CERITY PARTNERS®

A Cerity Partners Family Office discussion on:

Raising Financially Confident Children

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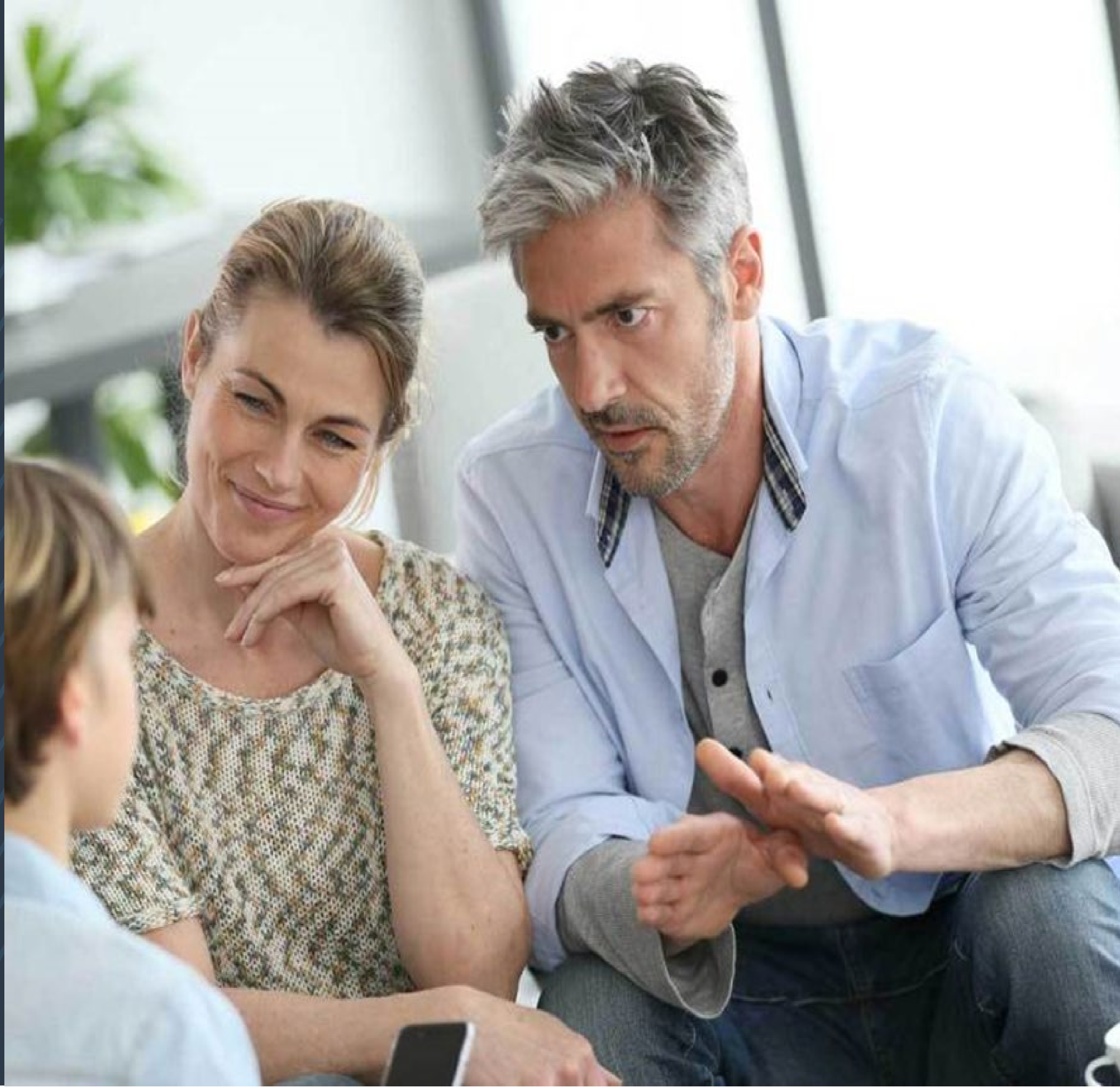
Communication

Why is it so important in wealth planning?

“There are only two lasting bequests we can give our children: one is roots, the other, wings.”

- Stephen Covey



Shape Your Values First

Understanding your financial priorities is the first step in teaching your children

Consider these key areas and questions to help shape your financial values:

Wealth & Legacy Goals

- What values about money do you want to pass down?
- Should wealth provide security, opportunity, or both?
- How transparent should you be about family wealth?

