

The **UCSI 1 CARD** Talk Series

# TEACHING FINANCIAL LITERACY, START YOUNG!



*In collaboration with the UCSI Child Development Centre*

**Speaker:** Asst. Prof. Dr. Chiah Wan Yeng

**Dress Code:** Smart casual

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Register now

@ [www.ucs1card.com](http://www.ucs1card.com)



22 March 2018 (Thursday) | 10.30am – 12.30pm  
Group Showroom, 1st Floor, Block A,  
UCSI University (KL Campus)



SUITABLE FOR PARENTS, STUDENTS, AND STAFFS

# WELCOME

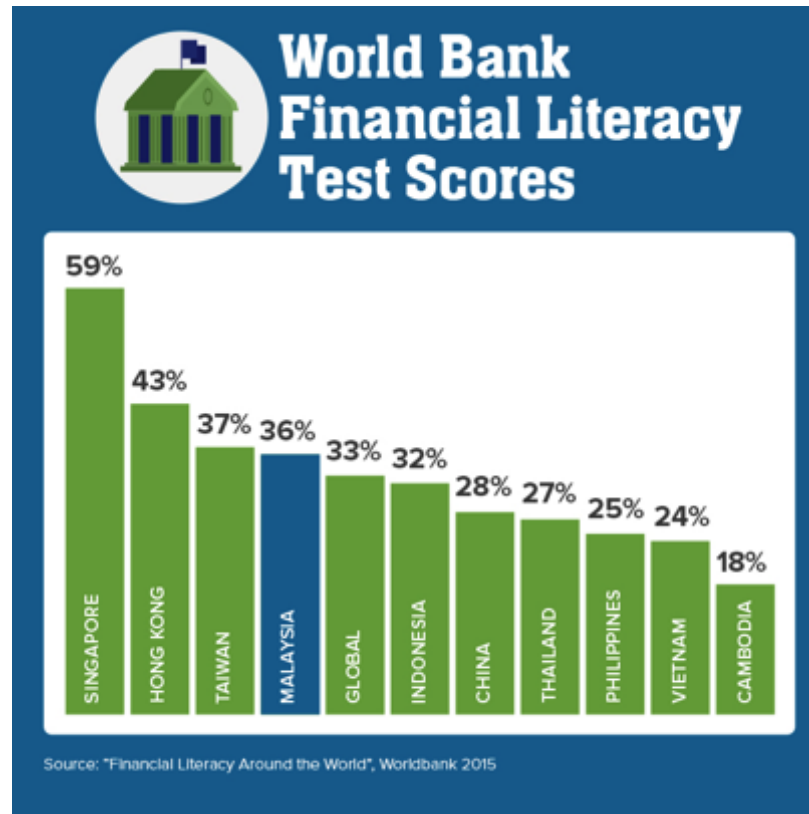
# Do you know your financial identity?

Take this test to discover your financial identity,

<https://www.smartaboutmoney.org/Tools/Financial-Identity>

- According to the Personal Wealth's Young Investor Survey (2016) - 7% invested more than 30% of monthly income, 45% allocate 5% or less of monthly income, **the rest do not invest at all.**
- Poor financial management resulted in **22,663 Malaysians under the age of 35 being declared bankrupt between 2011 and September 2015**, according to the Malaysian Financial Planning Council (MFPC).

# Why financial literacy is important?



- Financial managing skill is lifelong
- You want to avoid troubles in your future!



**The best way to teach  
your kids about money?**

**Give them some!**



# Teachable Steps for Children!

- Age 2-4: What can a toddler or young child understand?
- Age 5-7: Starting to make choices.
- Age 8-10: Strengthening the financial foundation.
- Age 11-13: Dealing with peer pressure and learning to plan.
- Age 14-18: Getting ready for the adult world.

Guided by National Endowment for Financial Education (NEFE) (2018)

# Age 2-4

## □ **Money is a medium of exchange**

- Understand money can be used to exchange things.
- Let your child play “store”.



- Let your child hand the clerk money during grocery purchase
- Demonstrate respect for the value of money.



# Age 2-4

## □ **Equivalency**

- Collect coins in a “see-through” jar.

