



### ABOUT THIS TOPIC:

**Building knowledge about investing helps children understand the value of long-term financial planning. Investments can increase in value and provide income.**

### FROM THE CLASSROOM:

**What is investing?** Investing is spending money with the goal that it will make money (a profit) in the future.

**Why is it important to have long-term money goals?** Long-term money goals help you plan and save for the future.

**What are the risks and returns of investing?** When you invest money, you often risk losing money. Your investment also has the potential to grow in value. The money you make from an investment is called the “return.”

### WORDS TO KNOW:

**Invest:** To put money at risk with the goal of making a profit in the future.

**Profit:** The money gained or left over after money spent (expense) is subtracted from money earned (income).

**Return:** Money made (profit) from an investment.

**Risk:** The possibility that something unplanned or unintended may happen (such as losing money).

### RESOURCES:

#### BOOKS:

- *Growing Money: A Complete Investing Guide for Kids* by Gail Karlitz: Complete with fun facts, activities, and quizzes, this guide introduces children to the world of investing.
- *Neale S. Godfrey's Ultimate Kids' Money Book* by Neale S. Godfrey: Financial expert Neale S. Godfrey teaches children all about money. This book is full of illustrations, photos, charts, and diagrams, and includes a chapter on investing.
- *The Toothpaste Millionaire* by Jean Merrill: During the 1960s, sixth-grader Rufus starts a toothpaste business with help from his friend Kate. Along the way, the characters learn about economics and solve real-life math problems.

#### GAMES AND ONLINE RESOURCES:

- **National Credit Union Administration** *World of Cents*: a game for ages 5 and up designed to help teach the concepts of earning, saving and spending money, while incorporating basic math concepts. <http://www.mycreditunion.gov/Pages/world-of-cents-game.aspx>
- **U.S. Securities and Exchange Commission** *Elementary School Students Quiz*: Take the investor quiz to see how much you know about investing. <http://investor.gov/node/2351#.U-PQ8oBdWGN>



### CONVERSATION STARTERS ... ASK YOUR CHILD:

- **What do you know about investing?**
- **If you were given \$1,000 to invest, where would you invest the money? Why?**
- **What would you do if you invested money and lost all of it?**
- **What would you do if you invested money and it doubled?**

### TRY THIS AT HOME:

**Pick a Stock:** Look at everyday products with your child. Ask him or her to determine what company makes the product. Have your child pick a company to follow their stock for a while on a stock exchange site, such as [www.nasdaq.com](http://www.nasdaq.com). For a fun game on the go, invite your child to visit the site using a smartphone (while you are waiting in line at a store or in the car).

### TRY THIS AT THE LIBRARY:

**Follow a Stock:** Have your child look at the business section of the *Wall Street Journal* or your local newspaper. Ask your child to find the page where the stocks are listed. Have him or her look at the list of companies to see which ones she recognized from everyday life. Ask him or her to look at high, low, and “close” or last price (the price for one share of the stock). Your child can also use a library computer to check this information at [www.nyse.com](http://www.nyse.com).

### TRY THIS AROUND TOWN:

**When I Was Your Age:** Ask your child, “What do you think was the cost of a movie ticket (or another item or service) when I was your age?” After your child guesses and you tell him or her the answer (or a rough estimate), ask: “What do you think movie tickets (or another item or service) will cost when you are a grown-up? Give other examples of inflation (the overall rise in the price of goods and services) as you are walking or driving around town. For example, at the gas station, talk about the cost of gas ten years ago (or, five years ago, and so on) versus today, or, at the grocery store, mention the cost of milk and other items, then and now, and so on. Ask your child to calculate the difference in cost.

### TRY THIS AT THE BANK:

**Check CD Rates:** Check out the interest rates posted at the bank for different certificate of deposit (CD) terms, such as 6 months, 18 months, and so on. Ask a bank employee to explain the rates to your child.