Gramps walked over close to me and looked me in the eye. I knew he had a strong personality, and I could tell he wanted to tell me something he thought was really important, but he got so close that I was a little uncomfortable.

### **A parent’s job is to prepare their children to face the real world.**

He said, “A parent’s job – *your* job – is to [get them ready for the real world](#). Sure, you hate to give them more work because they may not like it, but that’s just part of your job. You send them to school, even if they don’t like it, right? Well, school doesn’t teach them about money, so you need to teach it. And sometimes that means they will be doing things they don’t like.” He leaned back away from me, and turned to look back at Tim. “I gave my grandkids some great pointers about managing their financial lives, but one of my biggest regrets is that I wasn’t able to do the same for my own son, at least not until he was all grown up.”

“We make our kids do bullet-point reports on any money lesson we feel is important enough that they understand more,” Tim said. “It’s not such a big deal once you get them started. Of course, when I was young I didn’t have the Internet, and it was much harder to do research for reports. I still remember using the Dewey Decimal System to search for books at the library. Now they just go online and they have access to any subject.”

### **Important money lessons need to be taught to your kids using proven teaching techniques.**

Kelly added, “I know it’s hard at the beginning. God knows it was for us, too, the first time we insisted our kids make ‘reports’ on investing, or credit, or ‘supply and demand.’ So to make it easier for them, we teach them about finances the same way schools teach them everything else. Your kids already know how to look up something, write a report, put the facts in special folder, things like that – they know how to do that for subjects like biology and ancient Rome. So we teach them [financial security](#) the same way schools teach everything else. The difference is that how to succeed with money is a subject they will use forever. And this subject is a lot more important than any subject they learn in school, since it will affect their health, happiness and entire life.”

“But you have to pile on more work!” I said.

“You’re right, but what’s the alternative?” Kelly asked. “You can avoid a little pain now by not making them learn, and instead your children may spend a lifetime in debt, can’t get enough credit to buy a new car, let alone a house. You know how many people are broke...in debt...” She waved a hand in despair.

Gramps answered. “There’s a ton of information out there, but schools just don’t teach it. It’s up to you to get him to look in the right places!”

### **Financially freedom is easy when they start young.**

“There’s one thing your kids can do that I can’t do so well anymore,” Gramps said, “and no, I’m not talking about *that!* I’m talking about compounding interest. Remember I talked about how \$100 will turn into just \$26 by the time a 20-year-old retires, if all he does is put it in an envelope in his dresser drawer? That’s compounding in reverse. But he can make it work for him by putting money into assets that grow. If he can set aside \$100 a month, beginning with his 18<sup>th</sup> birthday, and put it into a good investment that grows at an average of 12% per year, he can retire - a *millionaire* - before he reaches your age!”

“How can I ever convince him of that, much less explain it to him?” I said, exasperated.

### **Money isn’t important! Lifestyle, time and freedom are what motivate learning.**

Gramps said, “The first step is to help them understand a simple equation: money equals time, freedom and lifestyle. It’s what money brings us that’s important! When they really understand that equation, they’ll listen better. Then you can show them that if they just follow simple lessons and have a basic understanding of money, they will be able to do whatever they want. When they relate investing money to giving them the freedom to live life on their terms, suddenly they become excited. Who really cares about money?”

Tim added, “You need to show them the [benefits of having money](#) and the trouble you can get into when you don’t have it. What do you think would motivate Art more, telling him he needs to study the subject of money, or that if he just understands money basics, he’ll have the free time to play soccer whenever he wants to?”

“That makes a lot of sense,” I said, “but how do I explain investing to them when I don’t even know much about it?”

“Good question, Mary,” Kelly said. “You can start by explaining to your children what you already know. How did you feel when you made investments in the past?”

### **Teaching emotional control has benefits that extend beyond money.**

“Well, I was scared, nervous; but at the same time was hoping the investment would make me rich.”

“Exactly...and most people feel the same. There’s more to investing than just numbers – your emotions are involved, too. It’s important you recognize that and explain it to your kids. There’s some risk to every investment, but what makes investments even riskier is your emotions. You need to get them under control before you buy or sell anything. Doesn’t make any difference if it’s an Xbox or a new house. That’s because two emotions - greed and fear – are the biggest motivators for most people. And it’s what makes them lousy investors.”