Financial Responsibility & Support

- What financial responsibilities should children take on at different ages?
- Should large expenses (education, home purchases) be supported?
- How do you balance providing a safety net vs. promoting independence?

Entrepreneurship & Giving

- Should children be encouraged to invest, start businesses, or give charitably?
- What role should philanthropy play in your family values?

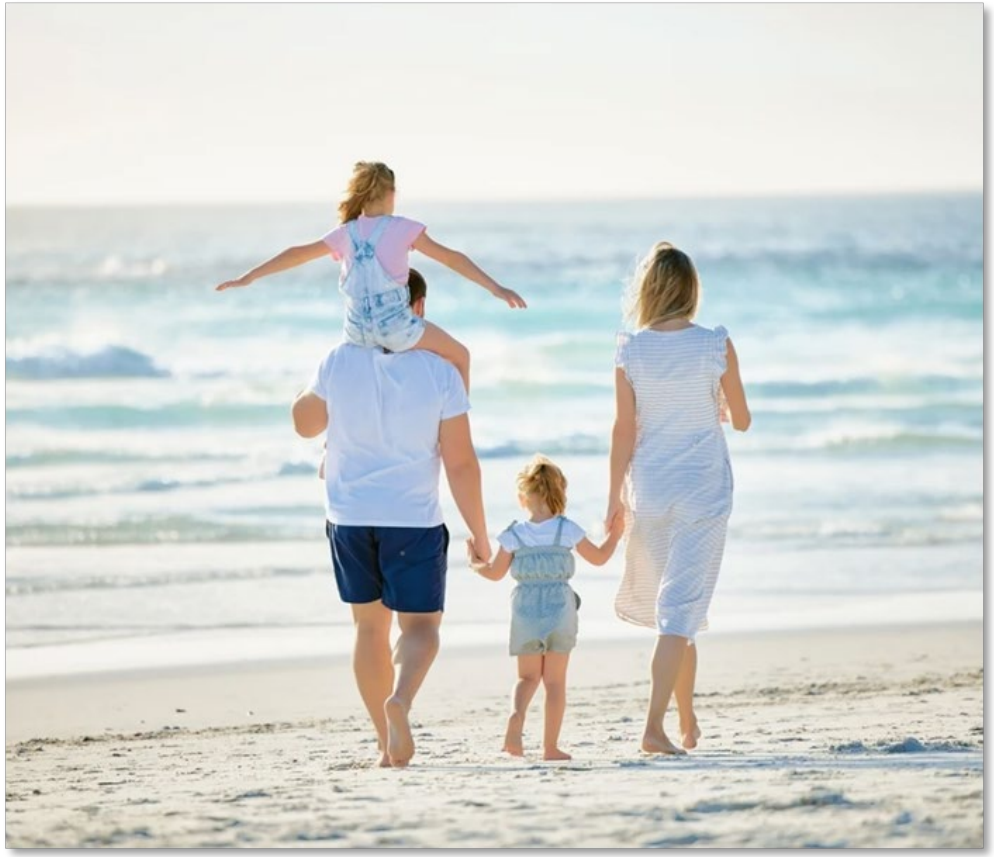
Lifestyle & Money Mindset

- What lifestyle do you want to model for your children?
- How do you balance financial freedom with responsibility?

Understanding Challenges

Overcoming challenges fosters trust and family unity

- **The "Money is Taboo" Mindset**
  - It is a common belief that money should not be discussed.
  - ***Solution:*** *Normalize financial conversations in day-to-day actions.*
- **Disclosing Dollar Amounts**
  - Discussing money does not have to involve dollar amounts or details you are not ready to share.
  - ***Solution:*** *Focus on real-life financial needs and support available.*
- **Lack of Financial Literacy**
  - If family members don't understand basic financial concepts, conversations can feel overwhelming or unproductive.
  - ***Solution:*** *Use Cerity Partners as a resource to guide discussions.*
- **Avoiding Difficult Discussions**
  - Talking about inheritance means discussing aging, incapacity, and death, which many find uncomfortable.
  - ***Solution:*** *Early conversations about inheritance can avoid stress later.*
- **Infrequent Conversations**
  - Many families only discuss money in times of crisis or major transitions.
  - ***Solution:*** *Make financial conversations regular to build preparedness.*



