Handbook

The Little by Little Project

Helping a child take the first steps toward financial literacy

Brought to you by IDeal—Idaho College Savings Program
idsaves.org

The Little by Little Project

With this handbook, you can introduce children to three important concepts of money management:

- **Save** for long-term goals (such as higher education),
- **Share** with someone who needs it, and
- **Spend** wisely.

Why this is important for the children in your life

It's essential that children understand how important higher education will be to them, and how important it is to save early. Having the conversation now can show them that they can have an active role in making their future dreams a reality.

Get the conversation started

Children have different experiences around money. Start by asking the basic questions:

- What is money, why do we need it, and how do we get it?
- What are some things you can do with money?
- What is the difference between "cost" and "value"?

"Youth who have school savings are almost four times more likely to attend a four-year college than youth with no account."

(The Role of Savings and Wealth in Reducing 'Wilt' between Expectations and College Attendance. William Elliott III and Sandra Beverly, Center for Social Development, 2010.)

Save, share, and spend

The following three topics illustrate that there are different ways to use money depending on your goal.

1. Save for your future

When a child thinks about spending money, it's generally for instant gratification. This is a chance to teach them about saving for something big in the future, like college. Here are some discussion starters:

- What are some big things that people save for (house, computer, vacation, college)?
- Do you know what college is?
- What do you want to be when you grow up?
- Do you think learning a lot will help you do your job?

2. Share with others

While children may not recognize the term, "charity," they will understand the concept of sharing. Create a list of things the kids feel passionate about like helping the homeless or supporting the troops. Choose the best idea and generate ways for them to raise money or goods for that cause. Some possible ideas are food drives for a local food pantry and care packages for soldiers overseas.

Notes

3. Spend on yourself

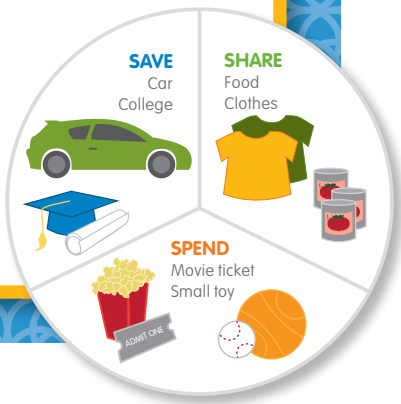
Let kids know that they can enjoy using money for themselves. However, they need to realize that they still have to "save" to be able to "spend" for special things. Ask them these questions:

- What is a need vs. a want (food vs. candy, a house vs. a castle)?
- How can you decide if this is something that would be nice to have or something you really want?
- Do you ever have to first save in order to spend money on what you really want?

Activity: Little by Little pies

Have the kids divide a paper plate into 3 sections: Save, Share, and Spend. Then have them fill in the pie slices with drawings and cut-out pictures from magazines. Ask:

- What would you like to **save** for (in the future)?
- Who would you like to **share** with?
- What would you like to **spend** your money on?



Creating a Little by Little Bank

Now it's time to put the 3 concepts into practice

1. Find three jars, plastic water bottles, or other containers that will easily hold coins and folded dollar bills.
2. Cut out the three labels below—Save, Share, and Spend—and place one on each of the three containers.
3. Find a place in the child's room where the bank should always be put back.

Notes

Using the Little by Little Bank

Now that the bank is complete, it's time to discuss how it will be used.

1. Set realistic goals right from the start

Talk with the children about what they want to save for, who they want to share with, and how they want to spend their money. Then show them how you make the same decisions with your family budget.

2. Keep track

Remind them to use the Money Tracker to keep tabs on how much they have (and where withdrawals have gone). It will also help them measure their progress — Little by Little.

3. Let them take part in saving for their future

When a child knows that you have faith in their future, they can be inspired to believe in it themselves. While your child is saving for their future, why not match their savings and put the money in a 529 plan account? Remind them how college can help them reach their dreams.

NOTE: Make some copies of this page so that you and your child can track together.

Money Tracker

This Money Tracker will give you a place to record how much money you save in your Little by Little Bank and how much money you take out to share or spend.

Date	Deposit	Withdrawal	Amount	Save	Share	Spend

How to fill out your Money Tracker

1. Write down the date, then put a √ in either the deposit column (putting money in) or the withdrawal column (taking money out).
2. Decide how much of your money to put into each part of the Bank. Write the amount in each column.
3. If it is a deposit, add the new amount to what you already had in your Bank. If it is a withdrawal, subtract it.

Example:

Date	Deposit	Withdrawal	Amount	Save	Share	Spend
				8.00	4.00	8.00
January 2	√		$10.00	+ 4.00	+ 2.00	+ 4.00
				12.00	6.00	12.00

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Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

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