“We got caught up in a greed and fear struggle back when Cindy was born,” Kelly explained. “We were struggling to make it. I mean, it was ‘mac and cheese’ and juggling bills and bill collectors. We had about \$2500 saved for emergencies, and that was it. Many months after our meeting with Tim’s dad, we still didn’t do anything because we were scared to lose the few dollars we’d saved. But we agreed to try to make that money work for us and see what was out there. Tim and I have different investing ideas, but I think it balances out. Tim brought back this gold mine in California and about three inches of paperwork neither of us could understand. But our \$2500 would turn into \$15,000 in a year. We needed the money and were tempted. It looked pretty good, but was it too risky?”

“So what became of the gold mine?” I asked.

“That’s easy,” Tim said. “We had a hard time getting more information about the company because it wasn’t on any of the exchanges. We didn’t know anyone else who had invested in it. The only information we had was from them, and we couldn’t even understand that. Since we couldn’t find out enough about the company to know the risk involved, we didn’t buy it.”

### **Every young person needs to know how to evaluate investments.**

“Evaluating risk is crucial for living a [worry-free lifestyle](#),” Tim went on. “Think about your kids, for starters. Evaluating risks will help them keep out of trouble. For example,

drunk driving is risky, and kids have to ask themselves whether the chance of causing an accident, getting a ticket, losing their license, maybe killing someone – if that risk is worth saving taxi cab money.”

“How to recognize and evaluate risk is a key piece in choosing investments,’ he continued, “so I teach my kids investment basics that most people do not know.”

“How to evaluate an investments isn’t as hard as you think, either,” Kelly added. “I actually went through the process when deciding to marry Tim.”

“Really? That sounds kind of weird for another person. How did you do it?” I asked.

“Well, can you imagine anybody getting married after one date?” Kelly asked. “They’d have to be awfully lucky to find the right person without doing their ‘due diligence’ first. I did it with Tim, just like I do for all of my investments.”

“This is news to me, too, Kelly,” Tim said. “How was choosing me like choosing an investment?”

“Well, you and I used to work together, and you were cute.”

“Cute? What does cute have to do with investing?” Tim asked.

“You were cute enough for me to want to learn more, just like an investment. Is this an investment I can see myself making, or in Tim’s case, dating? I had to find out more about him. I tried to get to know him. It’s like with an investment, dive in a little more, learn more about it and read up on it.” Kelly watched Tim’s expression change from curiosity to surprise. Then she continued the explanation to me.

“Once we were dating, I had to do some more investigating - asking a lot of questions and talking with my friends and mom about him. Like investing. I find out what I don’t know, and instead of only talking to friends about the investment, I talk to experts. As we became more serious, I weighed out the pros and cons of getting engaged, so I really had to do my due diligence and find out about his family, goals, and learn as much as I could about him. When I felt comfortable with his answers and he was looking like a good investment of my time, I made a last check to see how he felt at gut level. I knew we always had chemistry, but I took some quiet time to reflect and really think about how my investment – that’s Tim - made me feel. When everything checked out, I committed myself to ‘us.’ And it he turned out to be a pretty good investment and a grown into a great business partner as well!”

**Teach kids about investments by getting them involved with yours.**

Tim jumped in. “Just a ‘pretty good’ investment, huh? We’ll talk about this when we get home,” he said jokingly. “Actually, we talk about all the investments we make with the kids. We get them involved with our decision making.”

Gramps smiled and said, “That’s a great example, Kelly. And Tim brings up another important point. You need to take these [investment and money lessons](#), and explain them to them in ways that kids can understand.”

“We do” Kelly chimed in. “When we want to buy a new stock, or invest in a rental house, or get another car, we invite the kids to help us ‘analyze’ the investment, to understand how to do ‘due diligence.’ It’s family decision, not like the mafia, you know, but we talk together about family goals.”

