

# Welcoming Kristin Alley to Team Allen



Kristin  
Alley

Kristin Alley of Vinalhaven has joined Allen Insurance and Financial as an account manager in the company's business insurance division.

A Vinalhaven native, Kristin brings 10 years' experience as a licensed Maine insurance agent, along with administrative and client relations experience at both a medical clinic and an eldercare facility in Vinalhaven. She is a graduate of the University of Maine in Machias, where she studied business and accounting.

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## Nick Pucello Completes Liberty

# Mutual Producer Development Program

Nick Pucello, a business and marine insurance producer at Allen Insurance and Financial, has successfully completed the Liberty Mutual Business Lines Producer Development Program – a rigorous 10-week course designed to sharpen technical knowledge, strengthen sales expertise and enhance the ability to navigate the complexities of today’s insurance marketplace.

Nick joined Allen in January 2025 and has quickly demonstrated a strong commitment to professional development.

“Nick’s dedication to completing this intensive program reflects both his work ethic and his focus on building a strong foundation for long-term success in our industry,” said Dan Bookham, Allen’s senior vice president for business development and commercial lines. “All of us at Allen are proud of this important step forward in his career.”

Allen Insurance and Financial is an employee-owned insurance, employee benefits, and financial services company with offices in Rockland, Camden, Belfast, Southwest Harbor and Waterville. For more information call 236-4311, or visit [AllenIF.com](http://AllenIF.com)

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## What You Should Know Before

# Naming a Minor as a Beneficiary

If you have young children, grandchildren, or other little ones in your life who are dear to you, you might consider including them in your estate plan. One component of that estate plan may include naming them as a beneficiary on your financial accounts, insurance policies, or other assets via a will. While leaving assets to minors may seem like a simple solution, it can lead to unintended complications. In this article, we'll explore the challenges minors face when inheriting assets and provide practical strategies to help ensure that your wishes are carried out smoothly.

## What Challenges Do Minors Face as Direct Beneficiaries?

Minors legally cannot own or manage significant funds or property without a custodian. Here are the potential challenges when leaving assets directly to a minor:

- **Custodianship:** When a minor inherits assets outside of a trust, they will usually need a custodial account to manage the funds until they reach the age of majority. This account requires a designated custodian, who may be a parent, legal guardian, or another trusted person. If no custodian is named, then most often a natural parent or legal guardian will typically take on this role. Speak to your financial advisor or attorney for more information about how to elect a custodian.
- **Lack of control:** In almost all circumstances, control of custodial accounts must be transferred directly to the minor once they reach the age of majority as defined by state law (often either 18 or 21). This may not align with your original intention if the child isn't ready to handle

the inheritance responsibility.

- **Probate:** When leaving assets to a minor via a will, they could go through probate, a costly and time-consuming process that validates your will and distributes the assets. To avoid delays and complications, it's important that all accounts have named beneficiaries, and you consider using a trust to bypass probate.

### **How Can You Establish a Trust to Protect a Minor's Inheritance?**

A trust is often the most flexible and effective way to ensure that your child's inheritance is distributed according to your wishes. However, it is also often the most expensive. Here are some of the features of a trust:

- **Control over distribution:** You can set specific terms, such as distributing funds at milestones like graduating from college or reaching a certain age, ensuring that your child is prepared to manage their inheritance.
- **Protection from mismanagement:** A trustee (either an individual or institution) will manage the funds responsibly, ensuring that they are used appropriately, such as for education or housing, until the child is mature enough to take control.
- **Extended control beyond age of majority:** If you don't want your child to have full control at 18 or 21, a trust allows you to distribute assets over time (e.g., 25% at age 25, 25% at 30, and the remainder at 35). This approach helps ensure your child's financial maturity before receiving large sums.

## Three Ways to Protect a Minor's Inheritance



### TRUSTS

- Managed by a trustee you select
- Custom distribution schedule (e.g., 25% at age 25 and 30, remainder at 35)
- Funds can be designated for specific purposes
- Protection from future creditors for some types of trusts



#### BENEFIT:

Maximum control over how and when assets are distributed



#### CONSIDERATION:

More complex and costly to set up and maintain



### CUSTODIAL ACCOUNTS (UTMA/UGMA)

- Managed by custodian until child reaches adulthood
- Simple to establish at most financial institutions
- Lower setup and maintenance costs
- No probate process required



#### BENEFIT:

Straightforward and inexpensive to create



#### CONSIDERATION:

Child gains full control at age of majority (18–21)



