

BUILDING BLOCKS FOR RETIREMENT

Investment Strategy

Summer School's in Session-Teach Your Kids Investing Basics

School's out and swimming, biking, and playing sports are probably high on the list of summer activities kids are anxious to do. But into every summer, a little rain must fall. So here's an idea for those days when your kids are stuck in the house: Introduce them to the basics of investing.



Saving Is the Beginning.

The importance of saving money is the first lesson kids should learn, so think about opening savings accounts for your children. Explain that their money earns more money just by remaining in the account. Find out if your child's school has an arrangement with a local bank that allows students to open savings accounts and deposit money at school each week on "banking day." Then, when kids are old enough to learn about investing, they can use any extra money they've saved to buy their first investments.

Games Go to the Head of the Class.

If your kids like games, check your local toy store or the Internet for board and video games that show how the stock market works. Games can be great interactive teaching tools for explaining investing concepts in ways kids will understand.

Read and Surf.

Newspapers, books, and Internet sites devoted to investing are all resources that can be helpful. Look at the financial pages of a print or online newspaper with your child and explain how to read stock prices and identify ticker symbols of particular companies. Visit the library to find books on investing written specifically for children in a variety of age groups.

Time To Practice.

Have kids track the stock prices of a few companies that are familiar to them, such as The Walt Disney Company or Chuck E. Cheese's (CEC Entertainment). Let them choose how often they'll check the stocks' values, and ask them to keep a log of the price changes to see how well their selections have performed.



Time for the Real Thing.

Once your kids have some “experience,” consider letting them invest a small sum of money in a few stocks. You can either set up custodial accounts and have your children contribute part of their savings or do the investing for them. If the companies offer them, Dividend Reinvestment Plans (DRIPs) can be a good way for young investors to buy additional shares or fractional shares by automatically reinvesting their cash dividends.

By making learning fun, you’ll be giving your children the skills they’ll need to be knowledgeable investors. And they probably won’t even mind being in “summer school”

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