### **Lead by example - create family and personal goals.**

“And that brings up something else: we *have* [family goals](#). We want everyone moving same direction, so we root for each other to reach our individual goals. When Kelly was able to swim her mile, the whole family was there to encourage her. And when Art was trying to get all B’s or better on his report card, the big sister at college cheered him on, and Molly, who was still at home, helped him with his homework.”

“It really seemed to bring the family together when you started doing family goals,” Gramps said.

Kelly smiled at her husband and said, “It did, Gramps. And we also tried to teach them to stay in touch with their friends. We’ve found that it’s really important that your children keep contact information of everyone they meet. I remember I had a good friend in college that was into real estate. I had no interest at the time, but when I did, I gave him a call and he gave me some tips that really made a difference when we bought our first house!”

### **Networking is a key skill for financial freedom – and is easily taught.**

“So let Jason set up his “friends’ book” on his computer,” Tim said. “Most kids have a computer, and each of them should have a list like that on it. Contact programs are free on-line, and your kids should begin by listing all of their friends. That will give them a reason to start. Then have them add their teachers, counselors, coaches, people like that. And each time they meet a new person – a soccer player, or a fashion designer, or they start in a new club, ask them, ‘Did you add that name to your contact book?’ What you’re actually teaching them is ‘networking,’ which is the fancy name for staying connected with friends and acquaintances.”

I nodded my head. I could give my kids the “carrot” of keeping track of all their friends, then expand it to include everyone they meet. I can see where this will help them get those referral letters needed for school, open up job opportunities, plus its always good to stay in contact with your friends.

**What you don't know, you can't teach - you need to know and teach these *basic* financial lessons.**

Kelly smiled. Tim looked over at the field and said, "The game's almost over, so I won't have much time to get into the three keys to financial freedom. Let's just see how much you know, Mary."

Kelly said, "Tim only got three right when his dad gave him this quiz, and I beat him! I think it hurt his manhood."

Tim ignored her and asked, "What three types of investments produce the majority of financially free people?"

**Three kinds of investments produce the majority of financially secure people.**

"Hmm. I'm not sure." I said, feeling more in the dark than ever.

"The answer is [stock market, real estate and entrepreneurship](#)," Gramps jumped in. "It's important your kids have a good amount of knowledge in at least one of these three in order to get financially free. Almost every wealthy person in this country became wealthy because of knowing at least one of these subjects real well, and having a fair amount of knowledge in the other two."

"I can help them learn about one house or one business," I said, "but how can I teach them about a good stock? There are thousands of them, aren't there?"

**Invest young with market index funds.**

"Did you know broad market index funds are considering lower risk by many professionals, *and* have beaten the return of the average mutual fund for the last seven years?"

"No I didn't," I said. "I'm embarrassed to admit it, but I never even heard of 'broad market index funds.'"

"Well, they're bought and sold just like a mutual fund or stock, and they give you instant diversification within the stock market. It's great for average people without a lot of specialized stock market knowledge. Plus, it's great for people that aren't stock market experts. Index funds are often a safer way to go. And it's something your kids should know about, *young*. Once they open their savings accounts, have money set aside for emergencies, and save up their first \$500, you should encourage them open up their first brokerage account and start investing immediately!"

Kelly added, "It's actually really easy to do, especially today with all the [automated ways to invest](#). It took us about 30 minutes to set up the account, then it automatically invests in the S&P market index for us each month. So every month we own a part of all 500 stocks, and all we do is look at the statement each month to check out our returns. Our

kids do the same. As the money in their account grows, encourage them to diversify their portfolio.”

**Diversification and dollar cost averaging are critical, basic investing principles.**

“At least I know something about diversification, Kelly,” I said. “I have all my money split up between growth, value and balanced mutual funds.”

“Um, well, you’re actually not very diversified at all,” Tim said. “In fact, your money is at a higher risk because you’re *not* diversified.”

“What do you mean?” I asked, alarmed.

“It’s not your fault. Most financial planners just know about stock investing, which puts you in a higher risk because the stock market is just one thing, and it has all of your investment money. Just remember, the financial planner you choose should be experienced in real estate, alternative investments, and stock market investments, too.”

