Give your children a
financial headstart...

...by raising their financial I.Q.
and having lots of family fun too!

Designed to help you raise your child's financial IQ.

WARNING:
Financial Literacy begins with understanding the relationship between your Income Statement and Balance Sheet. We recommend further education and seeking competent advice before making any financial decisions.

CAUTION: Game contains small parts. Keep out of reach of small children.

CASHFLOW® Technologies, Inc.

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The Goals of CASHFLOW for KIDS™:

1. To give children an understanding of the subject of money.
2. To teach children the life skill of personal cash flow management.
3. To inspire an interest in the subject of money and further personal study of the subject.
4. To teach this information in a fun way.
5. To help the parent or adult discover how each child best learns.
6. To bring parent and child closer through playing and learning together.

The Educational Principles of CASHFLOW for KIDS:

Subjects are best learned at an early age.

The family's attitude about money is a very powerful influence on a child's attitude about money beginning at an early age.

Repetition enforces the learning process.

Making learning fun enhances the learning process.

Children learn best by "doing".

Specific Money Lessons Covered in CASHFLOW for KIDS:

What is the difference between assets and liabilities?

What is the difference between an Income Statement and Balance Sheet?

What is the difference between the 3 types of income; earned, passive and portfolio?

How do you convert earned income into passive and portfolio income?

What is the difference between expenses that are essential and expenses that are optional or unnecessary?

Why CASHFLOW for KIDS was Created:

CASHFLOW for KIDS was designed as a game to teach the subject of money, investing (a sometimes frightening subject) and accounting (an often boring subject), in a fun and non-intimidating format. If it is fun, the learning process will be repeated. So our recommendation to parents and teachers is to have fun while playing with your children. If your children see that you are having fun it will encourage them to play more. By playing CASHFLOW for KIDS often, your children will have a better chance of retaining what they learn. Always remember that making learning fun encourages repetition, re-enforcement, and retention. The more your child plays CASHFLOW for KIDS the higher their Financial IQ will become.

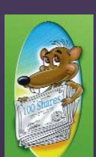
Game Board

Game Card

Asset Card

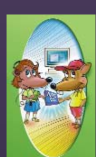
Expense Card

Sunshine Card



Securities ICON

Real Estate ICON



Business ICON

Borrowed Money ICON

Credit Card ICON

Mortgage ICON

For Children Ages 6 and Up

MATERIALS:

The following items should be included in your CASHFLOW for KIDS game package:

Game Board

6 Individual Game Cards

82 Green Asset Cards to be placed on game board

30 Red Expense Cards to be placed on game board

36 Yellow Sunshine Cards to be placed on game board

46 Green Securities Asset Icons to be given to banker

20 Green Real Estate Asset Icons to be given to banker

24 Green Business Asset Icons to be given to banker

8 Red Borrowed Money Liability Icons to be given to banker

14 Red Credit Card Liability Icons to be given to banker

4 Red Mortgage Liability Icons to be given to banker

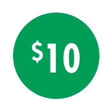
Plastic Pieces:

8 Teenage Rat Playing Pieces

72 plastic stands for Asset and Liability Icons

2 dice

Green Circles —
$10 (54), $100 (54), $1000 (12) — to be given to banker



Blue Triangles —
$100 (12), $1000 (12) — to be given to banker

Red Squares —
$10 (54), $100 (54), $1000 (12) — to be given to banker

Money —
$10, $20, $50, $100, $500, $1,000 (40 of each) — to be given to banker.

Spinner Wheel

CASHFLOW for KIDS Rules of the Game
(24 pages)

6 CASHFLOW KID Awards

Setting Up CASHFLOW for Kids

- Place the Game Board on the table.
- Shuffle each of the Asset, Expense and Sunshine card decks and place them face down on the game board where indicated.
- Give each player a Game Card.
- Allow each player to select a playing piece (teenage rat).
- Choose someone to be the Banker and give the Banker all the money, the green circles (for Passive Income), the blue triangles (for Salary), the red squares (for Expenses), Asset and Liability Icons, CASHFLOW KIDS Awards and plastic stands for the icons.
- Banker gives each player a $1000 blue triangle, seven $100 red squares and $3000 in cash.
- All players roll both dice. The player with the highest total starts the game. The player to the left of the first player will play next.
- The parent or teacher reads the Introduction to CASHFLOW for KIDS before play begins.

Introduction to CASHFLOW for Kids

THE RAT RACE (Read by Parent or Teacher)

The wheel on the game board is called the "Rat Race". In real life people say they are in the "Rat Race" when they must work harder and harder at their jobs for their salaries just to be able to pay their ever-increasing expenses. All of you will start with income only from salaries. As you play the game, you will be able to buy assets when you land on the green spaces. These assets will pay you Passive Income, which means money that you do NOT have to work for to receive. Passive Income means your assets and your money are working for you.

HOW DO YOU WIN?

You win CASHFLOW for KIDS when your Passive Income (the value of all your green circles) is greater than your Expenses (the value of all your red squares). You will become a CASHFLOW KID!

