

# YES YOU CAN

FALL 2009

## FINANCIAL EDUCATION FROM AMERICAN CENTURY INVESTMENTS®

The information in *Yes, You Can* is provided to help parents, educators and kids work together to understand key financial concepts. *Yes, You Can* stresses critical thinking and problem solving that helps young people develop basic economic, financial, personal and career development skills.

*Yes, You Can* is based, in part, on the beliefs of James Stowers, founder of American Century Investments and co-founder, with Virginia Stowers, of the Stowers Institute for Medical Research.



Ideas for achieving financial security and a more meaningful life.

## Understanding and Surviving a Recession

A report by the nonprofit National Bureau of Economic Research (NBER), states that the current economic downturn began in December of 2007, making this the longest recession on record. As families across the country continue to cope with concerns over job security, decreasing home values and rising consumer prices, many are wondering how to maintain a sense of normalcy in this new economic reality.

Were you and your family caught off-guard by this recession or were you prepared with a realistic spending plan and an emergency fund to help you keep up with your major expenses, i.e., mortgage, insurance, groceries utilities and other necessities? In his book, *Yes, You Can... Achieve Financial Independence*, James Stowers recommends taking steps to "deal with financial emergencies, before they happen" in order to ensure you and your family will get through challenging times.

Learning to live within your means and maintaining an emergency fund can reduce much of the worry over your financial well-being and give you the sense of being in control of your future. But, before you can manage your money, you must be aware of where it goes. Sit down as a family and look at how money flows in and out of your hands. This will help you establish a system to monitor and manage your money wisely:

- Track your dollars.
- Discuss spending issues as a family. When children are old enough to understand the concept of money, it is a good time to also teach them about using it wisely.
- Create a spending plan that is aligned with your priorities.
- Close the gap between income and spending.
- Create an emergency fund that will give you peace of mind in the future.

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# YES YOU CAN

**Yes, You Can** is the quarterly publication of Yes, You Can Financial Education from American Century Investments.

## Subscriptions

Help spread the message of financial literacy. Annual subscriptions are available free of charge at: [YesYouCanOnline.info](http://YesYouCanOnline.info).

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[YesYouCanOnline.info](http://YesYouCanOnline.info)

## Surviving Recession continued

By putting this information on paper, you will have a better idea of where you can make adjustments to gain control of your money and maintain more financial security when the unexpected happens. And by doing this exercise as a family, you're teaching your kids what they need to know to better manage their money in the future.

### Teachable Moment



Here are some tips for saving a little more of your hard-earned income during the current recession and some ways to get your kids involved, too.

- Make a list before you go shopping, and stick to it. Impulse buying is a quick way to lose control of your budget. Also, only take coupons for the items on your list. A stack of random coupons can lead to overspending on items you may not need. When you're shopping, have your kids manage the coupons so they can see the savings.
- Try generic brands. In many cases, if you don't see the name brand labels, you can't tell the difference in the products and the cost saving can be significant. Give your kids the challenge of finding the generic version and then show them the cost savings.
- Plant a small garden in your back yard or find a community garden in your area. This is a great activity for the family and will save on the higher cost of fresh vegetables during the growing season. Also, try canning some of your harvest to use during the winter months.
- Walk or ride your bike instead of driving whenever possible. Not only does this save on gasoline and wear and tear on your car, it's good for your health.
- Instead of buying magazines, videos and books, check them out at the library. Have your kids keep a running tab of how much money they've saved by borrowing from the library instead of buying new.
- Record your expenses on a spreadsheet and review them as a family when its time to pay bills. This allows everyone to see how the family plan is working and encourages input on ways to save even more. □

## The Dividends of Extra-Curricular Activities

According to The College Board, in addition to having a well-rounded academic experience in high school, college-bound students can benefit by participating in activities outside of the classroom.