“Don’t forget to mention dollar cost averaging,” Gramps said. “That’s a strategy that will not only help your kids reduce risk, but also it helps them achieve long term wealth!”

“Yup, I do it myself right now,” I said, finally relieved that I was doing something right. “They take out \$200 each paycheck, and put it in my 401k.”

Kelly said, “Great! That’s good! Now, get your children to do same!”

“But they don’t have jobs... at least, not full-time jobs like me!” I said.

“Doesn’t matter,” Kelly answered. “It’s the principle. Get them into the habit: every time they get money – birthday present, allowance, chores, a one-time job like fixing a broken window – have them put at least 15% of it into an investment.”

**Now is the best time ever for entrepreneurs.**

Tim nodded in agreement. “Well, let’s not get off course. Let’s get back to the test. OK, Mary, true or false: the times we live in are the best and easiest times to start a business.”

“That’s one I think I know: it’s definitely false,” I said. “There’s so much competition out there it’s hard to start a business!”

“Actually, today it’s easier than ever!” Tim answered. “Twenty years ago you needed a storefront, inventory, and high-cost advertising. Now, with the Internet, you can start a small business for a few hundred bucks, then grow with it. Even Art, our youngest, has a business. He buys old video games from his friends real cheap, and sells them on eBay. He’s actually making about \$100 per month and having fun.”

“There’s no reason your kids can’t do the same,” Kelly said. “There are a lot of businesses you can start with no money, like what Art’s doing. When your children see the money coming in, they’ll get excited about it, too. You don’t expect they’ll make a career out of their first jobs, but these are learning and teaching experiences, just like school. Except that they don’t learn this at school, so you need to teach them at home.”

“I have no idea what my kids might do,” I said.

“Neither did we, but if you encourage them to think about it, they’ll come up with something. You know Art loves soccer like crazy. When I started talking to him about starting his own company, I just naturally explained it as something that would interest him. I thought of a business about soccer. I said, ‘Why don’t you print pictures of soccer stars on t-shirts and sell them to your team mates?’ Now, doesn’t that sound like a great idea? Buy a t-shirt at Sears for \$3, put 50 cents worth of ink on it, and sell it for \$10. I almost wanted to do it myself. But you heard what he did. He started buying used games from his friends and sell them on eBay. It has nothing to do with soccer. He came up with that idea himself. Know what he said? ‘Less work, and more people to sell to!’”

### **Entrepreneurial thinking is key skill your children need to develop.**

“Long as we’re talking about startups, encourage your kids to [think like entrepreneurs](#),” Tim said. “Have them start businesses while their young. You know how people go around selling candy bars for fundraisers. Well, my daughters did the same thing but for their college tuition fundraisers.”

He continued. “Mary, there’s a reason you can’t imagine your kids starting their own businesses. It’s because you never did, and you probably can’t name five people you know who did. You didn’t have a business mentor when you were young, and it’s hard for you to be a mentor to your kids that way, too. But there are ways that you can help them just the same. Here are a few. Think about what they can do to earn extra money. Of course, ideas for your children’s first jobs are always better if you can link it to something they like, or something they do well. But the important thing is to get them thinking for themselves. Some businesses kids can start and run for next to nothing, like mowing lawns, car washing or detailing, tutoring, Internet marketing, personal services like shopping, pet walking, computer repair. Your kids can think of more if you get them started.”

### **Real estate is still an excellent investment – you just need to know where to buy.**

“I want to keep Mary on track,” Gramps said, “so I’m going to ask Mary to finish the quiz! Mary, is real estate a good or bad investment now?”

“Well, I hear it’s pretty bad... you hear it all over the news. Prices are falling in most of the country!”

“Wrong!” he said. “Real estate is influenced by local economies. Right now, we are selling in some areas that are slowing down, but buying in other areas that show potential

for excellent returns and offer security of our investment dollars. You need to understand the benefits your children can get by owning a rental property.”

“That the property value will go up so they make money?” I asked.

