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WILSON PEAK
WEALTH MANAGEMENT

A quarterly newsletter providing important news and strategic information to our clients.

Recently, my 13 year-old son, Thayer, came to the office with me. He was interested in the stock ticker display on my computer and his questions led to a discussion about investing, spending and saving.
I understand not everyone has access to real-time stock performance, but there are effective ways to educate your children about investments. Whether you have children or grandchildren, starting children on their road to financial education is important.

I've included an article about how grandparents can help teach children lessons about money and investing. This article can also be relevant for parents. Please take a moment over your morning coffee to read the article and contact me to clarify your financial values, goals and objectives. As always, we're here to help you, your family and anyone important to you.

- Jeffrey J. Wilson, CFP®

GRANDPARENTS CAN TEACH LESSONS ABOUT MONEY AND INVESTING

Typically, being a grandparent is mainly about fun and games (and candy, of course). But you can choose to do more by helping teach your grandchildren about money, saving, and investing. Remember, the lessons they learn while they're young may become so engrained they will help guide them well into their adult lives.

You might want to start by talking with their parents to help ensure what you're going to tell them aligns with what they're hearing at home. As a result, you should be able to reinforce the lessons their parents are teaching rather than sending conflicting messages.

BEGIN WITH THE THREE "BUCKETS"

The next time you slip your grandkids some money (you know you do), consider employing this classic method for teaching the value of money and saving, especially if they're very young.

The idea is simply to have them divide the money into three "buckets" – whether they're literal or figurative is up to you:

1. **Spending.** The first bucket is for them to spend right away on whatever they want, like a toy or a special treat (with their parents' permission, of course).

2. **Saving.** The second is for saving for something bigger, and more expensive, they'd like to have down the road. This can teach them about delaying gratification and setting a savings goal. If you're looking for a good excuse to set up a custodial savings account for them at a bank, this could fit the bill.

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3. **Giving.** Finally, have them use part of the money to help them learn about giving back and supporting a cause they really believe in. Since young children often love animals, the local humane society may be a good place to start.

INTRODUCE INVESTING

When you think they're ready, introduce them to the potential rewards, and risks, of investing. Help them understand the difference between owning a stock — taking an ownership position in a company that may pay a dividend — and a bond — lending money to a company or government entity in return for interest payments.

Discuss the value of not putting all their eggs in one basket or, in other words, diversification. Explain that a portfolio that's mainly stocks may have a greater return potential than one that's primarily bonds but is also likely to experience greater volatility from market activity.

You could also encourage them to begin setting long-term investment goals. Although being able to afford retirement is motivating for adults, it may not resonate with them at this point. However, higher education, a new car, or a fun trip just might work.

Making it real

Since they've already learned something about banking through that savings account you (hopefully) helped them open, as they get older, it could be a good time to help make investing real by assisting them with starting an online investment account and providing some start-up funds. Keep in mind you can give up to $17,000 ($34,000 for a couple) in 2023 to an individual without incurring gift tax implications.

After they've seen firsthand how investing works, explain that as they get older, potentially accumulate assets, and have a more complicated financial situation, they should consider working with a professional financial advisor to help them work toward their long-term goals.

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