A survey done in 300 high schools by the Minnesota State High School League showed that the average GPA of a student-athlete was 2.84, compared with 2.68 for a non-athlete student.<sup>1</sup> According to the College Entrance Examination Board, music students scored about 11 percent higher than non-music students on the SAT. Students in music performance scored 57 points higher in the verbal area and 41 points higher on math, and students in music appreciation scored 63 points higher on verbal and 44 points higher on math.<sup>2</sup>

But as school districts across the country continue to deal with constricting budgets, many are passing along fees, sometimes as much as \$200 per activity, for extra-curricular activities such as sports, music, cheerleading, debate and other special interest clubs, to students and their families.

As a result, some parents who may already be feeling economically pinched may find ways make financial sacrifices in order for their kids to participate, while others will opt to pull their children from extra-curricular activities.

According to a study by BIGresearch, **11 percent** of parent respondents said their children will cut back on extracurricular activities or sports<sup>3</sup>

But for those with strong determination and a little ingenuity, there are ways to still participate – and gain the advantages that result from it. Some students may turn to fund-raising activities to support their interests.

Others may get involved in activities that don't involve a fee. For instance, volunteer opportunities abound in most communities and provide benefits for both the organization and the student.

Some options include:

- Volunteering to be an assistant coach for a children's sports team;
- Auditioning for roles in community theater productions;
- Joining a church or community choir;
- Spending study hall period helping as a teacher's aide in a grade level or subject the student has successfully completed;
- Helping build houses for the homeless; and
- Volunteering in an animal shelter.

In addition to having a positive impact on the community, volunteer activities also provide many benefits for students – giving them valuable life experiences and demonstrating to colleges their commitment, dedication and interests. Plus, some schools offer academic credit for volunteer work through service-learning – a teaching method that integrates hands-on learning into the school curriculum.

Finally, an over-committed child can be at risk for burn out that could lead to poor academic performance. The College Board reminds us that students don't have to "do it all." Instead, they should carefully consider which activities represent the best "fit" for them and then pursue those interests. □

<sup>1</sup>Minnesota High School League, "The Value of Participation" <http://www.mshsl.org/mshsl/values.asp>.

<sup>2</sup>College Entrance Examination Board, "2001 College Bound Seniors A profile of SAT program test takers," [http://www.collegeboard.com/prod\\_downloads/about/news\\_info/cbsenior/yr2001/NATL.pdf](http://www.collegeboard.com/prod_downloads/about/news_info/cbsenior/yr2001/NATL.pdf)

<sup>3</sup>The Business Journal of Milwaukee. July 13 2009. <http://www.bizjournals.com/milwaukee/stories/2009/07/13/daily28.html>.

