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CA\$HTALK

The Newsie Letter from the Cash Management Connection

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A SHOCKINGLY TRUE TALE OF A TEEN ACTUALLY DOING WHAT MOM SAYS

So my daughter, who is a rising 11th grader, recently lost her graphing calculator. For those of you who, like me, never got past geometry or who do not yet have high-schoolers, this is a very expensive calculator (forget add and subtract; this thing turns your coffeemaker on in the morning and does your taxes) that kids need starting in 9th grade. We bought her this last year, and she's been exceedingly careful with it.

Alas, she came home one day asking the expected question, "Mom, have you seen my calculator?"

"No, darling girl, I have not." I knew what was coming.

"Well, I can't find it. Somebody must have moved it." (This "somebody" keeps very busy at our house.)

Suffice it to say, she did not find her calculator, and as we had promised her when we bought it, she had to pay for the replacement. And now here's the shocking part: there was no crying, no tears, no hysteria. Not even a complaint. It was really a miracle of gargantuan proportions, because she had, as I had been reminding her to do, been diligently putting in the bank about 75% of everything she'd earned in the past two years from babysitting

and other odd jobs. And she actually had more than enough money to not only buy a replacement calculator, but one that had far more capabilities than her original. Who knew a math derelict could have a daughter who got excited about a graphing calculator??

But that's not even the best part. When she paid for it with her own money (and it was half again as much as the one we had bought for her), I swear to you that she had a look of utter satisfaction on her face, and she actually said to me, "Gee, it was a good thing I saved all that money, wasn't it? Is this what a rainy day means?" You bet, baby.

I couldn't have been more proud.

And by the way, we had loads of folks request our "Small Business Plan Worksheet" last month for their kids to use. If you'd like a copy for your budding entrepreneur, just send us an email and we'll send it right to you.

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Making Allowances: Some Guidelines to Think About

When I do workshops for parents on teaching their kids about money, I frequently get asked the question, **“Should I give my child an allowance or not?”** My answer is always the same: to be an effective tool for teaching kids how to manage their money, giving an allowance should be viewed as such. Of course, there are many different schools of thought about this; this is just my personal view and one that’s evolved from the last six years of talking to both parents and kids about money. But here are a few guidelines for allowances, if you’re thinking about starting with your kids:

- 1. How much?** Pay what you can afford. Just because little Ashley across the way is getting \$75.00 a week at age 9 doesn’t mean you’re obligated to do the same.
- 2. Raises?** This can go many ways: some parents give the same number of dollars as the child’s age, then raise it accordingly on their birthdays. (We actually reduced our kids’ allowances one time, despite my daughter’s PowerPoint presentation beseeching us for more money.)
- 3. Pay “for chores” or not?** The parents I talk to are about 50/50 on this. I personally think that chores should be done as part of the “family team”, and allowance is given with the knowledge that it’s a tool for the kids to use to learn how to handle money wisely.
- 4. Recordkeeping?** You bet! The second most important aspect of allowances (see the next bullet for the most important one) is to get your kids started on some kind of tracking system. (Hey, what about a cash management workbook??) It takes doing something 21 times for it to become a habit: get your kids started now on knowing where their money goes so that it will be a lifelong habit for them.
- 5. SAVING!** The *single most important aspect* of money management that you can teach your kids is to pay themselves first by saving at least a portion of everything they get.
- 6. Do what’s comfortable for your family!** It has to work for you.



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At the **Cash Management Connection**, we believe that being in control of your finances starts with knowing where your money goes, no matter how young or old you are. Our workbooks teach basic budgeting and goal-setting, then guide the user through 12 months of tracking what they get, spend and save. We invite you to visit our website to learn more about how our workbooks can help you, or someone you know, learn how to manage money. We have versions for just about everyone! Come take a look...

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- **MYCASH** Workbooks (for non-kids, in pocket- and full-size versions)
- **KIDSCASH** and **MYCASH** Spanish versions
- **HISCASH** and **HERCASH** Pocket Workbooks: a great way to manage money together
- **KIDSCASH** Birthday Bundle (the perfect kid gift!)
- **MYCASH** College
- And our **KIDSCASH and MYCASH Personal Finance Curricula**: 10-part courses on basic money skills.



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