GETTING STARTED

(Read by Parent or Teacher)

How much you start with:

The Banker has given each of you a $1,000 blue Salary triangle to represent your beginning salary, seven $100 red Expense squares to represent your beginning expenses of $700, and $3,000 in cash to start the game. The $700 in expenses includes your living expenses and taxes that you have to pay to the government based upon your Salary. Put the blue Salary triangle in the Salary section of your Income Statement on your Game Card and put the red Expense squares in the Expenses section of your Income Statement on your Game Card. Keep the $3000. This is your Cash on Hand.

Salary:

In this game, each of you plays the role of a family. The Bank will pay you your Salary and Passive Income every time you pass or land on the blue "$" space. Each time you get paid you will also have to pay your Expenses to the Bank.

You get paid a Salary because you have a job and the amount of money you receive as your Salary is the value of all the blue triangles you have on your Game Card. Everyone gets one $1,000 blue triangle to start the game. Does that seem fair to you? (Most children will say, "yes" or "starting equal is fair.")

What kind of job do you have? (Ask each child to choose his or her job for this game. It is each player's choice.)

Passive Income:

You will also get paid for every green Passive Income circle you have each time you pass or land on the blue "$" space. Green circles come from buying assets offered on the green Asset cards. You will get to draw a green card every time you land on a green space.

Expenses:

Remember you also have to pay your expenses each time you get paid. You have probably seen your parents pay bills. These are your family's expenses. Your total Expenses equal the total value of all your red Expense squares. Each of you starts with $700 in expenses – again, everyone gets the same to be fair. You might get more red Expense squares during the game if you land on a red space.

Sunshine Cards:

You use 2 dice in the game. If on your turn you roll doubles (so both dice are the same number), you will get to draw a yellow "Sunshine" card before you take your turn. You also get a yellow "Sunshine" card every time you pass or land on the yellow space.

Sometimes yellow "Sunshine" cards will tell you that you sold something at a sale and you will get to spin the Money Spinner to find out how much money you made.

To Begin:

Each of you should now place your playing piece at the "Start Here" position on the game board.

To see who goes first — each of you roll the two dice and the player with the highest total goes first. (Help the children identify the player with the highest roll.) After your turn is finished it will be the player's turn on your left. (Help the children identify the player on the left. Introduce the word "clockwise" and define it to help the children learn the direction of play.)

SHALL WE START PLAYING?

As the first player you move the number of spaces that equals the number you rolled on the dice, clockwise around the wheel. Start from the "Start Here" position.

If you roll Doubles on your turn:

You draw a Sunshine card first.

Follow the instructions on the Sunshine card.

Then move your playing piece the number of places equal to the number on the dice you rolled and continue.

If you land on or pass over a blue space with the "$":

You receive cash from the Banker equal to your Salary – the total of the blue triangles you have under "Salary" on your Income Statement on your Game Card.

You receive cash from the Banker equal to your Passive Income – the total of the green circles you have under "Passive Income" on your Income Statement on your Game Card.

You must pay cash to the Banker equal to your Expenses – the total of the red squares you have under "Expenses" on your Income Statement on your Game Card.

Add the cash you have left after receiving your Salary and Passive Income and paying your Expenses to your Cash on Hand.

If you land on a green space draw a green "Asset" card:

You have the opportunity to purchase the asset offered on the card.

If you decide to purchase the Asset:

Pay the Banker the cost of the Asset as indicated on the Asset card from your Cash on Hand.

Receive the number of green circles indicated on the Asset card from the Banker.

Receive an Asset Icon (securities, real estate, or business) and plastic stand for the asset you bought from the Banker.

Add the green circles to your Income Statement on your Game Card under Passive Income.

Place the Asset Icon (securities, real estate, or business) in the stand on the Assets side of your Balance Sheet on your Game Card, over the corresponding asset category.

Keep the Asset card.

Your turn is over.

If you decide not to purchase the Asset:

Return the Asset card to the bottom of the deck.

Your turn is over.

If you land on a red space draw a red "Expense" card:

Follow the instructions on the red Expense card.

If the Expense card has red squares on it:

The Banker will give you the number of red squares indicated on the Expense card.

The Banker will give you the Liability Icon (borrowed money, credit cards, or mortgage) and plastic stand for the related Expense.

Add the red squares to the Expenses section of your Income Statement.

Place the Liability Icon in the stand on the Liabilities section of your Balance Sheet over the corresponding liability category.

Keep the Expense card.

Your turn is over.

If the Expense card says "You Decide" on it:

You can decide to Increase your Expenses or Pay Cash.

If you choose to Increase your Expenses:

The Banker will give you the number of red Expense squares indicated on the Expense card.

The Banker will give you the Liability Icon (borrowed money, credit cards, or mortgage) and plastic stand for the related Expense.

Add the red Expense squares to the Expenses section of your Income Statement.

Place the Liability Icon (borrowed money, credit cards, or mortgage) in the stand on the Liabilities section of your Balance Sheet over the corresponding liability category.

Keep the Expense card.

Your turn is over.

