



T. Rowe Price Provides Tips for Parents on Talking With Kids About Money

Recent Market Swings Provide Opportunity for Parents to Reinforce Key Financial Lessons

BALTIMORE, Aug. 18, 2011 /PRNewswire/ -- The recent gyrations in stock prices and accompanying flood of news coverage provide parents with an excellent opportunity to discuss money matters with their children, says T. Rowe Price (NASDAQ-GS: TROW).

T. Rowe Price's third annual [Parents, Kids and Money](#) survey released earlier this year shows that parents struggle when the topic of money comes up around the household. Just 28 percent of parents said they feel very prepared to discuss basic financial principles such as setting goals, the importance of saving, smart spending, inflation, and diversification.

Despite the challenging topic, 76 percent of parents think it is very important to have conversations with their kids about money, and 86 percent believe it is their responsibility to discuss money.

"Current events have always been a rich source of dinner-table discussions," said Stuart Ritter, CFP®, a T. Rowe Price financial planner and father of three young kids. "In recent years, and especially this summer with the extreme volatility in stock prices, the economy and the markets have been front-page news, providing almost daily opportunities for parents and their children to discuss money topics."

Ritter offers parents five tips on how to use the current financial news in the United States to talk to their kids about money:

- 1.) **Watch for teachable moments.** From the grocery store to the ATM and paying bills online, it's important for parents to make sure their children know where money comes from and how purchases are made. Kids often see credit and debit cards and may not make the connection to where the money comes from. **Be sure your kids are aware that even when using a credit card or debit card, you need to have money to cover your expenses.**
- 2.) Triple digit market swings allow parents to share the importance of long-term investing. While the stock market's short-term performance often garners a lot of headlines and attention, parents can reinforce with their kids that long-term investing is a marathon, not a sprint. If you have developed a sensible investment plan, demonstrate to your kids that sticking to it is important because over the long run stocks have historically proven to be among the best options for beating inflation. *Past performance, however, cannot guarantee future results.*
- 3.) Major ups and downs in the market also provide parents an opportunity to share the importance of diversification. Parents should discuss the importance of allocating investments among lots of different stock and lots of different bonds. Show how an investment in a mutual fund means you own a large number of different stocks — so if one part of the stock market is doing particularly poorly, you don't have all your money in that sector. Of course, diversification cannot assure a profit or protect against loss in a declining market.
- 4.) **Make it fun.** Parents have many new tools to keep money discussions fun. T. Rowe Price recently introduced a [free activity book](#), entitled "Journey to Your Dream Goal," that uses puzzles, games, and tricky challenges to guide kids through the process of making smart financial decisions. The activity book serves as a companion to [The Great Piggy Bank Adventure®](#), a free online board game at [thegreatpiggybankadventure.com](#) and a hands-on, interactive exhibit at [INNOVENTIONS at Epcot®](#) at the *Walt Disney World®* Resort in Florida. T. Rowe Price collaborated with Walt Disney Imagineering and Walt Disney Parks and Resorts Online to create [The Great Piggy Bank Adventure®](#) in order to facilitate family financial conversations and convey basic money lessons.
- 5.) The debt ceiling discussion at its core provides parents a chance to teach the important lesson of spending within their means. **Parents should help children set a budget and remind them not to spend more than they have.** There are exceptions to this rule including student loans and mortgages, but in general this is a life lesson that should be introduced to children early on.

All mutual funds are subject to market risk, including possible loss of principal.

Download a prospectus, which is available at [www.troweprice.com](#) or by calling 1-800-541-8803. The prospectus includes

investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

T. Rowe Price Investment Services, Inc., distributor, T. Rowe Price mutual funds.

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) is a global investment management organization with \$520.9 billion in assets under management as of June 30, 2011. The organization provides a broad array of mutual funds, subadvisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research. More information is available at troweprice.com.

T. Rowe Price and Disney Enterprises, Inc. are not affiliated companies.

SOURCE T. Rowe Price Associates

News Provided by Acquire Media