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## Six investing tips you learned in elementary school



Our grade school lessons come in handy when it comes to financial decision-making

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Remember the days when you sat in class wondering when on earth you were ever going to use this math? Or you thought, what's the big deal about history? (Don't miss these great tips in [6 Things You Think You Understand About Investing - But Really Don't.](#))

Well, guess what? All those classroom lessons you were forced to study in elementary school actually play an important role when it comes to making decisions about investments. Here are six investing tips you learned in elementary school - and didn't even know it!

### **1. Math**

From the days we first learned to count on 10 fingers, we were taught that learning our numbers was important. As we got a little older, we learned the difference between a penny and a nickel, then how to make change of a dollar. If we saved enough of those coins in a piggy bank, we could buy our own toys or something special.

### **2. More Math**

Fractions (ugh) may very well be the bane of every grade-schooler. But fractions are probably one of the most valuable tools when it comes to investing. Percentages, interest rates and yields are the

real reason we save our money in the first place. We want our money to grow into more money. What we learned about dropping coins in that piggy bank was that whatever we put in is what we have. Period. But an interest-bearing savings account, for instance, will give us a little more money than we started with.

To a kid, it's like magic.

To an adult, however, it's the basic premise of savings and money market accounts. Start with x, wind up with x-plus. (It's never too early to start learning basic money skills. Find out how in [5 Ways To Teach Kids About Investing](#).)

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### **3. History**

Why do we need to read about turn-of-the century America, or World War II? It happened a long time ago and has no bearing on my 10-year-old brain, right? Wrong. **History is basically story telling about factual events that shaped a nation's growth and/or declines.** If you follow historical timelines closely, however, there are trends in business, supply and demand, technology, consumerism, among others, and how they relate to banking and stock market fluctuations.

Following history is an intelligent path to understanding where our money goes, how it is spent and in which direction we should follow for the best result. (For related reading, take a look at our [Stocks Basics Tutorial](#).)

### **4. Economics**

When a baby is born, that child really needs very little - food, shelter and clothing. We enhance those basic needs with love, nurturing and all the fancy little items that are on the market. By the time that child gets to grade school, he or she is well-versed in what's hot and what's not.

### **5. Social Studies**

What used to be taught separately as geography, world history and current events, social studies classes now encompass the bigger picture wrapped up in one, namely a look at cultures and peoples from all over the world. This course of study allows us to learn about different foods, modes of dress, religious and cultural preferences. What we're really learning is diversity and how it's OK to enjoy tacos for lunch and lo mein noodles for dinner. Or wear Scottish plaid one day and batik the next.

Diversity - spreading your assets for different gains - is the key to smart investing. Putting all one's eggs in one basket can lead to a quick wipe out. (Is diversity really necessary? Find out more in [6 Reasons Not To Diversify Your Holdings](#).)

### **6. Reading**

OK, pop quiz: you've just read more than 600 words in this article. How much of it have you understood or better yet, remembered? Reading is much more than looking at words on a page. There must be a basic understanding and comprehension of those words or you'll never get past the first page of that stock prospectus that comes in the mail every quarter. All those pop quizzes were given for a reason, and they served you well in the long run.

## **The Bottom Line**

These lessons are ones we learned early on, but each of them applies to our financial lives today. But perhaps the most vital lesson of all, however, is **"do your homework"**. That little extra time spent in reinforcing what you learned all day in class will reap great rewards when you want more information about how to invest wisely. Who would have guessed - it seems our time in elementary school was well spent after all.