If you Choose to Pay Cash:

Pay the amount of cash listed on the Expense card to the Banker from your Cash on Hand.

Because you have decided to pay cash you do NOT receive red Expense squares or a Liability Icon.

Return the Expense card to the bottom of the deck.

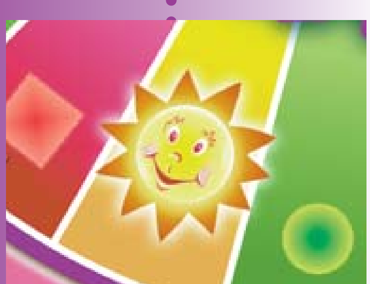
Your turn is over.

If the Expense card only says "Pay Cash Now" on it:

Pay the amount of cash listed on the Expense card to the Banker from your Cash on Hand.

Return the Expense card to the bottom of the deck.

Your turn is over.



If you pass or land on the yellow space with the Sun on it, draw a Sunshine Card:

Follow the instructions on the Sunshine card, it may:

- Give you more Passive Income for certain types of assets. The Banker will give you more green Passive Income circles for you to add to your Income Statement for each asset you already own that matches the asset on the card. If you do not own that type of asset, you receive no more Passive Income.

- Give you more Passive Income and a new Asset so the Banker will give you more green Passive Income circles to add to your Income Statement and a new Asset Icon (securities) and plastic stand to add to the Assets section of your Balance Sheet.
- Give you more cash— the Banker will pay you cash. Add the cash to your Cash on Hand.
- Tell you to spin the Cash Spinner to see how much cash the Banker will pay you. Add the cash to your Cash on Hand.
- Allow you to reduce your Expenses and Liabilities – you will give back a Liability Icon (borrowed money, credit cards, or mortgage) and red Expense squares. If you do not have the liability mentioned on the Sunshine card simply return the card to the bottom of the deck.
- Give you another turn.
- Give you the opportunity to cancel your next Doodad Expense.

Once used, return the Sunshine card to the bottom of the deck, unless directed otherwise.

Your turn is over.

If you run out of money and cannot pay your Expenses, you may start over:

Only you start the game over (the other players are not affected).

Remove all blue Salary triangles, green Passive Income circles and red Expense squares from your Game Card and return them to the Banker.

Return all Asset Icons and Liability Icons to the Banker.

Return all Asset cards and Expense cards to the bottom of the proper decks.

Return any Cash on Hand to the Banker.

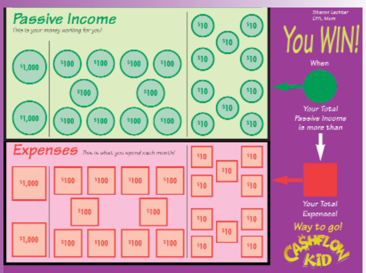
Move your playing piece back to the “Start Here” position.

Receive $3000 from the Bank as your Cash on Hand.

Receive a $1000 blue Salary triangle from the Banker and put it in the Salary section of your Income Statement on your Game Card.

Receive seven $100 red Expense squares from the Banker and put them in the Expenses section of your Income Statement on your Game Card.

Start over on your next turn by rolling the dice and moving your playing piece the same number of places as the number rolled on the dice from the “Start Here” position.



HOW TO WIN

You win CASHFLOW for KIDS when the total value of your green Passive Income circles is greater than the total value of your red Expense squares.

CONGRATULATIONS! YOU ARE NOW A CASHFLOW KID!

When you Win:

You receive a CASHFLOW KID Award! Place the Award in a stand and place on the CASHFLOW for KIDS logo on your Game Card.

You may continue playing the game so other players may also WIN!

MORE DETAILS ABOUT THE CARDS USED IN CASHFLOW FOR KIDS

Assets — the Green Cards

There are only three types of assets in the game CASHFLOW for KIDS; (1) real estate, represented by rental houses that generate passive income, (2) securities which represent all paper assets such as stocks, bonds and certificates of deposit which generate portfolio income, and (3) businesses, representing all home based and other small businesses which generate residual earned income. For ease of play in CASHFLOW for KIDS we treat passive income, portfolio income and residual earned income all as passive income. These three types of income are all income that comes from your money (via assets) working for you and you not working for money.

In the game CASHFLOW for KIDS, the green cards are usually good investments and should be bought if possible. The fact that in real life investments are sometimes not profitable enough to be bought is introduced by including several low income or no income assets. The general concept for younger children to grasp is the basic idea of winning through buying assets.

Of the three types of asset cards, the businesses offer the greatest income with the least cost, which also means the greatest return on investment. The rental houses have the second highest return followed by the securities. (This reflects real life. Both rental property and home/small businesses, IF BOUGHT AND MANAGED CORRECTLY, usually offer better returns than the stock market. This is somewhat offset by the fact that securities are more plentiful than rental properties and small businesses.)

Children will quickly pick up on this and you may hear comments like “not another stock market” or “I want a home business”. You may intercede at this point and point out that each opportunity should be

considered when it is available — do you want to buy it or will you wait for a better deal?