### 529 PLANS

- Tax-advantaged education savings
- Account owner maintains control regardless of beneficiary's age
- Can be transferred to another family member or up to \$35,000 can be transferred to a Roth IRA if needed after certain requirements have been met
- Funds grow tax free when used for education



#### BENEFIT:

Tax-free growth for educational expenses



#### CONSIDERATION:

Penalties may apply if not used for qualified education costs

## When Might Custodial Accounts Be Appropriate?

If you're looking for a simpler option, custodial accounts under the **Uniform Transfers to Minors Act (UTMA)** or the **Uniform Gifts to Minors Act (UGMA)** might be a good choice. These accounts allow you to transfer assets to a minor while appointing an adult custodian to manage them until the child reaches the age of majority (usually 18 or 21, depending on the state) via a beneficiary designation.

### Key features of custodial accounts:

- **Simple and cost-effective:** Easy to set up with no complex administration. There are typically no ongoing fees or tax filings.
- **No probate:** Funds in a custodial account avoid probate via a beneficiary designation, ensuring a quicker transfer.
- **Automatic control at age of majority:** Once the child

reaches the age of majority as defined by the state, they gain full control over the account, which may not be ideal if they aren't ready to manage it. For this reason, custodial accounts may be best suited for smaller amounts or simpler needs.

### **Why Is Choosing the Right Trustee or Custodian Critical?**

Whether you choose a trust or a custodial account, selecting the right person to manage the funds is essential. This person will be in charge of handling the money and making decisions, so they must be financially responsible, trustworthy, and likely to outlive you. It's also a good idea to name a backup trustee or custodian in case your primary choice is unable or unwilling to take on the responsibility.

For larger sums or more complex situations, you might want to consider naming a professional trustee, such as a financial institution or estate planning expert, to ensure that the trust is managed according to your wishes. Speak with your financial advisor to determine if a professional trustee is the best option for you.

### **What Circumstantial and Tax Implications Should You Consider?**

Leaving money or property to a minor can have tax implications that should be considered. One important factor is the kiddie tax, which applies to any unearned income (such as investment earnings) a child receives. If the amount exceeds a certain threshold, it will be taxed at the parent's rate instead of the child's, which could lead to a higher tax burden. Also, trusts are often taxed at higher rates than individuals, so if you set one up, it may quickly reach the highest tax bracket, even if the income is relatively low.

Additionally, retirement assets left to minors could affect

their eligibility for student aid, and naming special needs beneficiaries could affect their government benefits. Always consult with your financial advisor and a tax professional to structure the inheritance in a way that minimizes tax consequences and aligns with your overall financial goals.

## **Have You Considered 529 Plans for Education-Specific Inheritance?**

For those who want to leave funds specifically for a child's education, a 529 college savings plan can be an excellent option. These state-sponsored accounts provide tax advantages when funds are used for qualified education expenses. The benefits include:

- **Tax advantages:** Contributions grow tax free, and withdrawals for education expenses are not taxed.
- **Control:** The account owner maintains control of the funds, even after the child reaches adulthood.
- **Flexibility:** If the child doesn't need the funds, you can change the beneficiary to another family member. Additionally, starting in 2024, you can transfer a certain amount of funds into a Roth IRA for the beneficiary, offering additional flexibility for long-term savings.

Some estate planners recommend using a 529 plan alongside other inheritance tools, such as trusts, to create a comprehensive financial plan.

While naming a minor as a beneficiary is a thoughtful gesture, it requires careful planning to ensure that your assets are used responsibly and in the best interests of your child or grandchild. Consulting with an estate planning attorney, tax professional, and your financial advisor is key to creating a plan that aligns with your goals, minimizes tax implications, and helps avoid unnecessary complications in the future. By

taking proactive steps today, you can ensure that your loved ones are supported when they need it most.

*The fees, expenses, and features of 529 plans can vary from state to state. 529 plans involve investment risk, including the possible loss of funds. There is no guarantee that an education-funding goal will be met. In order to be federally tax free, earnings must be used to pay for qualified education expenses. The earnings portion of a nonqualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10 percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses.*

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# **The Growing Role of Biosimilars in Employer Health**

# Plans

As the potential for biosimilars continues to grow, it's important for employers to consider how these drug alternatives may impact health care plans, coverage, and formularies. We are sharing an article, "Biosimilar Market Trends," exploring key developments in 2025 and provides insights into what employers can expect this year and beyond. We encourage you to review this content for valuable information on navigating these changes. [Click here to read the article.](#)

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## **AIO Food and Energy Assistance awarded \$10,000 through Make More Happen Awards**

Thanks to the support of the community, Allen Insurance and Financial has officially awarded a \$10,000 donation to AIO Food & Energy Assistance (AIO), a nonprofit organization that provides low barrier access to food, energy, and diaper assistance with compassion and respect to households across Knox County, Maine.