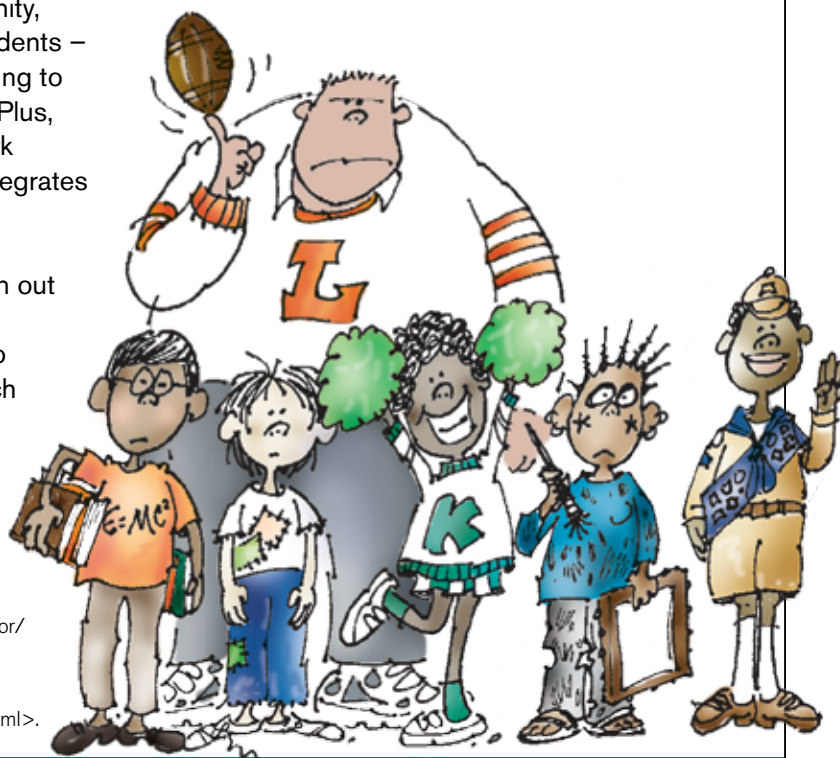
## Teachable Moment



In addition to the traditional lists of extra-curricular activities that require fees, many opportunities are offered through school, community and religious organizations in which students can explore their interests and improve their talents at little or no cost.

To find the perfect fit, sit down with your child and discuss the following questions:

- What activity/cause is the best fit for your student's interests?
- How much time does he/she have to commit?
- Will he/she get school credit from the activity?
- What previous experiences/ talents does he/she have that could prove beneficial?
- Is it possible that a volunteer opportunity will turn into a paying job?



*"Think back to your elementary school days: Did your teachers help you distinguish needs from wants or teach you how to divide your allowance between spending and saving? Many of us have had to learn these lessons on our own, often times by trial and error."*

**Scott Oberkrom**

Director  
American Century Investments  
Community Investments

*"The Yes, You Can curriculum is a great resource that's easy to use. The lesson plans and tools were a tremendous help. The activities and projects are fun and engaging. This curriculum has helped my students open their eyes about their future and provided them with the foundation to be financially independent adults."*

**Jim Brandner**

Personal Finance Teacher  
Blue Springs High School

## Yes, You Can Goes to School New Curriculum Prepares Kids for Financially Fit Future

We all know that kids who do well in school have a better chance of doing well – and becoming well off – in life. But just as important as learning how to earn money is learning what to do with it.

Up to now most schools have not prepared students to deal with money issues in the real world. So it's not surprising to see the disappointing results of a national survey sponsored by the Jump\$tart Coalition for Personal Financial Literacy. In the survey measuring 12th graders' knowledge of basic personal finance, most failed, receiving average scores of just over 50 percent.

Things are finally changing and Yes, You Can is on the leading edge of providing the necessary resources to help parents and teachers influence the behaviors of children and young adults so they can set a course to financial independence.

**It's Available Now!** With the introduction of the Yes, You Can curriculum, American Century Investments – a longtime supporter of financial education – is expanding the classroom resources available for teachers. Aligned with the 8th grade Jump\$tart National Standards for Personal Finance, the curriculum is appropriate for middle and high school students.



The curriculum's goal is to help teachers challenge kids to:

- Examine their personal financial behaviors;
- Establish new and financially rewarding habits;
- Learn about personal financial concepts;
- Create the foundation for financial independence.

### Module 1: Now and the Next Five Years

Students start a Personal Finance Portfolio notebook to organize their materials. They begin learning about setting financial goals, developing spending plans and deciphering what's on an itemized paycheck.

### Module 2: First Steps to Financial Independence

Through Pay Yourself First®, kids learn about savings and interest, inflation, credit cards and debt, and how to evaluate advertising.

### Module 3: The Next Big Thing

Students learn about stocks and other investments, how to determine net worth and calculate expenses, and how to live within their means.

### Module 4: Our Great Idea

After brainstorming ideas about how to tackle community issues, students come to a consensus and develop an action plan to successfully complete a project. What they learn helps them discover the rewards of entrepreneurship.

