

Parents Should Supplement Their Children's Education with Financial Literacy

RADNOR, Pa.--(BUSINESS WIRE)--As kids head back to school, David Stone, registered representative of Lincoln Financial Advisors and founder of Stone Consulting Group, urges parents to supplement their children's education in the classroom with financial literacy at home. According to Lincoln's 2016 M.O.O.D. of America survey, 66 percent of Gen Zers turn to their parents for financial advice.

Stone's advice to parents on getting started centers on educating children about:

- the benefits of starting to save at a young age,
- how to allocate income, and
- the impact of debt.

"As a parent, I taught my children the value of a dollar and the basic principle of compound interest early on through what I called the 'Daddy 401k Program,'" said Stone. "Typically, elementary school-aged children have opportunities to earn money through allowances and various household projects. We explained to our children they could spend money as they earned it, or invest it in a 'Daddy 401k' – or savings account – resulting in more money at a later date."

Stone recommends a few options to consider for these types of early savings opportunities including, Uniform Transfers to Minors Act (UTMA) accounts, Uniform Gift to Minors Act (UGMA) accounts, or 529 plans, as appropriate.

Parents should teach kids in high school how to save, and spend their money wisely. "Make sure they understand how to divide the money they accumulate," Stone said. He recommends kids allocate 10 percent to a charity, 50 percent to a savings account and 40 percent for purchases.

Stone also recommends kids in high school be given the opportunity to pay for their own things and learn how to balance a checkbook. "As parents, we hate seeing our children go without things that they want. But helping them learn to manage their money from a young age allows them to build a financial foundation and confidence that can benefit them for a lifetime," said Stone.

Another important piece of advice Stone shared centers on helping college-age savers understand the impact of debt, and how to avoid it. Often times this age group falls victim to early credit card debt and other savings pitfalls while away from home for the first time. "Those who understand interest earn it. Those who don't understand interest pay it," says Stone. "Explain the power of compound interest to your children and make sure they understand that it works both ways: if you are making 6 percent interest, in 12 years it may double; however, the same rule could apply to debt."

In short, children of all ages need to understand that time is on their side. The sooner they begin saving and investing, the more money they will accumulate. Critical to that effort is ensuring parents are educated about how to manage finances so they can effectively advise their children on the right steps to take.

To find out more about how to teach children about financial responsibility, please [click here](#).

To schedule an interview with David Stone, please contact Kathy Vega at (860) 466-2955 or Eric Samansky at (484) 583-1431.

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