

Cha-Ching Family Activity #5 Invisible Money

Overview: Kids often see their parents and family members pay for purchases in different ways - with cash, credit cards, debit cards, even using smartphone apps. Unfortunately, kids don't always know where the money is coming from and may even think that credit and debit cards are actually money. The problem is it's easy to spend money when we don't see it coming out and that can have a serious impact on our short-term and long-term goals.

In school, your child is learning about "invisible money," how it connects to money in the bank, and how it can impact their money goals. In this activity, you and your child will explore invisible money together and talk about the importance of balancing earning, spending, saving, and donating to reach money goals.

Activity Duration: Varies

Outcomes

- Students will work with their families to build understanding of "invisible money", where the money comes from, and how over-spending it can affect their financial goals

Materials

- Computer or tablet with internet access
- At least one copy of the *Invisible Money* handout

Procedure

1. WATCH the video [Invisible Money](#) with your child. Ask questions to facilitate a conversation about money concepts:
 - What are some different ways to spend money or pay for things? How are they different?
 - What is invisible money? Why do we need to know about it?
2. DISCUSS personal thoughts and ideas about spending.
 - Ask, "Which payment method do you want to use? Why?"
 - Have each family member talk about how they like to spend and why.
 - Explain in your own words, adding personal information where comfortable and appropriate:
 - Sometimes you see me using a gift card. Gift cards have a set amount of money that gets subtracted as you pay for things. So, if I have a \$50 gift card and buy something for \$30, the \$30 will get subtracted from the \$50, leaving \$20 on the card.



Money Smart Kids!

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- Sometimes I use a debit card. The debit card is connected directly to my bank account, so the money comes out of that account right away.
 - I keep track of what's in my bank account through a bank statement I receive every month. That statement tells me how much I earned, how much I spent, and how much money I still have in my account.
 - Sometimes you see me using a credit card. Every month, I receive a credit card bill that tells me how much I still owe the credit card company and how much I have to pay that month. I pay that bill from the money I have in my bank account.
 - Sometimes I use a smartphone app to buy coffee. The app is connected to my credit card or bank account and the money comes out right away when I buy the coffee. I have to remember that I've spent that money!
 - I use my monthly bank statement to help me balance my budget. A budget is how I track how much I earn, save, spend, and donate. This helps us make sure we have enough money for what we need and want **and** helps us reach any goals (e.g., a new car, a vacation, a computer or phone). Sometimes I have to make changes to the budget when unexpected things happen.
3. TOGETHER look at the sample credit card and bank statements. Help your child make connections between the statements and the conversation you're having about earning, saving, spending, and money goals. (Note: If you are comfortable using your own financial statements, feel free to do so.)
- On the bank statement, find and discuss the following:
 - Statement date
 - Dates of transactions
 - Descriptions of transactions
 - Why do you think they include dates and descriptions for each transaction on the bank statement?
 - Withdrawals and Deposits
 - What is the difference between a withdrawal and a deposit?
 - Why are they in different columns?
 - Balance
 - Why do you think they provide the account balance after each transaction?
 - Do you notice anything else about the bank statement?
 - Why is it important to keep track of account balances?
 - Why is it important to look at your bank statements every month?
 - On the credit card statement, find and discuss the following:
 - Statement date
 - Dates of transactions
 - Descriptions of transactions
 - Why do you think they include dates and descriptions for each transaction on the bank statement?
 - Withdrawals and Deposits



- How do you think payments, transactions and fees are different from each other?
- Annual Percentage Rate (APR)/Interest Charged
 - What do you think this means?
 - Why does a bank charge interest?
 - How do interest charges affect how much you owe each month?
- Amount Due
- Date Due
- Balance
 - Why do you think they provide the account balance after each transaction?
- Do you notice anything else about the credit card statement?
- Why is it important to keep track of credit card balances?
- Why is it important to look at your credit card statements every month?

4. DISCUSS the following:

- What is the difference between spending using cash, a gift card, a debit card, or a credit card? Is one way of spending better than the others? Why or why not?
 - In class, students learned that credit card use is neither good nor bad. However, it is important to use them wisely, keep track of fees and interest, and pay off balances monthly, if possible.
- What can we do to be sure that money we spend on a credit card is not more money than we have in the bank?
- After learning more about the different ways to spend, what choice(s) would you make? Why?

Additional Resources

- [8 Lessons to Teach Your Child About Credit Cards](#)
- [7 Facts to Consider Before Talking to Kids About Credit](#)
- [How to Establish Money Rules for Your Child at Any Age](#)
- [16 Money Habits to Teach Your Kids Now So They Can Be Financially Fit Adults](#)
- [A Consumer's Guide to Credit Cards](#)



Sample Credit Card Statement

Account Holder: Jane Doe
 Account Number: 12345678

Statement Date: January 1
 Due Date: February 14

Credit Line: \$1,500.00
 New Balance: \$1,000

Credit Available: \$500.00
 Min. Payment Due: \$30.00

Sold	Posted	Activity Since Last Statement	Amount
	12/12	Payment: Thank You!	-10.00
12/30	12/22	Gas 'n' Go, Smalltown US	35.24
12/23	12/26	Gift Attic, Smalltown US	63.02
12/26	12/28	Computer Monitor, Techville US	697.78
1/8	1/10	Pizza Palace, Smalltown US	24.53

Previous Balance (+): \$189.43
 Purchases (+) \$820.57
 Cash Advances (+): \$0.00
 Payments (-): \$10.00
 Credits (-): \$0.00
 Finance Charges (+): \$0.00
 Late Charges (+): \$0.00
New Balance (=): \$1,000.00

Current Amount due: \$1,000
 Amount Past Due: \$0.00
 Amount Over Credit Line: \$0.00
 Minimum Payment Due: \$30.00

Finance Charge Summary
 Periodic Rate
 Annual Percentage Rate

Purchases	Advances
3%	3%
36%	36%



Sample Checking Account Statement

Account Holder: Jane Doe
 Account Number: 12345678

Date	Description	Withdrawal	Deposit	Balance
	Balance brought forward			300
6 May	Vet	100		200
8 May	Bakery	10		190
11 May	TV Bill	50		140
19 May	Gas	25		115
19 May	Paycheck		200	315

Total account balance as of May 31: \$315.00