**It's FREE!** All materials are available for download free at **YesYouCanOnline.info**. You'll find lessons with interactive components, plus projects, assessments, PowerPoint® presentations and Adult Dialogue Activities. Web-based calculators called FIT ("Financial Independence Today") tools include the Debt Reducer Calculator and Savings Goal Calculator.

While learning to handle money is serious business, the curriculum includes fun and games, too. The Whaddayaknow? Game Show lets teams answer questions on a game board, and the Yes, You Can BINGO game highlights financial vocabulary terms. □

### It Works!

How do we know the curriculum will be workable for educators and students? We started by designing materials that adhere to the accepted 3 C's of learning strategies: Constructive, Contextual and Collaborative learning.

Then we conducted a pilot in urban, suburban and rural middle schools and high schools to "test drive" the curriculum and get input from educators and parents.

It works! One of the pilot educators concluded: "I want to have the curriculum ready on day one. It's exactly what I've been looking for." A parent said the curriculum "helped begin the process of teaching my child about personal finance."

Many schools offering the new curriculum are sending parents a letter by mail or e-mail. If you haven't heard anything, contact your child's teacher to encourage use of the program.

"It is important that your children learn what they can do with money early in life so they will apply the lessons learned as they face the real world in future years," recommends Jim Stowers, founder, American Century Investments. Through the support of the company he founded, every child now has the opportunity to learn these life-enhancing lessons.

### Teachable Moment



Parents, it's easy for you to participate in Yes, You Can learning activities with your child. "The curriculum includes Adult Dialogue activities for parents and other caring adults," explains Jill Grotzinger, a partner in Experience Design Innovation Group LLC (EDI), designers of the curriculum. "These are designed to build a bridge between the lessons taught at school and what children experience at home. It creates a safe environment to have serious conversations about money and what it means to be financially independent."

One Adult Dialogue activity, for example, suggests discussing whether people with high salaries are more likely to be financially independent. As you and your child discuss this topic, you can define what it means to be financially independent and brainstorm ideas on how earning, saving, investing wisely and spending all contribute to achieving financial independence.



*"One of my most vivid childhood memories is when I delivered holiday meals to those in need in my community. I had a great time with my friends and family packing up and delivering the meals. What impacted me the most was delivering a box of food to one of my brother's classmates. I had no idea his family was having a hard time. To this day, food pantries are my charities of choice."*

**Elaine in Colorado**

## Holding Down Holiday Expenses

It happens to the best of us. The holiday season sweeps us up and with it we spread joy to the world. Part of the delight often includes buying gifts, celebration parties and family dinners. It's fun while it lasts. But when January arrives, the joy can turn to anguish when the credit card statements come in.

### **We spent too much. How could it be?**

It's easy to get caught up in the holiday hype and over-extend ourselves. But it's just as easy to have a very happy and memorable holiday season without the needless expense. Here are a few creative ways to cut expenses without cutting out the holiday cheer from *Yes, You Can... Afford to Raise a Family*.

**Start with a Plan:** Make a plan for all your holiday expenses and then stick to it. The better your plan, the less likely you'll be to get caught up in the "more is better" cycle. If your budget is tighter than it's been in the past, why not talk to your children and explain why this holiday season might be different? This is an opportunity to share how living within your means is required to achieve financial independence.

**Draw Names:** Do you have to buy for every niece, nephew, cousin and in-law? Drawing names is a great way to limit your expense.

**Think Outside the Gift Box:** Instead of giving material gifts, why not make a donation to a family member's favorite charity? After making the donation, give a card to the intended recipient letting them know of your support.

Also, consider volunteering at a soup kitchen, food pantry or another charity as a gift from the family. This gift has the potential to make a huge impact on others in need and could quite possibly start a whole new family tradition.

**Be Creative:** Food gifts can be inexpensive and easy. Nicely wrapped homemade cookies, popcorn balls and candies make a tasty holiday gift. What about your hidden talents? Are you handy around the house? Give a gift certificate for "handyman services." Know an elderly person with physical limitations? Give a card with a note offering to clean their house. Sharing your talent can be a wonderful gift.