In the game CASHFLOW for KIDS, cash income from an asset and the gain on the sale of an asset are combined and shown as Passive Income. To differentiate between the two may be confusing to children at this level.

The game of CASHFLOW for KIDS does not include selling assets. The decision to sell requires more advanced skills than are taught at this introductory level. (In real life, selling assets may be just as important as buying them. However, the basic idea rich people follow is to buy assets, then sell them when the time is right and then IMMEDIATELY reinvest in other assets, thus keeping the asset value working for them forever. Rich people intend to NEVER let their assets [capital or money] be unemployed. The only question is which deals do they own?)

Expenses – the Red Cards

Expenses are divided into three classes; "Real Life" expenses, "Doodad" expenses, and New Home expenses.

Certain Expense cards offer your child a choice of paying the expense in cash now or charging it to a credit card and paying for the expense over time, therefore increasing the child's monthly expenses. By choosing to pay the expense in cash the child will eventually learn that his or her monthly expenses will not increase.

"Real Life" expenses consist of the costs of living a healthy life such as the cost of food, transportation, and doctor's bills. The question then becomes what form of payment – cash, credit card or borrowed money – do you use to pay for them?

The game CASHFLOW for KIDS was designed to allow children to win even if they pay for "Real Life" expenses with a credit card and pay the monthly minimum payments. (This is when a parent may want to emphasize the importance of staying out of credit card debt. It is very important that the child learn that charging expenses on a credit card affects their cash flow each and every month. By choosing to pay the expense in cash, the child will impact his or her Cash on Hand, but not change his or her monthly cash flow.)

"Doodad" expenses are all things that would be nice to have right now but are not critical to living one's life. Some of the Doodad cards simply require a small cash payment. All of these were chosen to be things that children enjoy, and that, except for the memories, do not have any lasting value. This is intended to help you educate your children to defer immediate enjoyment in favor of long term goals. A child will quickly learn that spending money on assets helps him or her win financial freedom faster than spending money on Doodads.

The red Expense cards also represent three different types of liabilities (debt); (1) borrowed money, (2) credit cards, and (3) mortgages. Just as

in real life, mortgages have the lowest monthly repayment as compared to the amount borrowed, and credit cards have the highest.

It is possible that a player may get a combination of the most expensive red cards (Expenses) in the game and run out of money. If this occurs we suggest that you discuss the events that caused the child to run out of money and then allow the child to start over.

Sunshine cards – the Yellow cards

The Sunshine cards are always good for the player and fall into 7 classes. They give players a bonus each time they roll "doubles" with the dice and on each trip around the board as they land on or pass over the yellow space with the Sun on it.

"Make Money" cards all refer to receiving cash for selling things you currently own or could collect. The Cash Spinner is used with these cards to determine how much money you receive.

"Salary Up" cards increase the player's Salary income. The increases are a result of working harder at your job (overtime) or by receiving a promotion to a higher position.

"Start a Business" cards are included to suggest how businesses begin and to show the benefit for people who own businesses that are based upon the work of systems and other people.

"Pay Off a Bill" cards show the benefit of paying off a liability. By paying off the liability the player reduces his or her expenses. As a result his or her cash flow, and ability to buy assets, goes up.

Another type of "Sunshine" card gives players an increase in Passive Income (green circles) for every asset of a certain type they already own. The more assets they own, the more the increase helps them. (These cards show the impact of market changes.)

Gifts from Grandparents are shown as a gift of a small amount of new stock which also increases passive income.

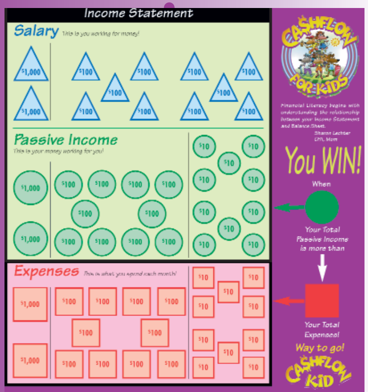
There is also a category of cards which gives a bonus for Charity work and helping others. When these cards are drawn either a free turn or the ability to avoid the next Doodad Expense is awarded. (This shows the value of helping others and charity work.)

What if you pass or land on more than one activity space on a roll?

If, on your turn, you pass the Sun (yellow) space, the $ (blue) space, and land on an Asset (green) space then complete the Sunshine card first. Receive your Salary and pay your Expenses next. Lastly, draw and act upon the Asset card.

FREQUENTLY ASKED QUESTIONS

The following questions are those that a child might ask and possible answers you could give. Italics are notes to the parents or teachers.



NOTE:
The triangles, circles and squares have been grouped in sets of 5 to make counting easier for your children.

Why do you win the game when your green circles (Passive Income) are more than your red squares (Expenses)?

This is when you become financially free. Up until this point, you had to work at a job, doing what the boss wanted you to do, because working at a job made you the money you needed to pay your expenses – expenses that allowed you to live in your home, drive your car, buy your food and clothes and anything else you wanted.