“Yes, that’s right, but there’s a lot more besides appreciation,” Tim said. “Like cash flow, tax benefits, and having someone else pay off the mortgage for you, to name just a few. Plus it’s real important for your children to understand that if they purchase just *one* small rental property before they are 30, it could provide them an additional passive income of \$4000 a month, and earn them over \$800,000 by the time they reach retirement.”

“But I hear it’s a big head ache to collect rent and all that stuff.”

“Actually, we have it set up so all we have to do is open the check each month that the property manager sends us. It’s easy and automatic,” Tim responded.

“Well, I can see how the rents might go up to \$4000 a month, thirty years from now. But what I don’t get is how a rental property earns them the \$800,000,” I said.

### **A key financial concept your children need to know is *leverage*.**

Gramps said, “That’s another part of the plan – leverage. It’s one of the best ways to increase earnings. In fact, it’s a basic investing principle that everyone needs to understand...you really need to get this point across to your kids. This will allow you to use other people’s money to help grow your own. If you put \$10,000 into an investment like a mutual fund that grows 10% this year, you’ll make \$1000 your first year. Not bad. But if you bought a house that was worth \$100,000 with a \$10,000 down payment, you’ve *leveraged* your investment. You control a \$100,000 property with only \$10,000 of your money and \$90,000 of someone else’s money. Now, if that property goes up 10% in a year, it’s worth \$110,000 next year. So if you sold it after one year, you’d get back \$20,000 – your down payment, plus the \$10,000 increase in value. That’s a 100% return on your \$10,000 investment, and you got it by leveraging your money.”

“But what about the sales commissions and all that?”

Gramps smiled. “Of course, you’d have those expenses, too. You’d have them whenever you buy and sell something, whether it’s a stock, real estate, or your own business. I took those costs out to make the example clear. But even in this example, you wouldn’t want to sell an investment like that after one year. With that kind of return, you’d hold onto it for a while!”

### **Inspire your kids with examples of everyday people who reach their dreams.**

“And think about those infomercials on TV,” Gramps said. “Watch them with your kids. It’s good for them to see how average people have achieved success. It gets them thinking ‘if they can do it, so can I.’ Plus a lot of those products and ideas work, and it

works a lot better for people that already have a solid understanding of basic money principles. And that's what you're going to give them."

"Aren't some of the infomercial products just junk?" I asked.

"Some of them are," Gramps agreed, "but if you and your kids watch them, you can practice some 'due diligence' with them on businesses they like. Going back to the free thinking exercises 'Do you really *believe* what they're saying? Why?' Teach them to use their gut instincts, too, when making financial decisions!"

Kelly said, "So many of the examples of 'success' that young people see today are celebrities. The media shows the bad side of the rich and famous getting drunk, doing drugs, arrested for stealing, divorcing... They don't show the business savvy side of these celebrities, which would help to make them one kind of role model. But the best role models are regular people, like us, people who have an idea or a dream and make it come true."

"Real people aren't so easy to find in the news, especially because they're *not* breaking any laws, but you can find them if you look," Tim said. "Just ordinary people who made it. Show them to your kids so that they know that they can make it, too."

### **Success = living *your* dream.**

"And it's not just about business success, either," Kelly said. "It's about finding your dream, visualizing yourself there, and having the courage to go after it. Children can't reach a dream if they don't have one. But no matter what their dream is, get them involved in finances at a young age. Share with them mistakes you made and how you wish you would have changed—be open and encouraging. It's never too late to start. You might feel it's too late for your son in college, but if he sees you're concerned enough to have a talk about this aspect of life, I think he'll listen."

She added, "Sometimes talking about money is tough at first because most of us have had some bad experiences with it."

"Amen!" Tim said.

### **Lack of knowledge = financial trouble.**

"We've been following Gramps' suggestions for many years now," she continued, "but you know what? We practically destroyed our credit, and it's still hanging over us today. Made us 'gun shy' at first. Who were we to explain money to our kids when we had to hide the car from the repo man?"

"You know," Gramps continued, "learning about money, the practical stuff, has never been taught in school. My dad never had it and neither did I; and neither did Tim or my grand kids. But it's really important that we learn this stuff, and that we teach it to our kids. Better late than never, right, Tim?"

