

Teen Green

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May 2007

Which Chicago student knows the most about MONEY???

The MONEY SMART KID!



2006 Money Smart Kid
Aaron Lidawer & 'Ben Franklin'

Did you know that one student is selected as the Money Smart Kid each year?

In this issue ...

**Meet the 2006 Money Smart Kid:
Aaron Lidawer
7th Grade Student at Edgewood
Middle School**

ALSO INSIDE THIS ISSUE

- 1 Selections from Aaron's Money Smart Essay
- 2 Learn how to Ask Aaron your money questions!
- 2 Find more Money Smart Week activities
- 3 Meet Jackson Beard - a Money Smart Kid Finalist
- 3 Learn what it was like to compete in the Money Smart Kid Contest

A Money Smart Essay

Aaron Lidawer

Money Smart Week Essay Excerpts

Tips from Aaron's winning advice

Selected by the Economic Awareness Council

A Long Term Goal: Financial Security

What is it?

What does it mean to be financially secure? It means that you don't have to rely on someone else for money.

Why should kids care about being financially secure?

You're probably thinking I'm just a kid why should I even care about money? When I want something, I just beg my parents.

Here's why: the more that you know and care about money the more independence you will have, the more you save now, the better off you'll be for the future, and lastly when you get your first job, you can start saving for the future. Starting to save at a young age can only help you in the long run.

How can you become financially secure? Step 1

Invest your earnings. First, save your money in a bank rather than leaving your money under your mattress or in your piggy bank. That way you'll earn interest. If you don't need your money for a long time, invest it.

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Investing 101

First and foremost you have got to know how a stock works. Virtually every major company has stock and share holders. If you say have five shares of Walgreens that means that you own five tiny pieces of Walgreens. Now, if Walgreens does well, the share price will go up, and then you'll make money. If it doesn't do well, then you won't. It is as simple as that.

My Top Pick

My favorite kind of investment is a mutual fund. A mutual fund is a pool of thousands of investors that together make a very large portfolio. This is great because then in every share of that mutual fund you may have a hundred companies and if one company has a bad quarter (term for 1/4 of the financial year) there are still a variety of companies supporting the share value (or price).

Don't Get Reamed

I also like mutual funds because if I bought individual stocks I'd get reamed on the commission or the charge made by the brokerage firm that trades your portfolio. When I was 7 I bought one share of Walgreens, not only did I not make money in general, I would have to make a lot of money to pay off the commission.

A mutual fund charges a small fee every year so that they can make money. In comparison to buying individual stocks as a small investor you'll pay a lot less.❖



Aaron Lidawer
2006 Money Smart Kid

ASK THE MONEY SMART KID!

You can ask the Money Smart Kid your money questions.

Visit www.chicagoparent.com and click the Online Only shortcut. The Money Smart Kid and a financial education volunteer will answer select questions during Money Smart Week 2007.

DEFINITIONS

INTEREST

Money a bank pays its customers to keep their savings in an account with the bank.

STOCK

Certificate that shows ownership in a company.

SHARE

A certificate representing one unit of ownership in a corporation or mutual fund.

MUTUAL FUND

An investment that pools (or puts together) investors' money to buy securities (or stocks).

PORTFOLIO

A group of investments owned by the same person.

BROKERAGE

A company that helps people buy or sell things (such as stocks).

COMMISSION

A fee charged by a broker for his or her services.

Read more Money Smart Kid Finalist Essays

Find Money Smart Week Activities

at www.moneysmartweek.org

A Money Smart Finalist

Jackson Beard

Essay & Interview Selections
Compiled by the EAC



Investing in a Business:

A Reason to Borrow

Knowing how to manage money is very important, even for children. Borrowing money can be a good decision, but only when you are able to pay back your loan.

The best reason to borrow money is make an investment in something that will pay back more than you borrowed. An appropriate business investment for a middle school student might be babysitting. Money could be borrowed to cover start-up costs. The borrowed money could be used to buy reusable supplies such as movies or books. These supplies could help you increase business because the children that you baby-sit would be entertained. Therefore, parents may think that you are more professional. Providing a desirable service insures that you can pay back the loan. You might also borrow money to take a CPR class. A babysitter with this skill could charge more for their services. This would make it easier to pay back your loan.

When you borrow money, you are making a commitment to pay the person or organization back. An older student may begin to think about how to pay college fees. One way to pay college fees is to borrow money from the bank or government. When you take out a loan it is important to keep interest rates low. A good education can allow you to get a higher paying job... Middle school children should practice good money management skills daily.

Borrowing money is a big commitment, whether the amount is small or large because you've made a promise to pay the money back. Loans can be a wonderful resource if you use them properly!

Money Smart
Week Finalist:
Jackson Beard

HOW CAN YOU MAKE A MILLION?

If you invest \$2.50 a day for 50 years, you will have over \$1,000,000 (assuming 10% interest)!

A TIP FROM JACKSON BEARD

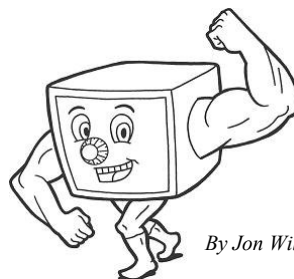
Skills that I practice daily include saving allowance money and making wise purchases. I receive a weekly allowance of \$5.00. Instead of spending my money, I deposit most of my money into the bank. The remainder is set aside for special purposes.

WHAT WAS IT LIKE TO COMPETE AS A MONEY SMART WEEK FINALIST?

"The interview was difficult. It was like one of those crime shows where the criminal was in the middle and the people were around you. The questions they asked were difficult but if you didn't know the answer they understood. I liked the people I met and it was a lot of fun."

DON'T FORGET ...

KEEP YOUR MONEY SAFE!



By Jon Wilcox

SAVE IN A BANK! BANKS KEEP YOUR MONEY SAFE AND YOU MAY EARN INTEREST!

Brought to you by:

Chicago Parent



ECONOMIC
AWARENESS
COUNCIL



Money Smart Week is an unregistered service mark of the Federal Reserve Bank of Chicago.

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Find more activities at <http://www.econcouncil.org/kids.html>!

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