Once you become financially free, you can pay for your expenses from your passive income. This means that you are no longer dependent on your salary income from your job to pay your expenses. You can now choose to work because you want to work at a job you enjoy, or for yourself as a business owner.

Why can't I borrow money to buy that asset (a green card)?

In the game, the amount of money you may have borrowed to buy that asset has been included in the calculation of the income you are receiving from the asset already. So when you buy an asset your passive income is the amount of money left after the monthly expenses, including the expense payment for the amount borrowed, has been paid.

In real life, the laws and lending institutions may not allow borrowing for some purposes or over certain amounts. If people borrow unwisely and borrow too much money then their monthly expenses can become greater than their monthly income.

In CASHFLOW for KIDS you cannot borrow money from the Bank to buy assets. If you do not have enough Cash on Hand to pay for the cost of the Asset, you will not be able to buy the asset.

So, why don't assets (green cards) in the game sometimes lose money?

The game CASHFLOW for KIDS was designed to teach basic money and cash flow management skills. While most of the assets generate passive income, assets that make little to no income have also been included to teach the difference between earning potentials of different types of assets. In order to prevent confusion, we have not included assets that lose money (or have negative cash flow). These would then be liabilities, based upon our definition.

Why do I have to pay this expense (red card)?

It will not take long for children to realize that drawing the red Expense cards and adding red Expense squares to their game card is not fun. It is important that they learn to differentiate between expenses that are essential to living a good and healthy life and expenses that are optional and based upon desire.

Dear Parents and Teachers: Please listen to your children react to the Expenses they draw. You may want to explain to your children that there are two types of expenses; "Real Life" expenses — which are things that we have to do or need to do, like go to the Dentist, fix the car or washing machine, etc. The second type of expenses are "Doodad" expenses — which are optional. While spending money on them would be nice, they could be delayed or not spent at all. If you delay spending money on doodads now you may have less immediate enjoyment, but you'll do better in the long term if you buy assets instead of doodads—this introduces the concept of "delayed gratification".

The next time your child asks for something she or he sees on television or at the store, ask if that item is a "Real Life" (have to do) or a "Doodad" (it would be nice. One key element of almost all self-made rich people is that they put off buying doodads, things they didn't really need right now, so they could focus more of their money on buying assets. That way they are able to buy the doodads they want out of the cash flow from the assets they have previously acquired.

Why don't I get paid more? Why are there so few Salary raises in the game?

How much you get paid in your job depends upon how much you know how to do and how well you do it. Your boss decides when and if to give you a raise. This means that getting a raise (more Salary income) is somebody else's decision.

The game CASHFLOW for KIDS focuses on how you can increase your income by buying assets instead of getting raises. Since you can win the game without getting increases in Salary, you will realize that it is possible to win financially even though you may never get a raise.

Do you want to wait for someone else to make you a winner, or would you like to become a winner on your own?

Why is the Money Spinner used when you have a sale?

What happens when you have a sale? You decide what to sell and then you tell everybody, right? What if it rains that day and almost no one comes? Will you sell very much?

What if a big truckload of the same kind of things went on sale the weekend before somewhere else? Will you sell very much?

In almost every sale and every business, you don't really know how much you will sell. Many times, you don't even know what price you will get because you may have to bargain with the customers. So, every sale and business has an unknown mystery in it — you won't know how much you'll make until you do it.

The Passive Income numbers used in the game don't seem realistic, are they?

The Passive Income numbers were developed to allow you to play and complete the game in a short time. In real life, many people work and invest for several years before they become winners. We have sped up the process to teach the basic skills of how you can become financially free by properly managing your cash flow.

Many people never had the opportunity to learn the lessons taught by this game, and are not financially free today. They may work at jobs for most of their lives just to pay their monthly bills. They have not won the financial game.

The way you can start learning to be a winner today is by playing CASHFLOW for KIDS often. As soon as you can, start reading books about money and finances and you'll learn other skills that will help you become financially free.

What do the colors on the Game Board and Game Card mean?

The color green has been used for:
- The Income section of the Income Statement
- The Asset section of the Balance Sheet
- The green circles representing Passive Income
- The green spaces on the Game Board directing players to draw Asset cards.
- The Asset cards.
- The Asset Icons

Why? To show the relationship between Passive Income and Assets. Blue triangles have been used to distinguish between Earned Income and Passive Income.

The color red has been used for:
- The Expenses section of the Income Statement
- The Liabilities section of the Balance Sheet
- The red squares representing Expenses
- The red spaces on the Game Board directing players to draw Expense cards
- The Expense cards
- The Liability Icons

Why? To show the relationship between Expenses and Liabilities.

The color yellow has been used for:
- The yellow Sun space on the Game Board
- The Sunshine cards

Why? To represent unexpected events that affect you Income Statement and Balance Sheet.

