

MANAGING YOUR MONEY

AT ALL AGES!



**FINANCIAL IQ LESSONS FOR
ANYONE WHO WANTS TO BE
RICH AND WEALTHY!**

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Introduction

Money management is an art. Sadly, it is becoming a lost art.

We are becoming poorer each day just because we cannot manage the resources that we have so painstakingly accumulated. We don't know how to manage our assets and nurture them to grow.

Inside, you will learn various ways of money management for all ages and all walks of life.

Have an enriched experience reading this eBook. It might just help you gain better control of your life.

Chapter 1:

Beginning Early to Do Better – The Lemonade Way

Summary

The best money management is that which begins early on in your life. Don't wait for things to reach a precarious level before thinking about managing your precious resources.

Beginning Early to Do Better – The Lemonade Way

A wag once said – “The easiest way to teach children the value of money is to borrow some from them.” Indeed, the frown and pout on such a child’s face would indicate a loss of something quite tangible! But it is important to teach a child that the concept of money goes beyond a few coins or dollars. Money and its successful management reflects liberty and a control over one’s destiny.

To learn about money management from a tender age, a child can be explained the parts of the financial system in a simple way – The Lemonade Way:

Banking – Your kid can start with a simple savings account to run his lemonade business. When they write a check for the purchase of lemons and sugar and file the receipt for them, they will have learnt his first banking lesson. Take them through simple interest, compound interest and so forth.

Income – Explain to your child that money can come in through salaries, sales profits, commissions, consultancy fees. When they collect a fee to explain how to make a better lemonade, you know they have got the hang of consultancy!

Expenditure – The child must appreciate the importance of a budget to control expenses. If they blow away his day’s profit on a large scoop of ice-cream, they will have no money to buy lemons the next day. When they borrow money from you, charge them simple interest! Also charge them a few cents toward infrastructural cost (they are using a chair and table from home).

Insurance- Take a cent from them every day as insurance. They may fret and frown for a week, but when they come down with a cold after drinking all that surplus lemonade, and you foot their medicine bill, they will understand the concept of health insurance!

Investments – Advise them to keep a few cents aside to buy their lemon stand. They may learn fast and probably even buy the neighborhood store by the time they are teenagers.

Chapter 2:

Teaching Kids to Manage Money

Summary

It is not as difficult to teach kids to manage money. If you have the right discipline, they will certainly learn.

Teaching Kids to Manage Money

"Money is like a sixth sense without which you cannot make a complete use of the other five." - W. Somerset Maugham

Teaching young children the importance of managing money responsibly can help them live fuller and well balanced lives as adults, using all six senses to maximum efficiency. They will have learnt their ABCs as tiny tots, but as growing kids you can teach them the five Bs of effective money management:

Budget – Let your child outline his or her needs in a typical month and plan a budget around these costs. Provide for recreation and reading as well, you don't want Jack or Jill to be dull children!

Balance Sheet – Print out a simple balance sheet template and teach them how to enter their debit and credit every day. At the end of the month they will know exactly where they stand, thus imbibing a sense of fiscal responsibility. They will understand that there is no such thing as a free lunch! And that a dollar saved is a dollar earned.

Board meeting – Discuss and communicate with those associated with your income and expenditure. If your children need additional money all the time and cannot manage within their pocket allowance, you can help them prioritize their spending. Explain to them that skipping lunch with the intention to eventually buy a PlayStation also amounts to misappropriation!

Bills – Teach young Jack or Jill to collect every bill, receipt and piece of paper related to his pocket money income and spending. That will also help them prepare their balance sheet easily.

Banking – Open a junior account in their name and let them operate it. Accompany them to the bank and let them understand the various aspects of banking and money management. You might just have a successful Wall Street professional in the making. They should be ready to roll by the time this recession is out!

In the course of your money management discussions over breakfast, they may also ask you about another B – “Dad, what’s a bailout?!!” If you teach them sound financial ethics when they are young, their company won’t ever need a bailout for sure, when they have one!

Chapter 3:

Money Management for Teens

Summary

Teenage is the right time to do a lot of things. Like, learning the importance of money, for example!

Money Management for Teens

"Give me the strength to change the things I can, the grace to accept the things I cannot, and a great big bag of money." - An unknown 13 year old.

This version of the Serenity Prayer is often on the mind of your teenager. How are they going to get that great big bag of money? But even more importantly, how is he or she going to manage the small amount of money that you give them?

First let us calculate **how much money** they need. Standard costs would include school lunch money, book money, money for field trips or outings and a weekend entertainment allowance. Don't forget to add a reasonable amount for magazine subscription and books and music CDs or DVDs. Teenagers must be encouraged to explore the arts and knowledge. Add to this an allowance for household chores carried out by your son or daughter. Keep the allowance flexible. If he or she should require new football shoes for the season as they old ones are worn out, you will have to cover that as well.

Once a budget is fixed, tell your teen that these **costs have to be adhered to**. You may find that he or she is skipping lunch to save and buy something else that they desperately want. Talk with him and understand his needs, but be firm that allocated funds have to be used for the agreed purpose only.

Teach them to maintain a **simple balance sheet**. They may also be earning additional money by delivering papers or working part time at the local pizza store. From the balance sheet they will know where they stand at any time and they will also understand the responsibilities of money management.

Maintain transparency in all accounts. Insist that you '**audit**' **their accounts** periodically so that you know the allowance is not being abused. But also be sensitive to his or her need for privacy. When they know that you respecting them as a trustworthy money manager, they will try and will up to that trust.

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