**Pay Cash:** Nothing curbs impulse buying like a wallet without credit cards. By adopting a cash-only policy there's no risk of spending more than what you have in your wallet.

This year create your own game plan to help hold down holiday expenses. With a little planning before you start shopping, you won't have to spend a fortune and deal with the aftermath of an expensive holiday. □

According to a study published in the Archives of Pediatrics & Adolescent Medicine, 54 percent of the 18-year-olds on MySpace had posted comments about sex and drug use.

## Twitter, Facebook, MySpace... Free social media sites may cost kids more than you think

You've probably already taught your kids to look both ways before crossing the street. But have you taught them the risks of sharing too much information through social media?

While creating online identities through MySpace, Facebook, Twitter and other online social sites may be fun, it can also mean the difference between getting accepted to college or being hired for a job.

Social sites are a treasure trove of personal information that virtually anyone can view – including friends, enemies, admissions officers and future employers. A 2008 survey by the National Association of Colleges and Employers found that 27 percent of the respondents screened job candidates, including those applying for internships, through social networks. And, according to the report, a third of the time they decided not to make an offer because of something they found in the applicant's social media profile.

Even kids looking for babysitting jobs can be affected. After interviewing prospects to babysit her 2-year-old, one mom decided to check an applicant's MySpace profile. She was so upset by the profanity she found she crossed the girl's name off her list, shares Heather Pemberton Levy on her parenting blog at [mommytruths.com](http://mommytruths.com).

Moms aren't the only ones checking social media profiles. It's not unusual for colleges and trade schools to check social-networking sites to learn more about applicants for admission.

### So, what can a parent do to help guide their child?

MySpace suggests keeping the computer in a common room of the home, and checking what your kids are doing online.

Encourage your kids to:

- Make the page private so it won't be visible to everyone. Also protect Twitter updates.
- Don't say negative things about parents, teachers, friends or employers.
- Only post photos you could display in your home.

What does all this mean for your child? In a challenging market where employers can be selective as to who comes in the door, your kids should learn to use discretion in what they post to avoid hurting their college and job prospects later on. □

### Teachable Moment



"Remember that once you post information online, you can't take it back," warns the U.S. Department of Health & Human Services, which offers tips at <http://www.girlshealth.gov/safety/internet>.

Here's a visual way to demonstrate this lesson to your kids:

1. Put a teabag in a cup and fill it with hot water. Explain that the water is like the Internet and the teabag is like information on your child's MySpace or Facebook page.
2. After a few minutes take out the bag. Talk about how this is like removing information or photos from their page.
3. Discuss how it's impossible to get all the information back from the Internet – just as they can't get all the tea out of the water.

Learning this lesson can help keep your kids out of "hot water"!



## Yes, You Can Be a Volunteer

As a parent, when it comes to “show & tell” your actions can speak louder than your words. Even though you may tell your kids education is important, why not also show them how much you value it by becoming a classroom volunteer?

# Parents in Classrooms Offer Valuable Lessons

According to three decades of research from the national PTA, the earlier parents get involved, the more their kids benefit. Overall, students with involved parents are more likely to earn better grades, pass their classes, attend school regularly, improve their social skills and adapt well to the school environment. They're also more likely to pursue education past high school.

To become a classroom volunteer, start by checking with your school's PTA/PTO, the principal's office or your child's teacher to find out if there is a volunteer program in your child's school. Even if there isn't an organized program, individual teachers will often ask parents to help with field trips or in-class projects.

Many schools and parent-teacher groups provide a handbook and a written code of ethics for volunteers. The most critical

guideline is to follow through on your commitment, whether it's an hour a week or two hours a month.

“A volunteer must be dependable and consistent,” stresses one ethics code.