Why Communication Matters

Creates harmony, clarity, and confidence across generations

Creates a legacy

Ensures wealth is used purposefully and with intention

Aligns family values

Strengthens shared financial principles across generations

Reduces family conflict and uncertainty

Prevents misunderstandings

Builds financial literacy and stewardship

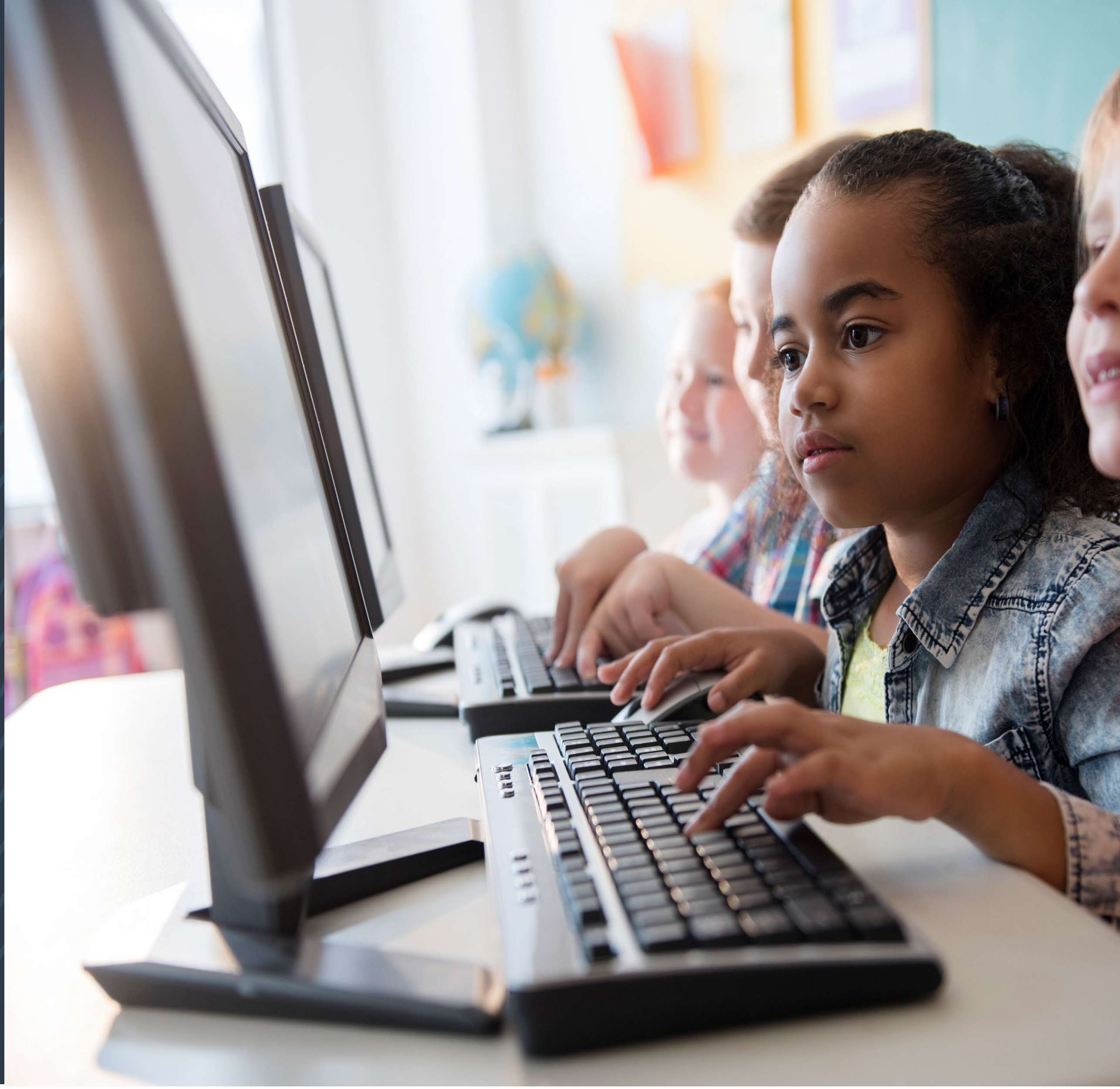
Equips beneficiaries to manage wealth

Financial Literacy

Strategic approaches for every age range

Let's discuss practical tools and lessons for children in the following age ranges:

- *Young Children (Ages 3-7)*
- *Elementary and Pre-teen (Ages 8-12)*
- *Teenagers (Ages 13-18)*
- *Young Adults (Ages 19+)*



Young Children (Ages 3-7)

