5/14/07

ECONOMIC NURTURING OF CHILDREN AND GRANDCHILDREN/STEWARDSHIP

Objective or Purpose

1. ***Savings***

Learning to save, preserving assets and resources so they might work for you, sustain your lifestyle, give you options in life and, at best, be able to invest for return and further investment.

Begin a savings account with seed money when the child is born. In our case it was $100 started by the grandparent in a bank. All cash gifts received for birth, birthdays, celebrations, graduation, etc. were deposited into the account with a list of donors, sources of earnings.

2. ***Jobs and Pay***

Learn to work, save part of your earnings and the satisfaction associated with that. They had to keep track of where the funds came from; 20% saved, 10% given away, 70% spent and on what. Accounts were reasonably balanced, begins when they can add and subtract (to the penny accountability was not required but follow up and encouragement weekly was). With this they than could begin the following.

Ages 6 to 11 years: Post available jobs on the refrigerator; paint the fence, repair something at the office, mow the lawn. Jobs were posted on the refrigerator by the hour or for a stipulated amount that they would determine, to be negotiated. Proviso to this was that they had to keep track of how they spent their money. 10% given away, 20% deposited into savings, 70% at their discretion. However, each week or month they would show Dad what they had actually done with their money. It didn't have to add up exactly but generally by category. Trips to the bank were generally done with the parent. There was no discrimination or admonishment for how they spent their money, just as long as that they could keep track of what happened to it.

Ages 11 to 13 years: Learn about companies, business and markets in the stock market. For every stock that they would purchase, the parent would buy an equal amount. At this point they normally had $300 from work and savings. The criteria for selecting the stock was that it had to be at a three year low, selling at book or below and making a profit. For whatever reason, not to be second guessed, they believed in the future of the company. This was a tough assignment and required some help to find such stock. They normally tripled their investment in a few years.

16 years old: They were given $16,000 for the purpose of economic education. If they chose to put it into CDs or the stock market, there was no leveraging. They could put it in a savings account. If they invested in real estate they had to put 20% down. Very broad parameters. All they had to do was develop a plan, whatever their logic was, not to be criticized or second guessed. Quarterly report how they were doing versus what they expected and what they learned. It was fully understood that they hopefully were going to make mistakes, which would then allow them the knowledge they would need in life. The time to make economic mistakes is early in life when it is easily recoverable before family, jobs and other stages of development. This could be a helpful foundation for the future. The big point of emphasis is that mistakes were desirable experiences for learning.

> 18 years old: If they had more than $16,000, they could do whatever they wanted with the excess.
>
> 21 years old or after college graduation or finishing an apprenticeship: the principle and the proceeds were entirely theirs.

3. ***Stewards for Life - Class C stock***

In the early part of our family life we gave company stock to our children for the purpose of paying for their education. At the time it is what we thought would be their needs for a reasonable college career and what the appreciation might be over a 15 year period differed for many reasons. As it turned out, each child had a completely different set of needs. One child took particular pride in having no needs. Each tapped into their resources at different times and hence had differing economic conclusions. Years later and after they were on their way, we evened out all the company stock with gifting and stock sales and came up with exactly the same number of shares for each child. Later this was turned into C Stock with special provisions. A unique stock in that it could only be passed on to the heirs of Sue and Richard and they could then pass it on to their heirs through normal gifting. At age 18 they agreed to put this into a trust to be their responsibility at age 40. This began our journey of stewardship on the premise that families that looked at their gifted economic resources as not theirs but rather they were stewards of their assets with the approach that the success rate for life and living was significantly higher. This is a gift that was to be transferred to future generations. Its assets are intended to be used only for education, getting started in life in the sense of preparation for life. This later is only oral history and is up to each generation to pass it to the next. We can report that the first generation has this down quite well, takes pride in it and provides an association with the company and a tradition that could turn out to provide good roots that employees and company would take pride in being associated with. A caveat of the stock is that it is nonvoting. However, it is voting stock if you are working for the company. Here, the heritage of our own family, the grandfather, Julius Pieper, who started the business, his son Richard, can be associated with some family members, should they choose.