



2019
Annual
Retirement
Conference

Mentoring the Next Generation to be Money Smart

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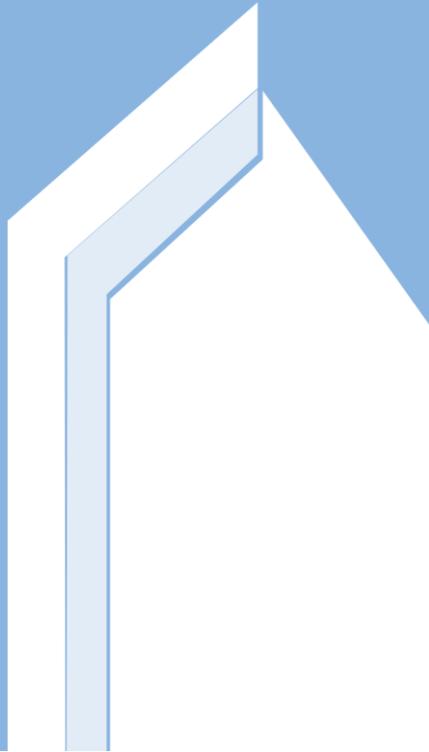


Agenda

- Kids & Money – The Scary Facts
- Sources of Financial Education
- Tips to Share Information with Children and Young Adults
- Wrap Up & Resources







Kids & Money – The Scary Facts

The Scary Statistics

- **36%** of young adults are **financially at risk**, meaning they had no savings with which to pay their living expenses for three months, if needed
- **Only 16%** of Americans between ages 18-26 are **very optimistic** about their financial future
- **Approximately 62%** of American adults **carry credit card debt** balances with the average balance around \$16,000
- **Over 17%** of Americans **carry student loan debt** with an average balance of more than \$50,000
- **1 million** borrowers **defaulted** on at least one student loan in 2016

Source: [CNBC](#)

The Financial Effects

- **Nearly 1 in 5** (19%) Americans have **nothing set aside to cover an unexpected emergency**, while nearly 1 in 3 (31%) Americans don't have at least \$500 set aside to cover an unexpected emergency expense
- In a recent survey, **5.2%** of young adults reported they had been **turned down from a job** due to a lack of financial knowledge
- Over **13%** of Americans have **\$0 saved for retirement**

Source: 2017 Survey by HomeServe USA

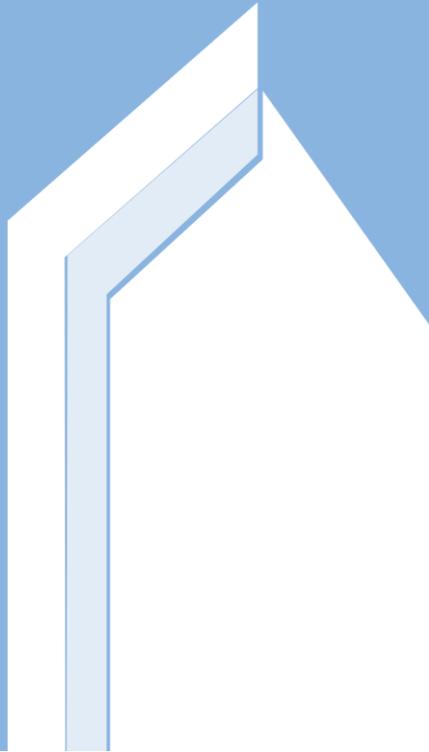
The Other Effects

23% of Americans suffer from **Acute Financial Stress** (AFS)

Symptoms include:

- Sleeping difficulty
- Feelings of isolation
- Reliving past stressful events
- Extreme anxiety
- Guilt
- Hypervigilance
- Denial
- Emotional numbing
- Avoiding stress reminders

Source: *happymoney.com*



Sources of Financial Education

Where Do Kids Learn Money Skills?



MERS Staff Poll

“I learned about finances from my grandfather who invested wisely and retired as a teacher to lead a comfortable life. He helped me start an IRA when I was 18!”

“I grew up with parents who understood the value of a dollar and that has stayed with me through my life.”

“Most of my financial planning was taught to me by my parents. Budget according to your needs, not wants. Don’ t spend what you don’ t have. Always plan for the unexpected. Save every chance you get. ”

MERS Staff Poll

“My parents unfortunately have not been the greatest with money and planning for retirement but because of that it motivated me to learn more so I could help educate them and myself.”

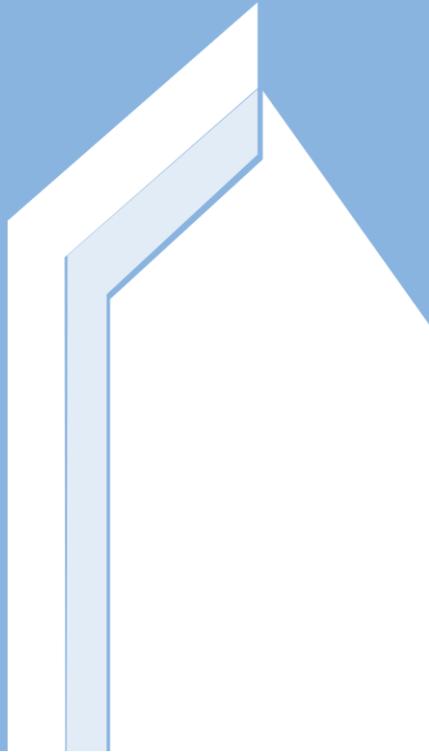
“My parents were not good savers and now they are limited on what they can do in retirement so it’s important to me to budget and sacrifice now so I can enjoy life in retirement.”