Building Early Money Habits Through Play and Everyday Life

- ✓ **Teach through Play:** Introduce basic concepts through the art of play
- ✓ **Make Money Tangible:** Use examples to showcase money as a tool
- ✓ **Encourage Simple Saving**: Showcase the power of saving through real-life examples

Elementary to Pre-Teens (Ages 8-12)

Building Smart Money Habits for Lifelong Success

Budgeting & Saving

Teach the value of budgeting and saving

Earning & Responsibility

Use chores, allowances and encourage responsibility

Needs vs. Wants

Explain the differences between needs and wants

Growth & Investing

Introduce compounding interest and investing

Teenagers (Ages 13-18)

Preparing for Real-World Financial Decisions

Earning & Managing Money

» Encourage part-time jobs, budgeting, and tracking expenses.

Investing & Long-Term Growth

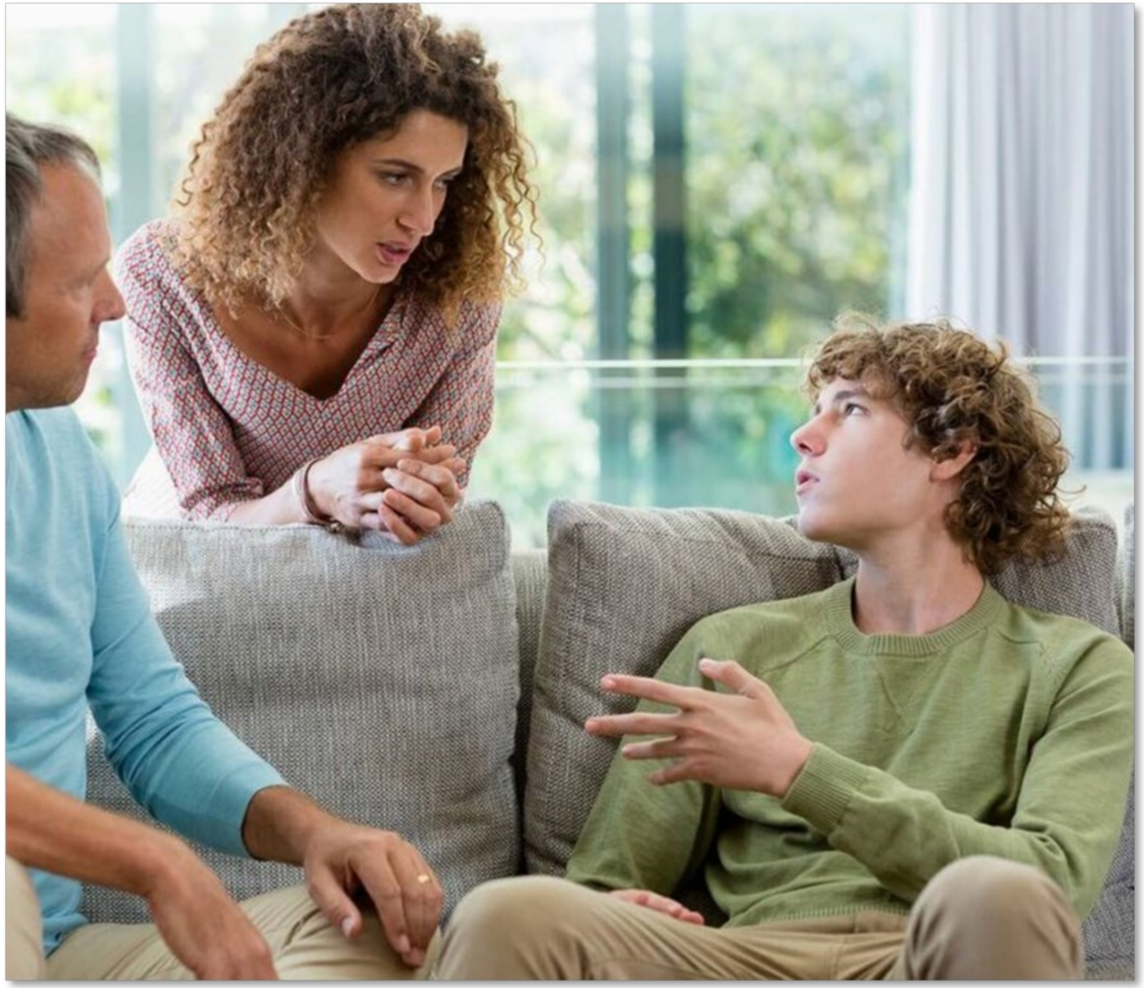
» Teach basic investing concepts, risk vs. reward, and compounding.