Traditionally, most parent volunteers have been moms. But with flextime and more stay-at-home dads, men are volunteering, too. The national PTA (<http://www.pta.org>), started a group called MORE (Men Organized to Raise Engagement) “dedicated to raising the level of engagement between children and the important men in the lives.”

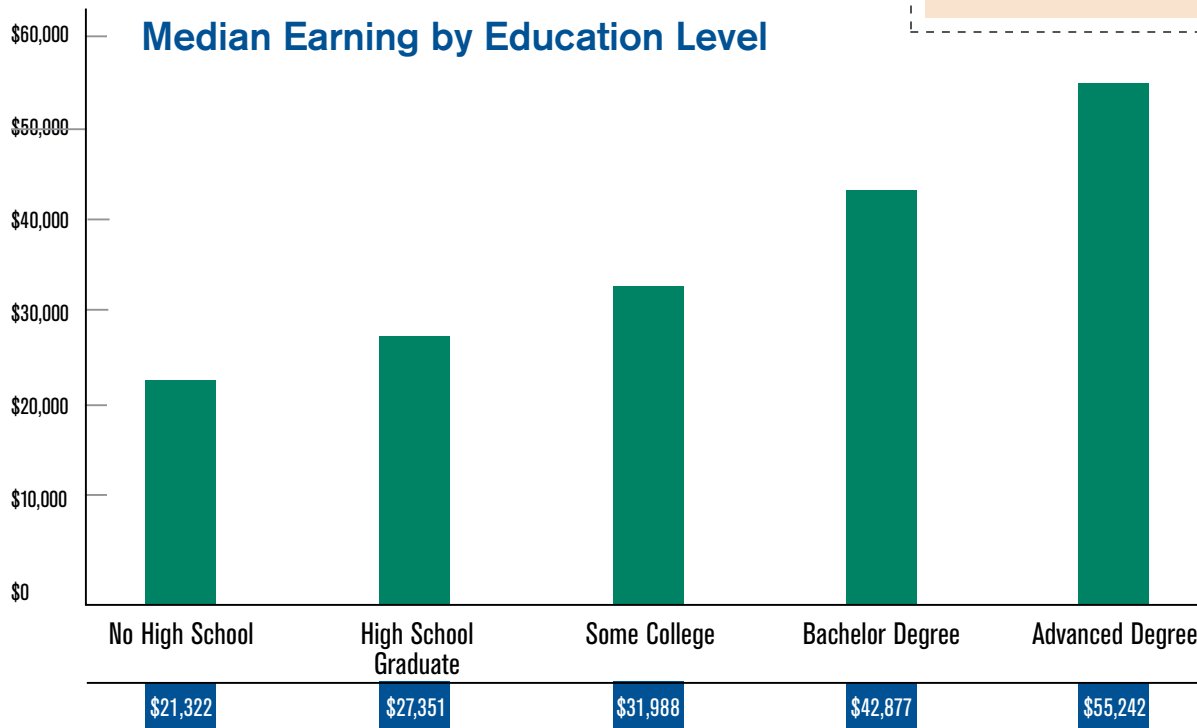


“Men who participate in children’s lives increase their potential for success — and when both parents are involved, a child can achieve almost anything,” emphasizes Charles J. Saylor, the PTA’s first-ever male national president.

The National Center for Fathering (<http://www.fathers.com>) has also introduced a program called WATCH D.O.G.S. (Dads Of Great Students). “When dads and granddads came into our school for a one-day program, the students loved it and benefited from all the attention,” reports Kathy, a third-grade teacher.

You’ve always hoped your kids would get the education they need to prepare them for a good life and financially sound future. As their most influential role model, you can take big strides to assuring their success by becoming a classroom volunteer. □

**Men** who participate in **children’s** lives increase their child’s potential for **success**.



**Teachable Moment**

“Most moms want to volunteer in their own child’s classroom,” notes Beth, a first-grade teacher. But there can be problems with favoritism and privacy issues.