AIO plays a vital role in the community, assisting over 10% of Knox County residents in Maine. Each week, more than 450 families rely on the AIO food market, while 750 students benefit from the weekend meals program. In 2024, AIO provided 526 energy assistance gifts, easing the burden for households so they don't need to decide between "heating or eating". The \$10,000 donation

would provide food for 450 families coming to the AIO market, Weekend Meals for 750 students, diapers for 35 families, and energy payments for approximately 15 households.

“Helping to make our community a better place has always been important to our team, and AIO has given us a way to make a real difference,” said Jill Lang, marketing director at Allen Insurance and Financial, in a news release. “We are grateful to Liberty Mutual and Safeco for providing much-needed funds to continue their impactful work and thrilled at the opportunity to double the donation just by calling on the community to show their support.”

Allen Insurance and Financial has supported AIO for years through volunteer efforts, fundraising campaigns and community outreach. Since 2020, the Allen team has mobilized volunteers and provided significant sponsorship each year. In 2025 alone, AIO, with the support of Allen Insurance and Financial and others in the community, has collected nearly 2,400 pounds of food and raised \$39,000 in donations—enough to sustain AIO’s essential programs through the harsh winter months .

“Recognizing independent agents’ dedication to their communities and nonprofit partners is what the Make More Happen Awards are all about,” said Stephanie Davis, Safeco Insurance Senior Territory Manager. “Allen Insurance and Financial is an outstanding example of how agencies can make a real difference, and we hope sharing their story inspires others to give back as well.”

Throughout 2025, Liberty Mutual and Safeco Insurance will select up to 36 independent agencies nationwide for a Make More Happen Award, donating up to \$360,000 to nonprofits they support. Agencies become eligible for the award by submitting applications showcasing their commitment to a specific cause.

For more information, visit [www.agentgiving.com](http://www.agentgiving.com).

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# Passenger Protection Starts on Shore: Why Terms and Conditions Matter



By [Chris Richmond](#)  
For [WorkBoat Magazine](#)

Passenger vessel operators have many options for risk management. While much of this focuses on board the vessel, one often overlooked area is before passengers even board. By adding terms and conditions to your ticket sales, you can add another layer of protection.

Including terms at the time of purchase can help:

- Limit liability for risks, including passenger injury
- Control time limits and specify legal jurisdiction to manage litigation
- Clarify refund policies for cancellations or delays, including force majeure clauses

**Passenger injury.** You may not be able to have all liability waived, and you will still need to comply with maritime law, but by informing your passengers that by purchasing a passage ticket they accept and understand that travel at sea can be potentially dangerous.

**Time limits and specifying legal jurisdiction.** Being able to manage potential litigation can minimize legal expenses as well as the inconvenience of fighting a lawsuit long distance. You will be thankful you have established this should a passenger who cruised with you in Boothbay, Maine file a claim in their hometown court in Houston, Texas.

**Refund policy.** You can control many things on your boat but you cannot control the weather. Include a force majeure clause detailing situations where you are not liable for cancellations due to events outside of your control which result in delay or cancellation.

It goes without saying that you should consult a professional when preparing this language. An admiralty attorney would be able to draft this document to suit the type of trip that you are doing and to make sure that you are abiding by the state and federal laws applicable for your location.

Risk management comes in many different forms. Proper terms and conditions on your boarding pass can be just as important as the life jackets that you keep on board.

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# Why Artificial Intelligence Can't Replace Your Financial Advisor

In today's digital age, artificial intelligence (AI) has transformed how we shop, communicate, and manage our finances. From budgeting apps to automated bill payment systems that track spending patterns, AI tools provide convenient ways to monitor and organize your financial life. They're available 24/7, typically cost less than human services, and can process vast amounts of data in seconds.

With all these benefits, you might wonder: Do I still need a financial advisor? The answer is a resounding yes. While AI brings impressive capabilities to financial services and can certainly supplement your financial strategy, it falls significantly short of replacing the comprehensive value a human advisor provides. Here's why the human touch remains essential in financial planning.

## **Human Understanding and Emotional Insight**

AI excels at analyzing numbers and identifying patterns, but financial decisions aren't just about the math—they're deeply personal, tied to your life goals and values.