Tim nodded. “But it’s best if kids learn it young, before they make all the mistakes we made, and waste years doing things wrong when they could have been locking in their financial future. And the best part is, none of these [‘financial secrets’](#) are difficult. You can understand how they work just shooting the breeze on a Saturday afternoon!”

### **Money does not buy happiness, but it makes life easier and reduces stress.**

Gramps said, “You’ve been giving Mary a sack full of good financial advice, but I’ll keep arguing till the day I die that money won’t bring happiness. The most important part about building and creating wealth...as well as living a happy life...comes from getting your mind right, and you know what I’m talking about, Tim!”

### **‘Getting your mind right!’ It’s fundamental to living the life of their dreams.**

“Getting your mind right? What does that mean?” I asked.

“Every person that is truly happy, successful, and that other people admire, has harnessed the power of his mind by developing skills that focus on the greater good. You know, money doesn’t make you happy, but you need a certain amount of it to live without worry – to know that you’re at least financially secure. It’s better if you teach them these lessons at a young age, but any age is good!”

### **Happiness is achieved by pursuing your passions – so is financial freedom.**

Kelly said, “One of the best lessons I learned from Tim’s father was to encourage my children to follow their passions, to ‘grow’ them. See, when I was younger I did things just for the money, but came to realize I wasn’t living a full life. The funny thing is, once I started to follow my passions, I was actually making more money and didn’t even realize it because I was truly enjoying life.

### **It’s their choice! What type of lifestyle do they want to live?**

“Teach your kids that they are in control of [the lifestyle they want](#),” Tim went on. “Have them think about how they want to live. Play games that allow them to dream. If they want a mansion and boat, they can get it! If they just want a worry-free, relaxed life, they can have that, too. Either way they need money, so encourage them to identify their lifestyle and picture themselves living their dream life. And you know what? You can help them understand what they want by using yourself an example. Share your personal dreams with them. You can tell them how you reached your dreams, or changed them, or maybe didn’t succeed. Help them learn from your successes... *and* failures.”

“You learn that you attract what you think about,” Gramps continued. “Positive thoughts attract positive results. It’s a proven theory, just like gravity. Did you ever see the movie *The Secret*? Well, watch it with your kids. That’s what it’s all about. We got a lot out of it, too. Your children can attract the things they desire just by making a mental shift—whether it’s an A in algebra or date with the person they have a crush on!”

## **Gratitude needs to be taught!**

“And lastly, remember that young folks don’t know how good they’ve got it,” he added, “so think about gratitude. Kids *never* think they have enough. Show them they already have a lot more than a lot of other people. Take them to different charities and have them meet people that are less fortunate. If you travel, take them to countries where people don’t have the same luxuries as we do in the States. [Gratitude attracts wealth](#), too!”

Kelly said, “We took a family trip to a remote island in the Philippines so Tim could scuba dive. I was amazed that people still lived in huts and had no running water, no bathrooms. But they were the nicest, happiest people! That trip really had a major impact on our children. If you can’t take yours to the Philippines, make sure to take them to a homeless shelter or someplace where they can truly begin to appreciate what they have. Help them understand the importance of giving back. Have them go to place donate their time to a charity. Art does. And the most interesting thing was his reaction to the experience. I mean, he’s seen the homeless on TV for years. But when he saw them for real, in flesh and blood, he could hardly believe his eyes. He asked a lot of questions after that – ‘They really don’t have homes? Why don’t their parents and friends help out?’ It’s another way of helping your kids see the world the way other people do, to put themselves in the place of others.”

## **We sell everyday – your kids need this skill.**

“If they can learn to empathize, it will give them the personal skills and attitude that money can’t buy. It will make a world of difference on the way to being happy and successful,” Gramps said. “Think about communicating and persuading. If your kids want something, have them sell you on why they need it. Don’t connect ‘selling’ with something like ‘used cars.’ The fact is, we sell everyday.”

“But you’re not in a sales job, are you, Gramps? None of you are!” I said.

