

Helpful Tips

You don't need to be a financial whiz to teach your child wise financial choices. If there are topics you don't know well, take the opportunity to learn together. Allow your child to make mistakes, then discuss with them what they learned and what they can do differently the next time. Many of these tips are simply a matter of talking with your child while you budget, shop, save and spend money.

Counting Money- Use cash in front of your child. This helps them understand that money (not plastic) buys things. Let your child make small purchases – first, counting with them the correct amount of money to make the purchase. When they can do this, and know how to add and subtract, explain about change and let them practice getting change back.

Needs versus Wants- Explain the difference between needs (food, gas, clothes) and wants (toy, CD, soda). When you say 'no' to something your child wants, explain about putting needs before wants. Let your child know there are things you want but can't afford and explain that you first take care of family needs. Children need to know parents say "no" to themselves too.

Spending- Explain how coupons, sales and comparing items can help you save. Talk about value— how less expensive items can save you money or how a more expensive item may be a better value if it lasts longer.

- \$ Explain sales receipts and bills.
- \$ When planning for activities, encourage your child to look for special offers or free activities.
- \$ Encourage youth to keep a record of their spending - model this yourself.

Saving & Budgeting- Take your child with you when you go to your bank or credit union. Explain what you are doing and why. Open a savings account for your child and explain saving and interest.

- \$ Encourage your child to save through non-monetary rewards, praise, encouragement and matching the amount the child saves.
- \$ Let your child know when you are saving for something yourself. Explain how you are saving.

Allowances- Give your child's allowance in coins or one dollar bills so they can divide it in to saving, spending and donating. Use the opportunity to teach the value of saving and donating.

Goals- Explain the difference between short-term saving for a specific want or need and long-term saving for emergencies. If your child wants to purchase an item, help her figure out a budget. Write out (or help your child write out) what she makes in her allowance, and then figure how many weeks it will take to save the money to purchase the item.

Credit- If you decide to loan your child money, explain about credit. Don't loan your child more than they can repay and then end up forgiving the loan. Draw up a "payment contract" for the loan, no matter what their age. Charge interest or set up a grace period within which no interest will be charged.

Jobs, wages and earning money- When your child asks for extra money, give them extra chores to do around the house in addition to their regular ones. Explain that chores are like a regular job- you must finish the work to get paid. When older children get a job, discuss the responsibility, your expectations about how earnings are used and the level of support you will provide (i.e., driving them on the paper route when it rains). You can renegotiate the level of support once they begin earning money and showing responsibility.