

# 8

## FINANCIAL GIFT IDEAS FOR KIDS AND GRANDKIDS



Instead of gifting toys or the hottest tech gadget that might make you everyone's favorite Grandma or Uncle, consider these financial gift ideas for kids and grandkids.

## #1: Saving for College



While giving the gift of future education might not make sense to the kids in your family right now, we promise that one day they will thank you when they aren't buried in student loans.

A 529 plan is a tax-advantaged investment that's used to save for college, graduate school, and most recently K-12 tuition. Once you open a 529, you contribute money after you've paid taxes on it, and then it grows tax-free. As long as you use the money for qualified education expenses, you won't have to pay additional taxes on the money saved.

There are two types of 529 plans:

- **529 Savings Plans:** These state-sponsored investment plans work a lot like 401(k)s and IRAs. These are state-sponsored, and your contributions are invested in investment products or mutual funds. The person who sets up the account is the owner, and your child, niece, nephew, or grandchild is the beneficiary. The state works with an asset management company, and you as the owner deal with the company, not the state.
- **529 Prepaid Tuition Plans:** These plans are managed by higher education institutions and states. They allow you to lock in today's tuition rate and pay for college tuition at any of the state's eligible schools. If the student decides to attend a private college or school out of state, an equal amount of money is distributed.

529 plans are typically state-sponsored and differ in requirements and benefits, so it's important to speak with a third-party expert about your options.

## #2: Roth IRAs

Give the gift of future financial stability with a Roth IRA.

This is an ideal gift for a high school or college graduate who has a part-time job because, to open and contribute to a Roth IRA, there are specific rules. These include...

1. The individual must be working and bring home earned income.
2. You can contribute the amount of their earned income, up to the \$6,000 contribution limit.
3. No money can be withdrawn until the individual is 59 ½ years old.



Opening up a Roth IRA that friends and family can contribute to may get an eye-roll from your teen family member, but more than likely, they will thank you 40-plus years from now. Because the money contributed to a Roth IRA has already been taxed, any earnings from the investments in the account—and any distributions you take out in retirement—are tax-free.

Before opening a Roth IRA for your kid or grandkid, make sure they don't already have one set up. If they don't, we recommend seeking third-party advice beforehand.

### #3: Games



If you don't want to show up to the holiday gift exchange empty-handed, then consider giving the kid in your life a game that teaches financial literacy.

While we don't think you can go wrong with classics like Monopoly, Pay Day, or the Game of Life with older kids, there are other games designed to teach elementary-aged kids the value of a dollar and financial responsibility.

For kids 6 years and up, check out the financial board games from Learning Resources. Buy It Right teaches kids how to recognize currency, as well as how to spend it responsibly. Money Bags is another game that helps kids learn to count currency and use it wisely.

Plus, not only will these board games teach financial literacy, but they will also provide a terrific bonding opportunity when you play together.

### #4: Apps

If the kid on your list is anything like most kids these days, he/she will appreciate a digital gift, such as an app.

Apps are great because they don't take up space, they are inexpensive, and they are easily accessible.

There are primarily two different financial apps for kids and grandkids: virtual banks or financial learning games.



- **Virtual banks:** Virtual bank apps provide real cash funds to kids, which they can manage via an app. Parents (or grandparents) can put money in the app, and then the kid can choose how to save or spend it. [Greenlight](#) debit card is a debit card and app designed for kids. In addition to transferring funds directly from a bank account to the child's app and card, others can send financial gifts using the app.
- **Financial learning games:** Once you pay for the actual financial game app, there are no real-life funds involved. Instead, these apps are gamified to make learning how to use money fun. In addition to app-based versions of board games, such as the Game of Life, kids can learn to control impulse spending with apps like [Savings Spree](#).

## #5: Savings Bonds



While they don't offer huge returns, savings bonds do appreciate over time and are a great financial gift idea for kids and grandkids.

Savings bonds are exempt from state income tax and, if used to pay for college, can be exempt from federal income taxes.

Series EE or Series I bonds are available for purchase. While both accrue interest monthly and compound interest semiannually, the only difference is the interest rates.

You can purchase and print a gift certificate online from the U.S. Department of Treasury

## #6: Savings Accounts

Opening a savings account is a great financial gift idea for kids or grandkids because it helps teach them the value of saving early and often.

Make sure you find a high-yield savings account that has no fees and is free. More than likely, you will have to sign as a co-owner of the account until the child is old enough to take ownership.



## #7: Stocks



Gifting stocks can be risky because there is no guarantee the company will be around long enough to see monetary gain.

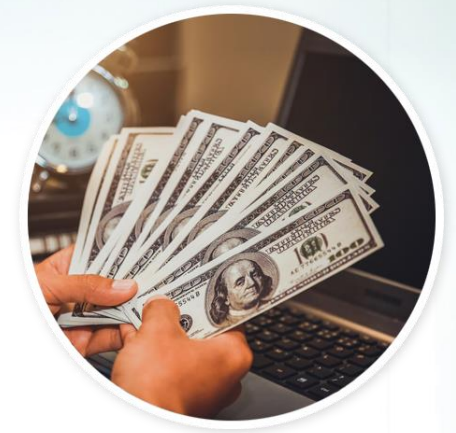
But it provides you an opportunity to teach your kids or grandkids the value of investing and how to manage their investments.

There are online brokerage firms that allow for gifting stocks, or you can transfer stocks you already own.

## #8: Cash

Cash is a welcomed financial gift idea for kids and grandkids if it's given for a specific purpose--otherwise, your kids or grandkids are going to spend it on clothes, technology, or blow it with their friends.

If you gift cash, make sure it's designated to help pay for a school trip, a car, sports equipment, etc. For older kids, gift cash to help them pay off more of their student loans.



Another thing you can do if you gift cash is to use it as a teaching moment. Challenge your kids or grandkids to take the cash gift and turn it into more money, and then report back the results.

## About 401(k) Maneuver

401(k) Maneuver is a professional account management service designed to do the work of managing your 401(k) for you.

It's created for busy people who know they need to make regular adjustments to their accounts, but either don't have the time or know-how.

Whether you want more money for retirement or you don't want to lose what you have, 401(k) Maneuver exists with the goal to help you...

- Improve account performance over time and have more money for retirement.
- Manage downside risk to minimize losses during bad markets.
- Decrease fees that strike a blow to your account performance.
- Avoid target date funds that may not be the best strategy to achieve your goals.

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