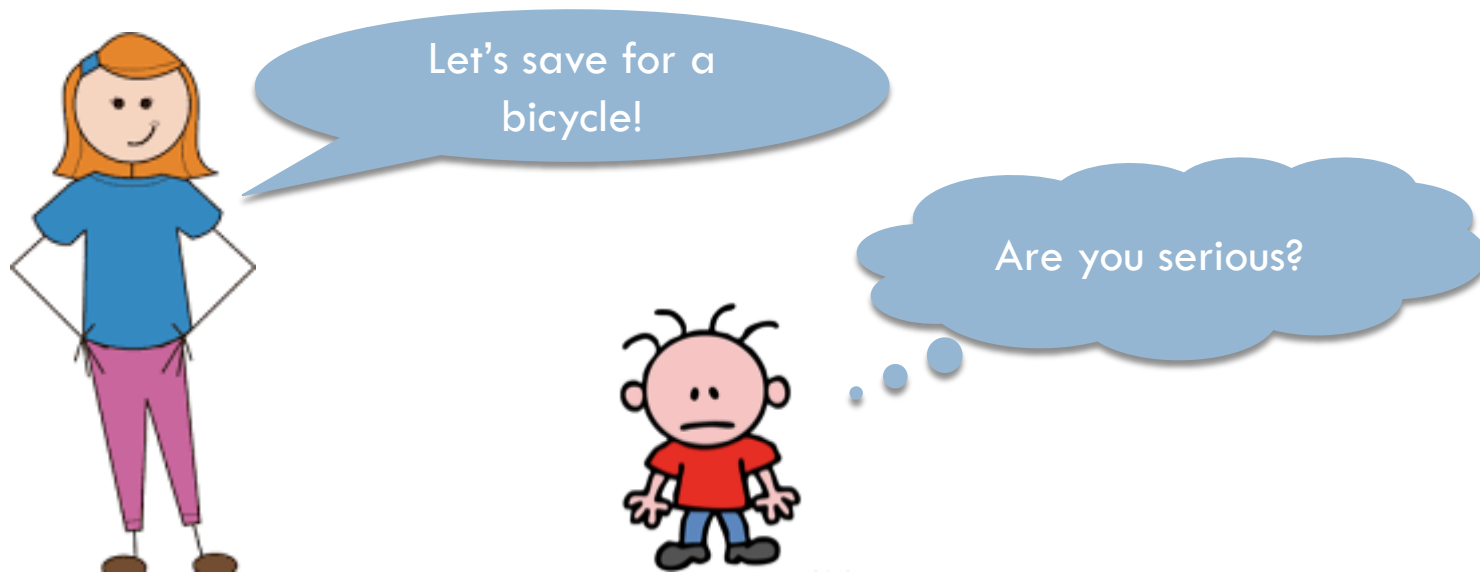


- Explain the equivalency.



# Age 2-4

- **Saving gets us what we need and want**
  - ▣ Saving for something immediate.



- ▣ Praise for reaching savings goal.

# Age 5-7

## □ Allowance

- Not as a source of reward/punishment, but as a mean of control.
- Let them make mistakes.
- Adjust allowance according to expected expenditure.
- Teach the difference between “needs” and “wants”.
- Consistent interval (record).

# Should a child earn an allowance?

- ✓ Give a base allowance.
- ✓ Continue to expect the child to do basic household jobs.
- ✓ Pay extra for “big” chores.
- ✓ Be realistic with the child’s ability & adequate compensation .

# Age 5-7

## □ Saving

### □ Goal setting

- Realistic goal, e.g., a remote control car.
- Weekly plan.
- Attach a picture of the item to the savings jar.

### □ Interest

- Add interest for the amount they save.
- Exposure to the idea of saving can earn money.

# Age 5-7

## □ Spending

### □ Learn to shop

- Smart consumer – select quality product.
- Understanding sales & promotion.
- Comparing price & quality.

### □ Abstract money

- Learning the sources of money.
- Bring them to deposit money before going to ATM.
- Explain the use of credit card; show them credit card statement.

# Age 8-10

- **Discuss family budget**
  - Show them the big spending categories.
  - Let them help with monthly record.
- **Continue discussion of needs and wants**
  - Central budget are needs.
  - Do inventory.
- **Delayed gratification**
  - Learning to wait.
  - “We have to earn the money before we spend it”

# Age 8-10

- **Making choices**
  - Trade off.
- **Starting a savings account**
- **Planning savings**
  - 70-20-10 rules: living expenses: savings: giving.
- **Establish short, intermediate, long term goals**
- **Encourage entrepreneurial effort**
  - Garage sales, selling recycle items.



# Age 11-13

- **Introduce the “magic of compound interest”**
- **Pacing spending**
  - Review the spending.
  - Lengthen the time between giving out allowances.
  - Do not ‘rescue’ but loan.
- **Budget talk**
  - Determine how much s/he needs to save to achieve a goal.
- **Introduce market concepts**
  - Basic investment knowledge.
  - Diversifying investment.

# MY FAMILY BANK ACCOUNT

DATE	My Contribution	My Spending	Interest	Total	Comment
March 1	\$5			\$5	Birthday Money
March 10	\$7.05			\$12.05	Bottle Return
Mar 18		\$0.75		\$11.30	Candy Bar
March 31	0.11		1%	\$11.41	Interest

# Age 14-18

- **Earning a paycheck**
  - “Pay yourself first”.
- **Learning how to use “plastic”**
- **More about market: Investing**
  - Exposure to stocks, bonds, mutual funds.
  - Investment: risks, rewards, types of investments, values of long term investment.
- **Insurance: Managing risk**
  - Estimate cost of an accident/major illness.
  - Share information on family insurance.

# Credit card concept

- Credit card purchases are loans.
- One way to avoid paying interest > pay off each month.
- Shop for best deal: Interest rates, annual fees, late fees, grace periods.
- One credit card is plenty!

# A quick glance...

- ✓ Examine your **own attitudes** about money.
- ✓ Give your child an allowance and let them make their **own spending choices** with it.
- ✓ Expect your child to help with **family chores**.
- ✓ Provide **extra income** opportunities.
- ✓ Teach your child to **save** regularly.
- ✓ Help your child discover the **satisfaction** of sharing.
- ✓ Show your child how to be a **wise consumer**.
- ✓ Teach your child a healthy attitude towards **credit**.
- ✓ Teach your child the value of wise **investments**.
- ✓ Involve your child in **family financial planning**.

# Reminder

- ✓ Your children may **mirror** your money habits
- ✓ You should follow your **own teaching!**
- ✓ You can teach your child, even if your own habits are not perfect
- ✓ Start **young!** Be **age-appropriate.**

THANK YOU

