

INSIDER'S SECRETS

To Teaching Children About Money



By Amanda van der Gulik

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Introduction

Dear Parents,

Let me introduce myself. I am Amanda van der Gulik, a homeschooling, entrepreneurial mother of two young children, Xanthe and Quinn.

I founded Clever Dough Kids in 2006 because it had been a life-long dream of mine to teach children about money so that they would be well prepared, financially independent young adults once they entered the “real world”, as we so often like to call it.

Just a little bit about myself so you'll know more about who I am and why I feel teaching children about money is so very important.

I grew up in the small country town of Uxbrige, Ontario. As a young child I already realised that I had a knack with kids younger than myself. They looked up to me and wanted me to teach them things. It was probably because I have a sister who is three and a half years younger than myself and I always was looking out for her and teaching her new things.

I've always found ways of earning money from as young as I can remember whether it was for charitable causes in my youth, to my early years as a babysitter and English and math tutor.

I've worked in service and retail businesses as well as worked as a carpenter and worked as a clown and a face painter. I have years of experience in the classroom as well. I guess I just really like to try out everything I can and I love learning new talents.

But through it all one thing was always consistent and that was that no matter how I earned my money I very rarely spent it. I was always a natural saver. I loved to see my piggybank and later my bank account grow. (I have to admit that I still love a great deal, especially if that deal is for free; like hand-me-down clothes, etc.) I'm just a sucker for bargaining prices down, I simply can't resist. I live by the motto of “I already have a ‘no’ so I may as well ask for a ‘yes’, I may just get it!”

People always told me that I was lucky. I'm sure they meant it as a compliment but that's not always how I took it. I believe in the law of attraction, that what you put out to the universe you will receive in return but not necessarily from the same source. I believe that I am lucky because I do my very best to live my life with a positive attitude and outlook and help others and so far it has worked very well for me and I choose to continue to believe that it will

always be that way. I simply expect the best in return for my best efforts. I don't like to do things by halves.

It is important that your child learns to be an optimist, it will sincerely help him or her with a positive, happy, fulfilled life.

Money is incredibly important to a happy and healthy life. Only people who have no money say that "money is evil". Money is not evil. Money is a thing, an inanimate object purely for the use of transacting between services needed and services provided. Money cannot be evil, only people can. And it is a sad truth that usually evilness comes out when money is a stress, or rather the lack of money.

Did you know that the number one reason for divorces in the USA is the lack of money? The mental stresses that lack of money causes in relationships, the unwanted feelings of dependence and un-confidence can make a relationship quite tense.

Let me help your child to learn about money in a positive light. Let us teach your child together that money can create enormous good. When your child learns how to earn, save, invest and give their money to charity, then they will learn many important life skills that will help them to create, happy, fulfilled lives.

In this book I will give you and your child some creative examples of how to earn, save, invest, and give their money to make money work for them rather than against them. I would like to teach them together with you that money can have a great power when used properly. I will give you some age specific guide-lines to go by and I will recommend some other products and websites that I have personally found incredibly helpful. One even completely changed my financial life! It made me truly see the difference between owning a job and owning a business. But I'll discuss that later.

We will talk about allowances too.

This book is meant to be a guideline for parents and teachers, it is not intended for your children to read themselves, however if you feel your child is mature enough to understand the concepts within it then please do feel free to have them read along with you. So let's turn the page and get started creating a financial independent future for your child.

Sincerely,



Amanda van der Gulik

Chapter 1 - The importance of teaching your child about money

Why should we teach our kids about money?

Children need to learn about money early in life to avoid creating bad money habits that will take precious wasted time to unlearn.

By teaching your child how to manage and invest their money wisely you will be giving them a more stable ground to work with on their romantic relationships once they grow up as well.

By taking away the stresses of lack of money, they will not fall into the #1 reason why couples divorce.

By teaching them to donate to charity as a force of habit they will automatically put the law of attraction into motion, creating not only a better future for the charities that they sponsor but also creating the positive karmic responses that we all need in our life. What we send out we receive back so it may as well be good vibes over bad ones.

There is a very true saying that states:

*“Some people make things happen,
Some people watch things happen,
Some people wonder....What happened!”*

Anonymous

You don't want your children to wonder what happened, you want them to know what happened with their lives financially and you want them to be proud with the results.

So what is wealth? According to Robert Kiyosaki, “Wealth = the number of days you can survive forward if you stop working tomorrow”

So the question to ask your children is how wealthy would you like to be?

The answer should not be in numbers, i.e. a millionaire or “I want to have 10 Million in the bank.” That is still the “savings” mentality of the industrial age. I want you to encourage your children to think beyond their limiting beliefs of a specific monetary value. Besides, one million dollars today will only be a few hundred thousand dollars worth by the time they retire. Our money is always growing with inflation so saving is actually a dangerous way to go as a

retirement plan. I will teach you more on savings a little later on in this book, but for now let's focus on encouraging your children to create multiple streams of monthly income that is set up in a passive recurring way so that instead of having a million dollars in the bank to live on, wouldn't you rather that your child have \$10,000 to \$100,000 and more coming in every single month through passive income, forever?

Henry Ford took 25 years to earn US\$ 1,000,000,000.

Bill Gates took 12 years to earn \$ 1,000,000,000.

Jeff Bezos took 3 years to earn \$ 1,000,000,000. (Founder of Amazon.com)

Let's see if we can get your children to beat those odds!

So why do kids have to know or learn about money?

Well, first of all you don't want your child to become just another statistic of a financial loser right?