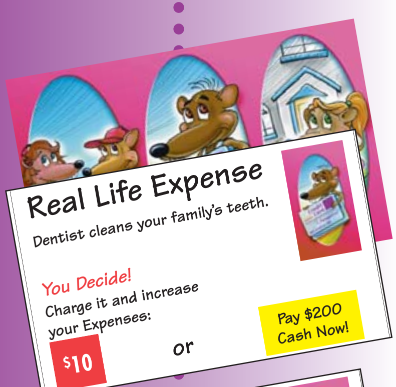
ADVANCED RULES TO MAKE CASHFLOW FOR KIDS MORE CHALLENGING

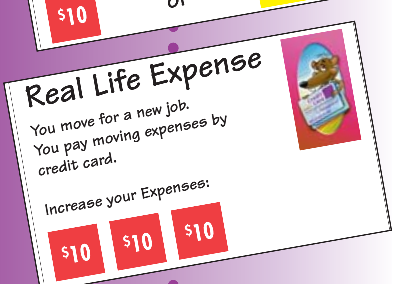
It is advisable that your children feel confident with playing CASHFLOW for KIDS before introducing them to the concepts of the Advanced Rules.

1) **Doodads.** Some children may soon realize that if they do not have to buy Doodads they can win more quickly. As a result they may not want to buy any Doodads, no matter how much they like them, until they have won the game.

- If you could refuse to buy Doodads, would this make the game easier? Shorter?

RULE: Make all “Doodad Expense” cards optional (the Game Rules state that a child must do what is on the card). When a Doodad card is drawn the player may now choose to buy the Doodad or choose not to buy the Doodad and return the Doodad Expense card to the bottom of the deck. Play until all players agree as to whether the game becomes easier. (Remember that Real Life Expenses are not optional and this rule ONLY applies to Doodad Expenses.)





2) **Cash or Credit Card?** Some people pay for Doodads, if they are able to, with cash instead of credit cards.

RULE: Allow players a choice to pay cash for any Doodad (not just the ones where the cash payment option is included on the card) by paying cash equal to 20 times the amount of Expense listed on the card. (If the card has a $10 red Expense square, the amount of cash required to pay cash instead of charging on the

credit card would be $200 or 20 x $10). If they pay cash, they take no red Expense squares and return the card to the bottom of the deck. (Please remove the puppy and wave runners from the red Expenses deck when playing this way — they include a current expense element (food or gas) which confuses the 20 times rule.)

- Ask players to agree on "When is it a good idea to pay cash instead of using a credit card?

(You may need to play the game a few times for this lesson to emerge. The child must recognize that what is easy today – using the credit card – has a long term negative impact on his or her cash flow. Parents and teachers, you may have strong opinions as to the use of credit cards as compared to using cash. We have provided you with options that will allow you to adjust the game rules to be in agreement with your personal philosophy.)

3) Salaries that Vary. Many salespeople and self-employed people are paid amounts that differ from paycheck to paycheck. This often adds more uncertainty and fear around the subject of money.

- If this was so in the game, how would you play differently?

RULE: Adjust your Salary to be $500 PLUS $100 for each number showing on the dice thrown whenever you pass or land on "$". (Example – suppose you threw an "8" on the dice as you passed "$". You get $500 cash plus $800 (8 x $100) for a total of $1,300.) Play the game using this rule until the players can discuss possible answers to the question above.

When salaries are not stable, most people have to hold onto more cash, in case the next paycheck isn't very big. However expenses (red squares) still have to be paid. In the game CASHFLOW for KIDS, when a player can't pay his Expenses, he has to start over.

The urge to hold onto cash keeps people from buying assets. If they had enough assets, their passive or portfolio income from those assets would pay for their expenses even when their salaries are low. But because they want to hold cash, they don't buy assets and it prolongs their financial struggle.

Now, in real life, one way people can obtain financial freedom is to turn down every possible Doodad and keep their expenses very low. This allows them to buy assets providing Passive and Portfolio Income. After they have won their financial freedom, they are then able to buy their Doodads out of their Passive and Portfolio Income.

4) Starting with Different Expenses. In the real world, different people pay different expenses.

- If this were so in the game, how would you change the way you play?

RULE: At the beginning of the game, each player rolls 2 dice and receives red Expense squares as follows: $400 plus $50 for each number showing on the dice (Example: If you roll a "4" your expenses would be $400 plus $200 [4 x $50], or a total of $600 in red Expense squares). Each player will now have different expenses.

NOTE: The maximum expenses for any player to start the game with is $900.

5) Losing Your Job. People lose their jobs for many reasons, including company downsizing, relocating and illness, just to name a few. When people lose their jobs, they usually receive little or no Salary until they find a new job.

- If this could happen to you in the game, how would you play differently?

RULE: Anyone who rolls "12" on both dice combined loses his job (it is NOT the player's fault, it just happens). When the player lands on or passes the next 2 "$" spaces, the player receives only $300 salary income (no matter how many blue Salary triangles he or she has on his or her game card) AND his or her related expenses are reduced by $350 for the same period.

- After this has happened to at least one player and the game ends, ask players how difficult it is to win without Salary income.
- Then ask them if it would have been better if the player who lost the job had a lot of Passive Income.
- Finally, ask them how they would play the game differently if they knew losing their job was a possibility.