Before you volunteer the first day, talk to your child about what to expect.

- Describe how you will be assisting the teacher. It helps your child to know what you will be doing there. For example, grading papers or offering guidance during in-class assignments.
- Urge your child to talk to the teacher when having problems with classmates. Parent volunteers should respect the teacher’s role as the leader of the classroom.
- Explain you will not be able to work with your child one-on-one and that your attention will need to be focused on where the teacher needs your help. In many cases, that may include working with small groups of children.

Source: U.S. Census Bureau, Housing and Household Economic Statistics Division  
Last Revised: May 13, 2005



## Can You Judge an Investment by its Ticker Symbol?

Some other clever and creative tickers include:

### **WOOF**

VCA Antech (operates animal hospitals and diagnostic laboratories)

### **HOG**

Harley Davidson (produces heavyweight motorcycles)

### **YUM**

Yum! Brands (operates and franchises quick service restaurants)

### **JVA**

Coffee Holdings (an integrated wholesale coffee roaster and dealer)

### **FUN**

Cedar Fair (owns and operates theme parks and water parks)

When Pomona College Economics Professor Gary Smith began his research in 2005 on “fun and creative” ticker symbols, he thought ticker symbols would be irrelevant to a company’s success. “As it turns out,” said Dr. Smith, “that’s not at all the case.”

His study, “Would a Stock by Any Other Ticker Smell as Sweet?” showed that clever and fun tickers symbols might just be a sign that the company will outperform the market.

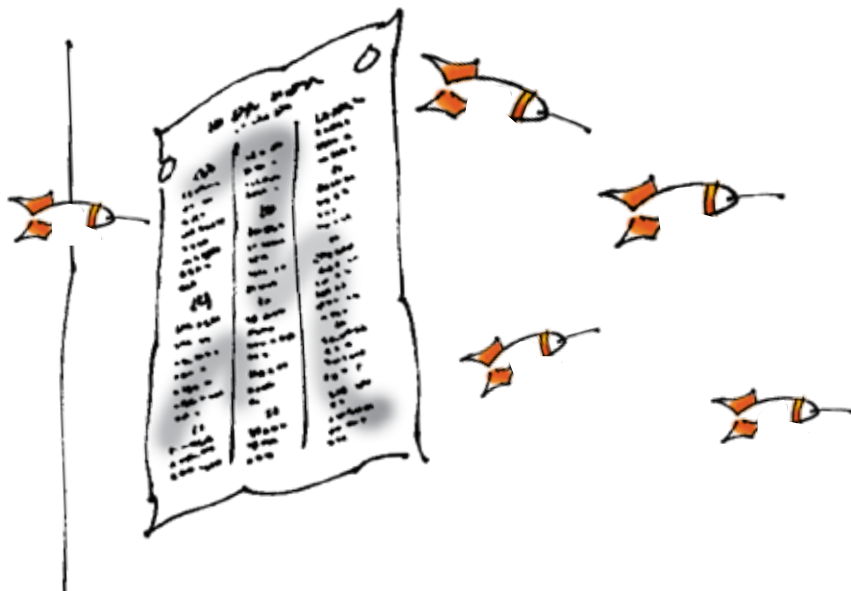
Many tickers are abbreviations of a company’s name, and some companies have come to be known by those abbreviations, such as GE (General Electric), IBM (International Business Machines) and 3M (Minnesota Mining and Manufacturing).

More recently, some companies have chosen clever tickers that not only capture what they do, but also give a glimpse into the company’s culture. For instance, Southwest Airlines chose LUV as its ticker in its attempt to brand itself as an airline “built on love.” Plus, Southwest is based at Dallas’ Love Field, and its original “open-seating” policy reportedly led to romance between strangers who sat next to each other.

