

CHAPTER 31 Investing in Stocks

Where Kids Can Log on to Learn Their Investing ABC's

Stein Roe & Farnham's Young Investor could use better updating and links, but it's still one of the most intelligent and fun personal-finance sites for kids

by Susan J. Marks

Kids today seem to spend half their lives surfing the Web and the other half spending money. This year teens will spend \$153 billion, including \$105 billion of their own, according to Teenage Research Unlimited of Northbrook, Ill. So parents and teachers should be able to use the Internet to find communities that teach youths how to manage finances. But it turns out that learning about dollars and cents online is tougher than spending money there.

I have a child of my own to teach, so I was interested in sites like Stein Roe & Farnham's Young Investor (www.younginvestor.com). It's among the best of several sites that can help teach children the basics of saving and investing. It's designed partly to promote Stein Roe's Young Investor Fund, but its backers have a solid background in children's financial education and keep the promotion in check. Of the sites I visited, it's the only one that feels like a destination site for intelligent kids yet still offers the bells, whistles, and games that kids adore. But it's by no means a complete tutorial on personal finance.

STRESSED-OUT SUPERHERO.

Younginvestor.com's strong point is a tone that's simple enough for kids to follow yet sophisticated enough to let adults learn as well. To log on, adopt a screen name and select a cartoon guide to lead you through the site. Choices of guides include "Planet Lisa," who is big on recycling; "Blad," an android-like silicon man; "Webster," the career-focused conservative, and so on. My favorite: stressed-out superhero "Gnaz Dax." The site's look is up-to-date, not stuffy like some personal-finance sites. There are neat graphics: Games like Young Investor Trivia and Money-tration (a memory game) were "rad." I learned a few things, too. Since I'm not a card

shark, I didn't know the term blue-chip stock came from poker, where blue chips are the most valuable.

The site offers more serious attractions as well, including a "Library" section packed with virtual volumes on financial basics. It's a great way to learn about savings accounts, annual reports, income taxes, and how to choose investments to meet different goals. The library's strength is a bottom-up approach that starts by introducing definitions of key terms such as "compounding" and works up to more sophisticated topics such as household budgeting. The philosophy: Think long term. Characteristic is a short piece explaining how market timing works—and why it usually doesn't. "Trying to sell when you think the stock market is at a high point and then when you think the market is at a low point is called market timing," the site teaches. "There are very few people who can time the market successfully on a regular basis. The smartest thing the average investor can do is invest regularly and think long term." It's a clear explanation, and it's true.

The biggest drawback to Younginvestor.com is that some sections are rather dated. Granted, the definition of a bond fund doesn't change. But taxes do, so it would be nice if Younginvestor.com would update advice on the best way to fill out your 1996 returns. The IRS Web site does a better job of giving kids tax information through a page it co-sponsors (www.irs.gov/taxi) with the tax section of the American Bar Assn. Younginvestor's version of the Dr. Tightwad column, a Q&A advice column generated by Kiplinger, hadn't been updated since December, 1998. Even Stein Roe knows it should do better. When I e-mailed them about the staleness of certain parts of the site, they responded almost immediately. The e-mail conceded some elements are "outdated" and said updates and a new column to replace Dr. Tightwad are on the way.

Other weaknesses are less serious. Links to other useful Web sites are almost nonexistent, keeping kids from easily finding other educational sites. That's part of the fun—and the purpose—of using the Web to learn. The site's Parent-to-Parent community area says it's a place where parents can share solutions to tough family budget questions such as saving for college. But the site poses only one question a month, and so few people answer (and their answers, written in a form, are so brief) that there's often no real base of useful knowledge there. And because people's answers aren't posted until after

the question is changed, you can't have an interactive debate on the bulletin board to challenge and teach one another. But sometimes it works well enough. When the site asked, "How much allowance should you pay your kids?" it got solid suggestions.

Overall, younginvestor.com does a good job of explaining financial basics. It's elementary and savvy at the same time, and a good tool to help teach children things they'll need to know. But it could learn lessons from its competition: Kiplinger.com's

Kids & Money page is fresher, and KidsBank.org has a much more comprehensive set of links to other places on the Web to continue the lesson. Younginvestor.com sorely needs regular updating of its content and more links to other sites, as well as better search tools, easier navigation, and more vital forums and chat rooms. Until it has those things, it won't be the resource it could be.

Reprinted with permission from BusinessWeek, 11/12/99.