Where Do Kids Learn Money Skills?



Most common source: Parents and family members

Source: happymoney.com



Tips to Share Information with Children and Young Adults

Young Children (up to 5 years old)



Money Basics

Teaching Money Basics

Use a Clear Bank to Save

- The piggy bank is a great idea, but it doesn't give kids a visual

Lead by Example

- Set a financially healthy example and children will be much more likely to follow it when they get older

Show Them That Things Cost Money

- Give them comparisons of cost and the impact of taking money out of their piggy bank

Play Money-themed Games

- www.usmint.gov/learn/kids/games



A screenshot of the United States Mint website's 'Games' section. The page header includes the United States Mint logo and the text 'UNITED STATES MINT - H.I.P. POCKET CHANGE KIDS'. Below the header is a navigation menu with 'Games', 'Coins and Medals', 'Collectors Club', and 'About Us'. The main content area is titled 'Games' and features a grid of game icons with labels: 'Gold Rush', 'Coin Flip', 'Textile Tales', 'Space Supply', 'Word Quest', and 'Counting With Coins'. A small text block above the grid reads: 'Play free educational games online and learn more about coins! These fun kids games can be played for individual enrichment or as part of a lesson plan. We add new games often, so check back soon!'.

Children Ages 5 - 8



Understanding Currency



Earning Money



Saving and Spending

Earning, Saving and Spending

Earning Money

- Use pay for services, not allowances

Convert Their Piggy Bank into a Three-part Savings Jar



Save

Consider a youth savings account

Spend

But avoid impulse buys!

Share

Teach them about giving

Tweens Ages 9 - 12



Smart Shopping



Cash Flow and Budgeting



Savings Options

Cash Flow, Budgeting & Savings Options

- **Get them on a simple budget**
- **Help them figure out how to make money or to earn something of value to them** (*like the Wi-Fi password*)
- **Introduce the concept of compounding interest**



Teens Ages 13 - 18



Career Options



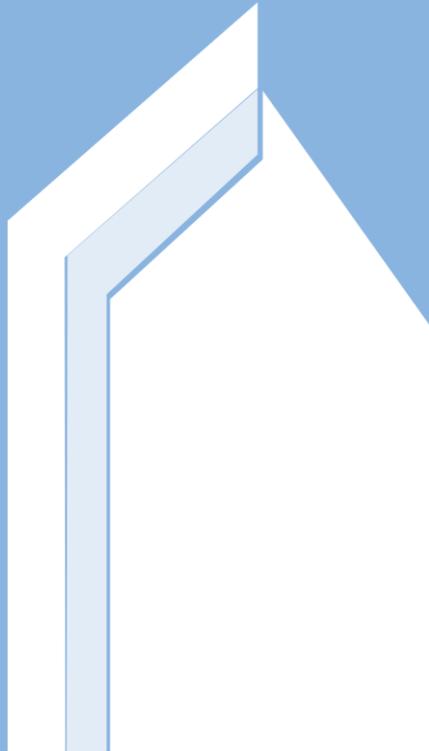
Credit



Financing College

Online Games / Apps for Preteen & Teenagers

- **[Financial Football or Financial Soccer](#)**
Interactive football game that requires players to answer personal finance questions. Lesson plans and other materials by grade level also from Visa.
- **[Financial Entertainment](#)**
Financial Entertainment is a library of free online and mobile games, designed and developed by Commonwealth, that aim to improve personal financial capability, knowledge, and self-confidence.
- **[Gen I Revolution: Online Personal Finance Game](#)**
Developed for middle school and high school students, this online game gives your students the chance to learn important personal finance skills as they play and compete against fellow classmates.
- **[Plan'it Prom App](#)**
To help combat the high cost of prom, Visa's free app helps teens and parents budget for every prom-related expense.
- **[Stock Market Game](#)**
The Stock Market Game is the right tool for you to help your students build a fundamental understanding of investing while providing them with real world skills practice in math, English, language arts, economics, social studies, and other subjects.



Wrap Up & Resources

Reminder of Objectives by Age

Age	Key Objectives
Up to 5 Years Old	<ul style="list-style-type: none">• Introduce the concept of money and what it is used for
5 – 8 Years Old	<ul style="list-style-type: none">• Introduce the concept of saving and budgeting• Provide activities that a child can use to apply these concepts to their world
9 – 12 Years Old	<ul style="list-style-type: none">• Build on previous budgeting and saving education• Begin to apply concepts to real life situations• Provide a foundational knowledge of different savings vehicles
13 – 18 Years Old	<ul style="list-style-type: none">• Create and implement a budget using real income and expenses• Teach concepts to deal with debt such as student loans• Continue education on the importance of using credit wisely

Benefits of Financially Literate Children



Less debt when starting out in life



Gain independence sooner



More likely to lead a fulfilling life

Resources

Federal Deposit Insurance Corporation – Money Smart for Young People

www.fdic.gov/consumers/consumer/moneysmart/young.html

Consumer Financial Protection Bureau – Youth Financial Education

www.consumerfinance.gov/consumer-tools/money-as-you-grow/

MyMoney.Gov

www.mymoney.gov/Pages/for-youth.aspx

You for Youth Financial Literacy

<https://y4y.ed.gov/financial-literacy-for-all>

Contacting MERS of Michigan

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

1134 Municipal Way
Lansing, MI 48917

800.767.MERS (6377)

www.mersofmich.com



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