An AI-enhanced tool may calculate the maximum amount to contribute to a retirement plan or education funding, basing the figure purely on numbers. Still, it won't understand the deeper emotional significance—the pride in helping family, the desire to leave a meaningful legacy, or how their own experiences with financial hardship affect what they consider "enough" for retirement security. These emotional dimensions require the

human understanding a financial advisor provides.

Human advisors bring emotional intelligence to the table. They can help you process the complex emotions that often come with money decisions—whether it’s the anxiety of market volatility or the excitement of buying a home. Unlike AI, a human advisor can recognize when the “rational” financial choice isn’t the right one for you emotionally and help you balance both.

### **Regulatory Knowledge and Technical Expertise**

Financial advisors stay current on the ever-changing landscape of tax laws, retirement rules, and financial regulations—areas where AI might lag unless specifically updated.

When tax laws change (as they often do), your advisor will understand how these changes affect your specific situation and can adjust your strategy accordingly. They can tell you when it makes sense to harvest tax losses, which retirement accounts to draw from first, or how new regulations might affect your estate plan.

This specialized knowledge becomes particularly valuable during major life transitions. When you’re navigating a career change, inheritance, or retirement, your advisor can bring technical knowledge and contextual understanding that automated systems simply can’t match.

## AI Risks: Protecting Your Privacy

Always make security a top priority. Take these precautions if you use any digital financial tools:



**Avoid sharing sensitive data**

Don't share Social Security numbers, passwords, or investment details with AI platforms.



**Use reputable tools**

Opt for AI apps from trusted financial institutions with encryption and security features.



**Keep software updated**

Ensure AI-powered apps are regularly updated to patch vulnerabilities.



**Understand the risks**

Free AI tools may monetize your data—read privacy policies carefully.

## Complex Family Dynamics

Financial planning often extends beyond individual goals—it could involve navigating complex family relationships and financial legacies.

Issues like inheritance planning, supporting aging parents, or managing family business assets require sensitive conversations and thoughtful solutions. Dividing an estate fairly among siblings or deciding how to support a child with different financial needs involves more than just math—it requires emotional insight and negotiation skills that AI lacks.

An advisor who knows your family history and financial dynamics can offer tailored advice that AI can't replicate. They can help prevent family conflicts over money and create plans that honor both financial efficiency and family harmony.

## Behavioral Coaching and Accountability

Money decisions aren't just logical—they're psychological. Fear, greed, and overconfidence can cloud judgment, even when the data points one way.

A good financial advisor acts as a coach, helping you manage emotional reactions and stay focused on long-term goals. AI

might send automated “stay-the-course” messages, but it can’t replicate the impact of a trusted advisor reminding you of your objective-driven strategy and reassuring you during uncertain times. Your advisor knows your financial history and can remind you of how you’ve weathered previous market downturns when panic starts to set in.

### **Data Privacy and Security**

AI tools that handle sensitive financial information are potential targets for hacking and data breaches. While human advisors are also vulnerable to cyberthreats, they provide added layers of protection, such as secure communication channels and strict confidentiality protocols.

Additionally, when you work with a human advisor, you know exactly who has access to your financial information. With AI platforms, especially free ones, your data might be shared with third parties or used for purposes beyond your immediate financial needs.

### **Real-Time Adaptation and Strategic Insight**

AI relies on historical data to make decisions, but it can’t fully anticipate unprecedented events or shifting market conditions.

During a market crash, AI might recommend selling assets to minimize short-term losses because that’s what the algorithm suggests. A human advisor, however, can step in, remind you of your long-term goals, and help you stay the course—potentially avoiding costly decisions driven by panic.

Beyond market fluctuations, life itself is unpredictable. Divorce, an unexpected illness, or a sudden career opportunity can change your financial picture. An advisor who knows you and

your goals can adjust your plan thoughtfully, considering both financial and personal factors. AI can't replicate that kind of nuanced, real-time guidance.

## **The Value of Human Advice**

Perhaps the most compelling reason human advisors remain essential is their ability to serve as true thinking partners. They bring perspective gained from working with hundreds of clients through different life stages and market cycles. They understand not just how markets work—but how people work with money.

Human financial advisors are legally required to act in your best interest. AI tools, on the other hand, are not held to the same ethical standards. In some cases, algorithms may be designed to prioritize the platform's profitability over your financial well-being. Having a human advisor helps ensure that your interests remain the priority.