Smart Spending & Decision-Making

» Use real-world examples like price comparisons and cost-benefit analysis.

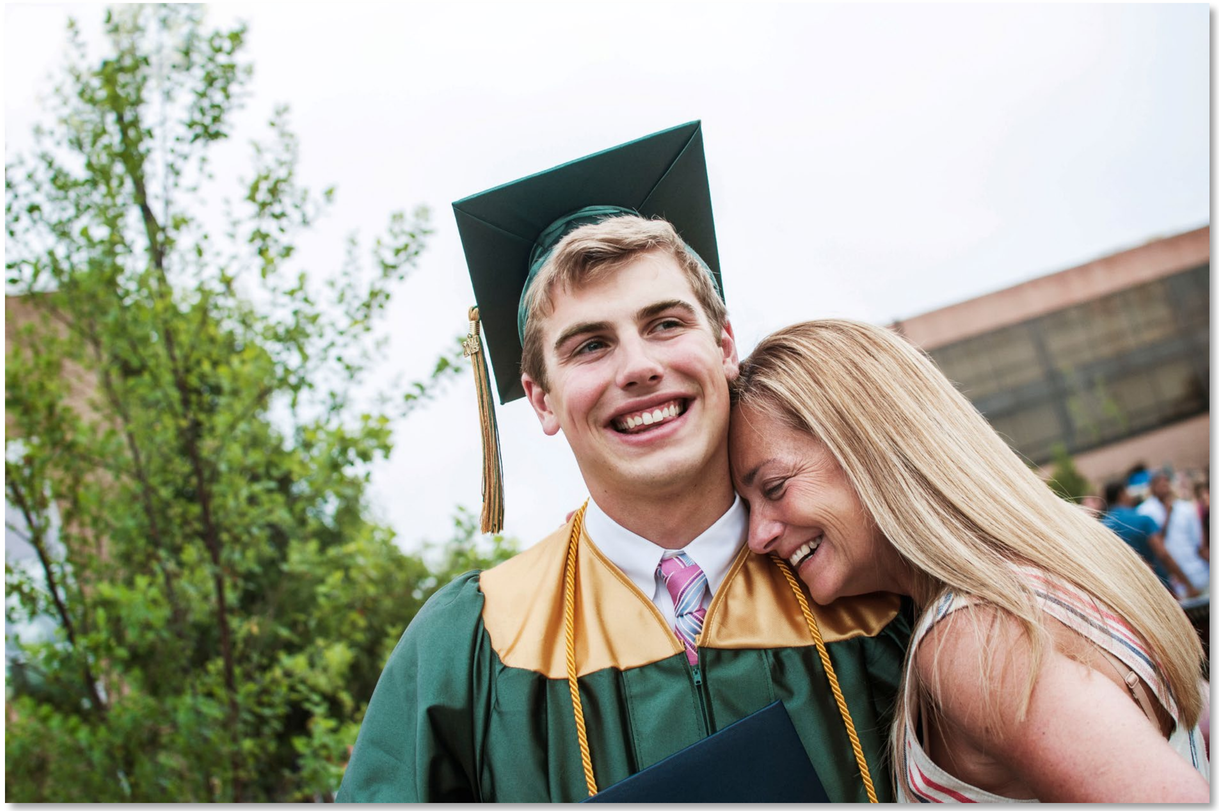
Understanding Credit & Debt

» Explain credit scores, interest rates, and responsible borrowing.



Young Adults (19+)

Smart Financial Decisions for Career, Investing and Wealth Growth



Navigating Major Financial Milestones

» Teach smart decisions – college costs, first jobs, and major purchases.

Investing, Taxes & Financial Planning

» Discuss tax efficient investing, retirement planning and the power of compounding.

Introducing Family Wealth Structures

» Explain trusts, estate planning, and generational planning.

Leveraging Expert Guidance

» Encourage working with Cerity Partners to build strong financial habits.

