

FUN WAYS TO HELP YOUR KIDS GET THEIR MONEY IN ORDER



Teaching kids about money sounds fairly easy. Get a piggy bank, start an allowance and put earned coins in the bank. But developing true financial skills in children requires parents to build a strong foundation that includes how to successfully manage their money.

There are creative yet simple ways parents can help their children understand the important choices to be made with money. To begin, parents should discuss the basic ideas of spending, saving, and even investing and donating. Consider these fun and practical ways to illustrate the basics of money management in your day-to-day activities:

When you save, money grows. This is an important first message to help your child understand. After dropping coins into the bank week after week, you can visually point out how the amount has grown.

When you save, coins grow into dollars. After collecting money for a month or so, empty the bank and cash in four weeks of coins for dollar bills. Put the paper dollars back in the bank, along with the extra change. Do this periodically every few weeks or months.

Savings plus interest equals even more money. Interest is a reward or “thank you” that the bank pays savers for holding their money. You can illustrate the idea by adding a nickel to each dollar your child saves. Count out 10 one-dollar bills, and then place 10 nickels on the

table. That’s an extra 50¢ by simply keeping money in “savings.”

Begin a matching 401(k) program. As an incentive, you can pledge to “match” any money the child saves. Sit down with your child every two weeks and count the total saved so your child can see matching in action.

Help your child plan. Work together with your child to decide what portion of savings should go to their own short-term and long-term savings goals.

Keep your eyes on the goals. Your child could draw a picture that illustrates a short-term goal, like a book or a toy, as well as bigger goals like a video game system. Pictures help kids visualize their goals.

Start a four-bank system. Consider taking the learning experience to the next level by expanding to a model that includes:

- »A spending bank for money to be used soon.
- »A saving bank for money to be used later.
- »An investing bank for money that will grow on its own.
- »A bank for donating money to help others.

Setting up this system is as easy as finding four plastic containers and labeling them Save, Spend, Give, and Grow. Again, your child can decorate them with pictures and drawings turning the project into a fun and memorable activity.

Developing good financial habits in your youngsters is one of the greatest gifts you can give them. Yet an added benefit to parents is often as they are teaching their kids about managing money, they find themselves being reminded of the basic fundamentals they themselves often overlook or don’t follow. Lessons instilled in your kids can often help you to get back to the basics with your own finances

A great tool to keep you and your family on track is the newly updated www.themint.org website, which provides tips, activities and insights for kids, parents and even lesson plans for teachers.

By keeping the money management lessons simple and in the context of everyday activities, your kids can reap the rewards of being money smart – a reward that will pay dividends for years to come. ¹²

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