AI will continue to evolve and enhance financial services, but the human connection, contextual understanding, and strategic guidance that advisors provide are irreplaceable. The future of financial advice isn't about choosing between human and artificial intelligence—it's about combining the strengths of both to create better financial outcomes for you and your family.

# Tariffs and Economic Uncertainty: What They Could Mean for Insurance in 2025



By [Dan Bookham](#) for [WorkBoat Magazine](#)

Throughout the year insurance companies meet with their agents and brokers to keep tabs on the shape of the market. Across the board and across all product lines, the most frequently flagged concerns are the potential impact of tariffs and ongoing economic uncertainty on the U.S. insurance market in 2025. Savvy insureds should be factoring this into their buying decisions.

Tariffs on imported goods, such as automobiles, auto parts, building materials (lumber, steel, etc.), and electronics, have already directly inflated the cost of repairs and replacements covered by insurance policies. This will in turn mean higher premiums as insurers will likely pass these increased claims costs onto policyholders to maintain their solvency and profitability.

Supply chain disruptions could also be a factor as the tariffs find their final level and different economic inputs begin to price for the new cost of materials. As we saw during the pandemic, such disruption can cause delays in repairs and increase the duration of claims. This can further drive up administrative costs for insurers and cause frustration for policyholders.

Industries heavily reliant on imported materials will see increased operating costs, potentially leading to higher commercial insurance premiums, not least as the replacement value of inventory, parts, fuel and other overhead will mean a need for higher exposures and policy limits.

While the tariff negotiations and adjustments appear to be ongoing, the insurance industry will continue to feel the impact of economic uncertainty such unprecedented change has brought about. Should we find ourselves in a downturn or recession, there are several things to consider on the insurance front.

During economic downturns, businesses and individuals might reduce their insurance coverage limits, opt for higher deductibles, or even cancel policies to save costs, leading to a decrease in premium income for insurers. Economic uncertainty can also increase the risk of businesses defaulting, impacting commercial insurance lines like trade credit insurance.

Investment income volatility also has a direct bearing on insurance premiums. Insurers rely on investment income. Volatile financial markets can negatively impact their investment returns, potentially pressuring underwriting profitability and leading to higher premiums. Seemingly paradoxically, insurers might adopt more conservative underwriting practices during uncertain economic times, despite the need to generate more revenue, tightening eligibility guidelines and increasing scrutiny. This is because the quickest way to not lose money on exploding claims costs is to not write the business in the first place. A crude lever to be sure, but one that does get pulled.

Economic hardship can exacerbate social inflation (increased litigation and higher jury awards), particularly in liability lines, driving up claims costs for insurers. This has been an ongoing trend for several years already; we will have to see if

economic conditions accelerate this even more.

In summary, the combination of tariffs and economic uncertainty in 2025 is likely to create a challenging environment for the U.S. insurance market. Policyholders can expect to see upward pressure on premiums across various lines of business. The ability of insurers and policyholders to proactively manage risks and adapt to these evolving conditions will be crucial in mitigating the negative impacts.

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## **Allen Insurance and Financial Earns \$10,000 Make More Happen Award for AIO Food & Energy Assistance**

Allen Insurance and Financial has earned the full \$10,000 Make More Happen Award from Liberty Mutual and Safeco Insurance in recognition of the agency's ongoing support of AIO Food & Energy Assistance (AIO), a nonprofit providing low-barrier access to food, energy, and diaper assistance across Knox County.

The award initially included a \$5,000 donation, with the opportunity to double it through an online campaign. Thanks to overwhelming community support, the 500-vote threshold was met, unlocking the full \$10,000 for AIO's essential programs.

"We're incredibly grateful to our community for stepping up to help us reach this goal," said Jill Lang, marketing director at Allen Insurance and Financial. "This donation will go a long way

in supporting AIO's work, especially during the most challenging times of the year."

Each week, more than 450 families rely on the AIO food market, and 750 students benefit from the weekend meals program. In 2024 alone, AIO provided over 500 energy assistance gifts to help local families stay warm without sacrificing meals.

Allen Insurance and Financial has long supported AIO through fundraising, volunteerism, and outreach. This year alone, nearly 2,400 pounds of food have been collected and \$39,000 raised to help sustain AIO's vital services.

The Make More Happen Awards recognize independent insurance agencies across the U.S. for their commitment to nonprofit partners. Allen Insurance and Financial is among 36 agencies selected in 2025, with Liberty Mutual and Safeco donating up to \$360,000 in total.