Financial Education Resources

Books and Apps to Strengthen Financial Knowledge

Recommended Books

- ***The Opposite of Spoiled*** – Ron Lieber (Raising financially responsible kids)
- **Beyond Piggy Banks and Lemonade Stands** – Liz Frazier (Teaching young children about finance)
- ***The Richest Man in Babylon*** – George S. Clason (Timeless lessons on wealth-building)
- ***Strangers in Paradise*** – James Grubman (Understanding the challenges of inherited wealth)
- ***The Ten Roads to Riches***– Kenneth L. Fisher (Paths to wealth and practical advice on managing it responsibly)
- ***The Ultimate Gift*** - Jim Stovall (Fictional story on inheriting wealth)
- ***I Will Teach You to Be Rich*** – Ramit Sethi (Modern personal finance for young adults)
- ***The Psychology of Money*** – Morgan Housel (How mindset impacts financial success)

Top Financial Apps & Videos

- **Greenlight** – Debit card & money management for kids
- **Goalsetter** – Savings & financial literacy tool for kids and teens
- **YNAB (You Need a Budget)** – Helps families and young adults master budgeting
- **Money Time Kids** - A structured financial literacy program for ages 10-14
- **Next Gen Personal Finance (NGPF)** - A nonprofit with a library of free financial literacy videos for middle school through college

Key Takeaways

Best practices for you and your family

Frame discussions as a positive, ongoing dialogue

Find teachable moments in everyday life

Focus on age-appropriate lessons

Leverage your advisor for support

Please reach out to your Cerity Partners advisor or contact CPfamilyoffice@CerityPartners.com with any questions or for further discussion.

Frequently Asked Questions

Please contact your Advisory Team for more information tailored to your family's needs

› **What if my child isn't interested in learning about finance?**

- Try meeting them where they are. Connect financial concepts to areas of their life they care about—travel, career goals, social causes, or even hobbies. Avoid pushing complex topics all at once. Instead, integrate small lessons into everyday conversations and decisions. Over time, relevance often leads to interest.

› **What should I do if my child is overspending or getting into debt?**

- Remain calm and approach the situation as a learning opportunity. Start with a nonjudgmental conversation to understand the root cause. Then, collaborate on a realistic plan—this could include setting spending boundaries, using budgeting tools, or working with a financial coach. Consider using this moment to introduce long-term skills like debt management and credit awareness. If you choose to provide financial assistance, it's important to pair that support with clear expectations and financial education to foster long-term behavioral change.

› **How do I make financial discussions a natural part of family life?**

- Make money a regular and normalized topic—just like health or school. Use real-life situations like family vacations, grocery shopping, or charitable giving to talk about budgeting, saving, and values. Consider incorporating short family "financial check-ins" once a quarter to reinforce openness and build comfort over time.

› **When should I start talking to my children about money?**

- The earlier, the better—but it's never too late. For young children, start with simple concepts like saving, spending, and sharing. For older children or teens, expand the conversation to cover budgeting, credit, investing, and long-term planning. What matters most is consistency—build the habit of talking about money at every stage of development.

› **My children are over 40. What should I be doing now?**

- This is an ideal time to focus on legacy planning and succession. Engage your children in conversations about your estate plan, philanthropic goals, and financial structures such as trusts or investment entities. Involving them now can ease future transitions and ensure they are equipped to serve as thoughtful stewards of family wealth.

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› **How much should we share of a high-net-worth balance sheet with our children?**

- Rather than focusing on specific numbers, consider gradually introducing your children to the structure and purpose of the family's wealth. Start by discussing your financial values and how resources are managed. Over time, and as their maturity increases, you can share more detailed information to prepare them for future responsibilities.

› **What role do trustees play in supporting sound financial decision-making?**

- Trustees can serve as both fiduciaries and mentors. When appropriate, selecting trustees who are willing to educate and guide beneficiaries—rather than simply manage distributions—can lead to stronger financial outcomes. Some families choose to appoint co-trustees (e.g., a family member and a professional) to strike a balance between oversight and engagement.

› **Is it appropriate to give a 4–5-year-old an allowance, or should they earn money through chores?**

- At this age, either model can work well. A small, consistent allowance helps introduce decision-making and the concept of money management. Associating earning with extra tasks (e.g., gardening, washing the car) can reinforce the value of work. Some families use a hybrid model with both a base allowance and optional earning opportunities.

› **Can I open a 529 plan before my child is born?**

- To designate a beneficiary, the child must have a Social Security number. However, you can open a 529 account in your own name and change the beneficiary once the child is born, allowing you to begin saving and investing early.

› **At what age should a child receive a debit card, or a credit card to build credit?**

- A debit card can be introduced around ages 12–14 to practice responsible spending. Around age 16–18, you may consider adding your child as an authorized user on your credit card to begin building credit history under your supervision. A personal credit card should typically wait until the child has a stable income and has demonstrated good financial habits.

Thank You

Important Notes

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Sources: Ramsey Solutions 2023 Financial Literacy Crisis in America Report, World Economic Forum, CNBC Acorn Survey 2022.