(This is a very powerful lesson and works well after most of the other Advanced Rules have been tried. Players will suggest refusing Doodads, having "backup" jobs, and doing everything possible to win the game early. Getting lots of Passive Income early definitely makes losing a job easier.)

6) Different Amounts of Passive Income and Asset Costs.

a) In real life, assets sometimes generate different amounts of Passive Income. The Passive Incomes shown in the game are generous.

RULE: Change the rules so that a player receives only one half (1/2) the number of green Passive Income circles printed on each card. Round odd numbers up.

- After the game is over, ask players if it was more difficult than the standard game.

- Then ask them if it is important to choose your investments wisely. (You may need to end the game early before anyone wins — watch for signs of boredom — distracted, added fidgeting, claims that the game is dull, etc.)

Please explain that players may not be ready to learn how to choose investments well because that is much more advanced material. The game isn't designed to teach specific investment strategies.

b) In real life assets are generally more expensive than the costs included in the game.

RULE: Change the cost of all assets to twice the cost printed on the asset card.

- What happened in this game with this added rule?

- What did you learn? (You will probably get very similar results as reducing the amount of passive income.)

7) Income from Home Businesses Vary. In real life, most businesses are started without knowing whether they will make money, or how much they will make.

RULE: For this experiment, home businesses cost the price printed on the card, and the amount of income a player receives is changed as follows: AFTER the player pays for the business, he or she rolls both dice. If he or she rolls 5 or less, the business has no income; otherwise, he or she receives $20 Passive Income from the business for each point showing on the dice. (Example: roll a "7" and receive $140 [7 x $20] Passive Income).

- After the game is over, ask players how they feel about the change.

- Did they like it? Did it make the game better? If so, why? If not, why not? (All answers are valid here. What you want to know is the child's attitude toward the risk and excitement element of receiving an unknown amount of Passive Income.)

NOTE: Variable home business income usually makes the game a little harder and longer.

8) Income from Securities Vary. In real life, the same thing usually applies to the securities markets.

RULE: For the securities cards, roll both dice and subtract “6” from the total. The player receives $20 in green Passive Income circles for each point left over. None are taken away if the result is zero or negative – the total on the two dice is 6 or lower. (Example: you roll an “8”, subtracting “6” leaves “2” and so you receive $40 [2 x $20] in green Passive Income circles. If you had rolled a “5”, you would receive no green Passive Income circles.)

- After the game is over, ask players how they feel about the change.
- Did they like it? Did it make the game better? If so, why? If not, why not? (All answers are valid here. What you want to know is the child’s attitude toward the risk and excitement element of receiving an unknown amount of income.)

NOTE: Variable securities income (Portfolio Income) usually makes the game a little harder and longer.

DEFINITIONS OF WORDS USED IN CASHFLOW FOR KIDS

Note: Although these are written in simple words so children will understand, the core ideas are accurate.

A

asset something that puts money in your pocket, whether you work or not. Examples are rental real estate (rental houses) where the rent you receive from your tenants pays for all the related expenses and gives you money; stocks and bonds that pay you money; and businesses that, once created, can operate without you but still put money in your pocket.

B

balance sheet the lower part of your financial statement on your Game Card. The balance sheet shows your assets on the left side and your liabilities on the right. By comparing your assets to your liabilities you can quickly determine your financial position. Ideally you want to have many assets and few liabilities.

balance sheet

bank a business that holds money (as savings) for its customers and lends money to its customers.

bond a written promise (a debt) by a government or large company to pay a fixed amount every few months plus the entire stated value of the bond at the end of its life. The market value of bonds changes so a bond is an asset only if you expect it to pay you more than it cost you. If the price goes down, it will turn out to be a liability.

business any enterprise having outside customers. A business is an asset when sales (the amounts received for products or services) are greater than all expenses.

C

credit card an agreement with a financial institution, such as a bank, that lets the customer buy something now and pay for it later. The customer must pay interest to the credit card company for the right to delay payment. Credit cards are liabilities unless the customer pays the entire balance due each month.

certificate of deposit an agreement that you will leave a certain amount of money on deposit within a financial institution for a certain period of time in exchange for a stated interest rate of return.

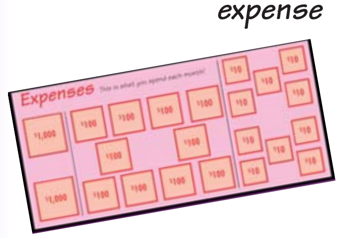
D

debt a promise to pay money, see liability. An I.O.U.

down payment the portion (usually small and sometimes stated as a percentage) of the purchase price of something that the buyer pays to purchase something with a greater value. The remainder of the purchase price is usually financed through other means (such as with a bank).

E

expense any money spent that did not buy an asset including money spent for day to day living. Making the payment on a promise to pay later (a debt) is also an expense. Expenses reduce the amount of money you have available to buy assets.



F

financial statement the standard form in which people show their money and finances. Financial statements include the Income Statement (income and expenses), and the Balance Sheet (assets and liabilities). In the game CASHFLOW for KIDS, the Game Card is your financial statement.