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## **The Importance of Financial Literacy for Kids**

Picture this scenario: Your 10-year-old receives \$20 for their birthday and asks, "Can we go to the store so I can buy a new toy?" As you think about how to answer, you realize this is a perfect chance to teach an important life lesson. The impulse to get something new as soon as possible is undoubtedly a strong one—in both kids and adults—but this could be an opportunity to explain the merits of saving for a larger purchase. Helping kids understand how to manage money can create habits that stick with

them and help them make smart choices in the future.

Teaching children about money isn't just practical—it's about giving them the tools to handle life's challenges. Early lessons about saving, spending, and planning can set them up for success.

### **Why Start Early?**

Kids pick up habits and lessons starting at young ages, and money skills are no different. Studies show that attitudes about money are generally formed by age seven. Teaching kids while they're young helps them build a healthy relationship with money and equips them with skills to manage it—to save, spend, and budget responsibly. These lessons can give them the tools they'll need to avoid financial mistakes later on. In addition to helping your child make better decisions about saving, borrowing, and investing, early money lessons will help them learn to distinguish between needs and wants, a key skill for managing money wisely.

### **Allowance and Budgeting**

An allowance is often a child's first encounter with money, making it a great tool for teaching the basics of finance. While you may want to designate some chores as an expectation for contributing to the household (therefore, not allowance-worthy), try giving your child a weekly allowance tied to age-appropriate tasks that go beyond their expected contribution. For example, a seven-year-old might be expected to make his bed every day, but he can earn cash for changing the sheets or putting the dirty ones in the laundry.

Here's one way to use an allowance to teach budgeting:

- **The three jars method:** Give your child three jars labeled

“Save,” “Spend,” and “Give.” Encourage them to divide their allowance among these jars. A common split is 50% for spending, 40% for saving, and 10% for giving, but you can adjust this based on your family’s priorities.

- **Discuss spending choices:** Let them decide how to use their “Spend” money. If they want a toy, talk about whether they’ll still enjoy it a week later—in other words, is it worth the spend?
- **Track their money:** Use a simple notebook or a basic app to keep track of allowance, savings, and spending. This helps kids see where their money is going and gain practice keeping a record of their finances.

### Setting Saving Goals



**Saving:** For big goals, like a new toy or game.



**Spending:** For small, everyday purchases.



**Giving:** For donations or helping others.

Saving teaches kids patience and discipline, which can be tough when they’re naturally drawn to instant rewards. Help them set a goal for something they want, like a game or a bike, and show them how to save for it.

- **Set a goal together:** Ask your child what they’d like to save for and figure out how much it costs. Then, break it into smaller, manageable steps. For instance, if the goal is \$20 and they save \$5 a week, they’ll reach it in four weeks.

- **Make it visual:** Create a savings tracker, like a thermometer, sticker chart, or a jar they can color in as they save. This makes the process fun and the progress visible.
- **Celebrate success:** When they reach their goal, congratulate them and tell them how impressed you are that they did it. Reinforce how saving leads to worthwhile rewards.

## **Introducing Investing**

Investing might sound too complicated for young minds, but it can be easy for kids to understand with age-appropriate explanations.

- **Use familiar examples:** Explain investing by comparing it to planting a seed and watching it grow. Relate it to companies they know, like ones that make their favorite toys or snacks.
- **Open a custodial investment account:** Some financial institutions offer accounts where you can manage small investments for your child. Show them how money can grow with time and patience by explaining how the account works.
- **Use simple analogies:** Talk about risk versus reward. For example, keeping money in a piggy bank is safe but doesn't grow, while investing is like planting a garden—it takes time but can yield bigger rewards.

## **Everyday Teachable Moments**

Using ordinary situations to teach money lessons helps make the concepts stick:

- **Grocery store shopping:** Involve your child in comparing prices, discussing needs versus wants, and finding the

best deals.

- **Family budgeting:** Share how you budget for things like vacations or household expenses. Simplify it so they can understand how money is allocated.
- **Holiday or birthday money:** If your child receives money as a gift, encourage them to split it among saving, spending, and giving.

## **Encouraging Generosity**

Teaching kids about giving helps them develop empathy and gratitude. Suggest they donate a portion of their money to a cause they care about—like helping animals or supporting a local food bank. Explain how even a small amount can make a big difference.

## **A Lifelong Skill**

By teaching kids about money early, you're giving them skills they'll use forever. Financial literacy helps them make smart decisions, avoid debt, and even build wealth. Whether it's through an allowance, saving for a goal, or exploring investing, these lessons will prepare them for the future. Start small, keep it consistent, and watch them grow into confident, money-savvy adults.