Kelly said, “Not for work, just in everyday life. We didn’t realize it until Gramps mentioned it, then we paid more attention. When Tim would want spaghetti dinner and I wanted something healthier like chicken and veggies, each of us tried to sell the other. It happens more often than you think. We actually made a game out of it. The key to selling is to learn what motivates the other person, then structure a win-win agreement. Although many people think negatively of sales, it’s actually a really positive thing. We encourage our kids to ‘sell’ us. We found they understand our point of view better because they have to understand us, think out our objections, and consider what will make us change our minds.”

“A side benefit is that we know each other on a better level now,” Tim said, “and avoid many arguments because we focus on how the other person likes to be talked to. If your child learns to motivate tactfully, that’s a valuable skill. And you can teach it to him.”

### **Young minds work best in healthy bodies.**

Kelly continued, “Here’s something that will make your kids happier and give them the tools to live a happy life. It’s up to you to keep them *physically* healthy – it’s key to proper growth, and to keeping a healthy mind. Fast food and junk food are addictive. Keep them away from sugars, caffeine, and high fat foods. They’ll feel better, and when they feel better they behave better. If you haven’t seen *Super Size Me* you need to watch it. It literally shows how fast food is addictive, and almost every doctor recommends that you don’t give it to children. It makes them hyperactive, unable to go to sleep, lose concentration... it makes me shudder just to think about it!”

### **Don’t make your kids afraid of money.**

“And here’s a tip that will help them out financially,” Tim said. “Do your best not to give any bad examples about money in front of kids. Sometimes you’ll be stressed about bills and they’ll see it anyway, so explain to them what’s going on, and encourage them to get educated and learn about money so they can avoid the stress you’re going through. Kids are smart. They know when you’re stressed...if you take the time to explain to them why, they will have better understanding. They need to have a proper relationship with money. People always say you can’t make money without money, but that’s simply *not* true. If children believe that, it inhibits their future income. They need to know that in America *money grows on trees.*”

### **Train them to develop a strong work ethic and work with an end goal in mind.**

“A big part of happiness is knowing who you are and what’s important to you,” Gramps said. “Yes, money means something, too, but if you’re not happy with yourself, no amount of money will change that negative feeling. So work on teaching your kids about some of the things that are bigger than money. And you can do this at any age. Start with high moral character. They get that by learning to think for themselves and not follow the crowd. Give them a good work ethic, and you can start by teaching them how chores need to be done. You know, in the Great Depression people had good work ethic. I remember when...”

“Uh, Gramps...” Tim interrupted.

“Oh, yeah. Right. Well, Mary, you’ll show them how to make enough money. A good work ethic will make sure that they can do what you show them. Start them now on doing every task right, and exceeding expectations. If it’s their job to do dishes, they should be sparkling clean, or they stay until it’s done right!”

“Here are a few more ideas,” Tim said. “Have them practice outcome-based thinking – work with end result in mind. And the best way to get there is with good organization, which they can practice with everything. I noticed a difference in Becky, our middle child especially. She would always be frustrated because she was late on assignments or couldn’t find something. We had her organize her room, her desk, and her schedule.

Although she didn't like the new organization rule at the beginning, she is much happier now because of it.

**You can give an overwhelming sense of empowerment and freedom to your children.**

The game neared its finish, but we didn't know the score. We had missed nearly all of it. I looked onto the field and could see my son Jason running his heart out. He loved soccer, and even if he couldn't see me, I could watch him. He was as [happy and as passionate](#) as I'd ever seen him. Just like Gramps said. I wanted him to be happy like that all the time, and not have him go through the money problems that I had. I wanted his life and all my kids' lives to be happy and fulfilled.

The sun's rays peaked through an empty spot in the trees. As it shone on my face, I felt an overwhelming sense of relief. What I learned in this short time under what I now called the "money tree" I can give to my kids so they don't make the same mistakes I did.

They will be free from the worry of how to pay bills and I will give them the lessons they need to live a full happy life. As great as I felt about that I gained a lot from these lessons as well. I felt empowered to change *my* finances, too!

I stood up, and to my surprise the fruit that had been just out of my reach before was in my reach now. I picked a delicious piece of fruit to share with my son and walked to the field with a big smile.

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