Professor Smith’s study compared the “clever-ticker” portfolio to a separate portfolio of stocks that traded on the NASDAQ/NYSE. The daily returns for each trading day from the beginning of 1984 to the end of 2005 were tracked for both portfolios by the professor and his research team.

### **Results of the Study**

On average, the stocks with clever tickers outperformed the market by a “substantial and statistically persuasive margin” according to Dr. Smith. In the end, the compounded annual returns were 23.5 percent for the clever-ticker portfolio and just 12.0 percent for the NASDAQ/ NYSE portfolio.



The stocks with clever tickers **outperformed** the market by a substantial and statistically persuasive margin.

Dr. Gary Smith  
Economics Professor, Pomona College

According to Dr. Smith, one possible explanation is that the clever tickers are so much more memorable that they remain top of mind and provide a subtle influence to investors when they are buying stocks.

### Lessons Learned

Professor Smith suggests that individual investors should always be aware of the role human emotions play on their investment decisions. Despite how clever some stock tickers might be, there are still a lot of points to consider about a company before investing in it. "Stock prices are not strictly determined by a computer calculation," he said. "There are a lot of other factors that impact how a stock performs."

As for how the clever-ticker portfolio has performed through the recent recession, Dr. Smith has no immediate plans to re-visit the study. Since the initial study monitored the stocks over a period of more than 20 years, there is likely to be some change but not enough to alter the results significantly.

As always, it's important to note that investing involves risk. Regardless of how cute a stock's ticker symbol is, there's no guarantee it will grow in value and can even lose value to where it's worth less than what you paid. □

### Teachable Moment



Have high school students pick three fun tickers and three "unexciting" tickers at the beginning of a semester. Have them research each stock over the most recent five-year period so they will have an accurate view of their performance prior to the recent downturn. Then see how each one has done year-to-date when compared to the Dow.

As part of their research have them review other materials from the companies such as:

- Web sites;
- Annual reports;
- Press releases.

Have the students determine if the companies with creative tickers have performed better than the stocks with unexciting tickers over time.

### Start Early, Think Long Term

When you invest for the future, it's important to start early so you can keep time on your side. To achieve your goals, consider the following steps:

- Start investing as early as you can.
- Add to your investments as regularly as possible.
- Monitor your portfolio over time to see if you need to make any changes.
- Keep a long-term perspective as you invest toward your goals.

Don't be discouraged if you haven't already started investing for your long-term goals. Simply start as soon as you can - it's never too late to plan for the future.

As you watch your investment, it's probably best to ignore day-to-day market fluctuations and stick to your investment plan. Instead, focus on accumulating the assets you need farther down the road. Money earmarked for longer-term goals should not be disturbed solely because of short-term market fluctuations.

# We're Partners in Financial Education

As an organization, one of the greatest gifts American Century Investments® can offer is information that helps you influence the behaviors of young adults so they can establish a path toward financial independence. We do this through Yes, You Can. This fun and easy-to-use financial education program, at [YesYouCanOnline.info](http://YesYouCanOnline.info), is filled with valuable information and tools. As you explore the Yes, You Can site you'll find:



## Yes, You Can curriculum

Easily adapted for grades 6-12, this curriculum is aligned with the 8th grade Jump\$tart National Standards for Personal Finance. It includes step-by-step teaching lessons, PowerPoint® presentations, student activities and suggested adult dialogues.



## Online interactive tools

One of the easiest ways to illustrate complex financial concepts is with our interactive Financially Independent Today ("FIT") tools. Located in the Resource Center, these calculators help you demonstrate concepts like compound interest, the high price of debt and the value of a spending plan.



## Award winning content

Written specifically for caring adults, our content will help you understand the essential facts about money.



## Free books

All the books in the Yes, You Can series are available in the Resource Center as free, downloadable e-books.

**Through Yes, You Can, every child now has the opportunity to learn these life-enhancing lessons. We hope you'll take a minute to visit us today and use these resources throughout the school year!**

# YES YOU CAN



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