

Giftng a \$ense of Value

by vcmorris - Thursday, December 23, 2010

<http://thethinpinkline.com/2010/12/23/giftng-a-ense-of-value/>

Another year has passed but some things never change. Most of us are caught in the glare of holiday spending - again. So I thought I'd share the message I gave Christmas Eve 2009: if you want to get your child a gift that keeps on giving – consider a Roth IRA.

Funding a Roth Individual Retirement Account for your child or grandchild's future is a gift that will literally and figuratively be appreciated in the years to come. <http://www.fairmark.com/rothira/minors.htm>

I know. I have kids. Your son or daughter might *want* something digital or shiny for his or her next gift. But if you get them into the right frame of mind with a little explanation, he or she might actually *prefer* some financial security and learn an early lesson about the importance of *mind - over money matters*.

You plant the seed (by funding your child's Roth IRA), and then see how it (and your child's money intelligence) grows:

Say you open a Roth IRA for a 15-year old and fund it with \$1000. If the money in that account grows at an annual percentage rate of 8%, which is a conservative rate, that \$1000 investment will become about \$47,000 in 50 years.

The seed grows.

If you added another \$1000 to that Roth IRA over the next four years, it would make your total contribution \$5000. By the time that child turns 65 years old, their Roth IRA account will be worth more than \$250,000 - without adding another dime beyond the \$5000 you contributed.

Your child's money intelligence grows. It sees value *in* and the power *of* long-term compounding. This is a measureable *and* heartfelt return on your investment.

It's never too soon for children to get/be taught a tiny but firm financial grip! How you think about money usually rules what/how you do with your money for life. Change/re-calculate *your* relationship with money. Give *yourself* the gift of growing your best asset: your mind. You'll be amazed at the amount of random and intuitive money knowledge you already have!

Gift yourself a kinder and gentler financial frame of mind for the New Year: Mind over money matters. Because mind over money - matters. Think it. Teach it. Preach it. Show it. Grow it. Share it. Declare it. Use it. Protect it.

More suggestions on teaching children the value of money in my new book MIND OVER MONEY MATTERS: It's Your

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