I

income statement a form that shows your income and expenses over a period of time. If income is higher than expenses, you will have extra money that you can use to buy assets. If expenses are higher than income, you will soon run out of money.

interest the “rent” on money borrowed from a bank or someone else.

interest rate the rate used to calculate the portion of money which the borrower would pay as interest in one year. It is written as a percentage (1 percent equals 1/100th) of the total amount owed.

L

leverage buying things with borrowed money. Leverage is a way to make the most use of the money you have. For example, if you have $1000 you might be able to buy an asset with a purchase price of $10,000 by paying $1000 down on the asset and borrowing the rest of the purchase price. You are leveraging your money instead of just buying an asset with a total purchase price of $1000. (It is common for homes to be bought using leverage in the United States.)

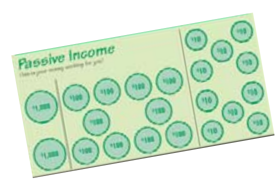
liability something that takes money out of your pocket. Examples are credit cards, personal loans and mortgages.

M

mortgage a debt secured with real estate where your agree to repay the lender in periodic amounts so that you may own and live in the house or use the land.

P

passive income income you receive from your investments with minimal effort on your part. In the game CASHFLOW for KIDS this includes three main categories; rental house income (after expenses), income from stocks and bonds (which is also called portfolio income), and profit from home businesses (which is also called residual earned income).



personal loan an agreement with someone you borrow money from to repay them the money in small monthly payments. Usually, the money has been spent to buy something, which you get now. This is a form of “buy now, pay later”. Interest is also charged on a personal loan for the right to pay it back over time.

profit the amount left over from a sale of a product or service after deducting all expenses related to that product or service.

R

rate of return the amount of profit you receive from an asset in a year compared to the amount of money you actually invested in that asset. Rates of returns are shown as percentages.

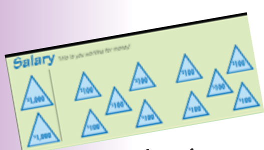
rental real estate any real estate held and rented to others, such as houses or stores. Rental real estate is an asset only if the rent received is more than all of the expenses taken together (such as the mortgage payment, management cost, vacancy cost, advertising, repairs, money set aside to replace appliances, fixtures and roofs, taxes, etc.). This means you receive passive income, or positive cash flow from the property. If the rent is not enough to cover all those expenses, the real estate is a liability. This means the property has negative cash flow and you must pay money out of your pocket each month.

return on investment ["ROI"] — see rate of return

S

salary the money someone is paid for working at a job. The profit you make while working for yourself may also be paid to you as salary.

securities paper assets such as stocks, bonds, mutual funds and certificates of deposit.



salary

stock a percentage of a company that you buy that makes you a part owner of a company (usually represented by a certificate of ownership). Such owners do not manage the company nor get paid salaries. Stocks may pay income in the form of dividends which is passive income.

T

tax the portion of your income that is paid to the government for things such as your police and fire department, streets, bus systems, etc. Taxes may be charged on most types of income, on the sale of assets, on most types of purchases, and even on the value of what people own when they die.

WARNING:
Financial Literacy begins with understanding the relationship between your Income Statement and Balance Sheet. We recommend further education and seeking competent advice before making any financial decisions.

CAUTION: Game contains small parts. Keep out of reach of small children.

CASHFLOW®
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Dear Parents and Teachers,

CASHFLOW for KIDS was created to support you as you teach children about money and finances. Children start learning how to manage money and finances at a very early age by watching and listening to their parents, teachers and other adults. Often these role models' habits around money management are repeated by the children.

Children who play CASHFLOW for KIDS may need some assistance and thought from you. Please read the three card decks provided before the game is first played so that you are familiar with the concepts presented and are better prepared to answer your children's questions.

Learning new ideas is a process. It becomes necessary for the learner to be very mechanical at first, in order to have an experience that words can later describe. It is very much a case of "Play first, talk later".

CASHFLOW for KIDS anticipates that this process is important for children to learn. Please play the game enough times so that the children have "game events" to talk about.

In order for you to talk with children about specific things in the game, you will need to be part of the game. You will make the ideal Banker (honest, impartial and skilled at counting money). You may also want to be a player so that you participate at an equal level with your children.

This booklet also includes definitions of the words used in the game, discussion of why things in the game are the way they are, and "Advanced Rules" to keep the game exciting as the children progress in their skills. These may be used as a source of "answers" when talking with your children about the game. We encourage you to read through this instruction book before you play with your children for the first time.

To summarize:

Read all the cards first and choose ones appropriate for your child.

Read the definitions and "why" answers before you play and decide whether to read them to the children before they play the game, or use them to answer the children's questions as they arise.

Play the game with the children a few times, as they discover the main concepts.

Talk with the children about what they discovered and learned while playing

But most of all, enjoy playing and learning with your children!

Thank you for your interest in your children's financial education.

The CASHFLOW® Team

⚠ **WARNING:**
CHOKING HAZARD - Small parts.
Not for children under 3 years