- Did you know that about 7 in 10 workers (68%) expect to work into retirement but that 4 in 10 of those retirees end up having to leave the work force earlier than they would have expected due to health problems, disability or company downsizing? Pretty scary right?
- Today (2008), between 70,000 and 80,000 corporate employees are being laid off every month in the USA alone, this is 30,000 more than just 6 years ago. (outplacement firm Challenger Gray & Christmas)
- Did you know that although financial experts estimate that retirees will need 70-80% of their current income just to meet everyday living expenses? About 40% of all workers think that they will only need 70% or less of their pre-retirement income to live comfortably after leaving the workforce. These workers are living towards a retirement that is not very secure and where will that 70-80% of their pre-retirement income actually come from? The government won't be able to help them and the companies that they work for will definitely not help them after they retire. So that means they are going to have to come up with their own retirement plan, how many people do you personally know who have a solid, fool-proof retirement plan in action? Also pretty scary right?
- Almost two-thirds (64 %) of workers do not expect their standard of living to decline in retirement. Can you even imagine that they are being true to themselves? How on earth are they going to keep on paying the bills after the job is gone? Yikes!
- Two in five workers say they are not too willing (19 %) or not at all willing (15 %) to cut back on their spending in order to save for retirement. Can you even imagine this? This is definitely not the attitude that you want your kids to have, we need them to be realistic, money won't just fall out of the sky for them. They will actually have to formulate a plan for retirement and act upon it consistently. But I can help you with that.

- Four out of 10 people aged 55 or older, have less than \$100,000 saved toward their retirement. Try living on that for the rest of your lives in our modern world.

A lot of parents want to give their children the best upbringing they deserve, which is fair enough. For some people this means they give their children almost everything they want, and I know it is hard not to. This may be done out of guilt or because the parents themselves did not have much when they were children and do not want their children to have the same, or just because the parents can afford it and don't want to disappoint their children.

The guilt could be twofold: firstly because both parents are working to maintain the lifestyle and therefore the children and the parents are missing out on time spent together. So the parents supplement by giving their children anything they ask for. Secondly the parents may be remembering a youth of scrimping and saving and not being allowed to enjoy any of life's pleasures as a small child themselves and are now trying to make sure that their own children never feel that they missed out on anything in life.

So where is all this going? Every parent wants the best for their children and one of the things we believe is very important is a financial education. It is not just learning about dollars and cents, but it is a mind set and creating habits. If you give your children everything they want, they will never learn that it took quite some effort to get to where their parents are right now. This is not the mind set you want to instil in your child. Habits actually start with the parents.

And if the statistic above about lack of life sustainable retirement didn't scare you enough, look at these statistics about the children themselves:

- 19% of Americans between the ages of 18 and 24 declared bankruptcy in 2001. (*USA Today*, 2001)
- The fastest growing group of bankruptcy filers are those people who are 25 years of age or younger. (Senate Committee on Banking, Housing and Urban Affairs, 2002)
- Over 80% of undergraduates have at least one credit card and nearly 50% of college graduates carry 4 or more credit cards. According to the Department of Education, the average balance carried by these students is more than \$3,000. (Senator Chris Dodd, CT)

Pretty scary statistics eh?

Young people today do not realise the importance of money and some even think that money is for free. Credit cards give them a false sense of immediate riches but we forget to teach them that they will still need to pay for all of their expenses at the end of the day. This of course is why so many of our teenagers and young adults are already filing for bankruptcy! It is absolutely incredible to think that people even need to file for bankruptcy at such a young age. And I don't know if they even realise how much of a negative effect bankruptcy will have on

their futures. Perhaps these young kids think that bankruptcy is an easy way out of a difficult financial situation but they will soon realise how bankruptcy will affect them in many new ways. They will not be able to buy anything on hire-purchase, or buy a house, or even get important jobs that rely on good money management skills. I wish them luck, but let's focus now on your kids and make sure that they never need to go through a bankruptcy situation themselves.

Money is not taught in schools so it's up to us as parents to teach our children this important lesson that will affect them more than any Shakespeare or Chemistry will for the rest of their lives.

Are you afraid to be your own child's financial teacher because you have not acquired the financial success yourself that you feel you need to have mastered in order to be able to teach your child?

Please don't be so hard on yourself. You are here, right now reading this eBook so that you can teach your child about money so that they never need to worry about it for the rest of their lives. So you are already way more qualified to teach your child than you would think.

The best way in life to learn is by teaching others. You will learn so much more about money by teaching your own child along the way. And don't be afraid to let your child see that you are learning as well. Work together as a team. Children feel incredibly special when a parent lets them come into their lives and really see what they are doing and learning.

I can clearly remember absolutely desiring to learn all about my father's business and how it all worked financially. He truly wanted to teach me but the timing was never right and so in the end it never worked out. I was very disappointed but also determined to figure it out for myself. Imagine how exciting it would have been for me to be able to really get into the nitty gritty of my father's business. It would have saved me the 10 years of searching that followed. I now include my own kids in our financial plans, intentions and daily going's on and I can already see their desire to learn more grow and the connection as a family team is just incredible! I highly recommend it.

Okay, so we need to teach our kids about money but why do I insist on teaching them even more? Why do I encourage you to teach them to become future millionaires, entrepreneurs?

Becoming an entrepreneur is more than making money.

An entrepreneur is someone who dreams big dreams and then makes them happen.

It works with money, charity, and whatever else you can think of. This is an absolutely important trait for your child to learn. Don't be one of those parents who is always putting down their children's ideas and telling them to be realistic and to go out and get themselves a safe and secure job. Why not rather encourage them to follow their dreams and know that with the financial savvy behind them they will be able to take on any venture and make it work and

if they fall a few times along the way they will continue to learn and the next venture will be even more successful!

So let's [continue](#) and see what we can do together to continue to raise our future money savvy kids!