

# Teaching your Child about Money



From giving your toddler a piggy bank to helping your teenager learn to balance his check book, there are many things you can do as a parent to teach your children the value of money and how to use it responsibly.

From a very young age, kids are constantly bombarded by advertisements that tell them to buy. That's why it is vital to impart a sense of fiscal responsibility into your child early on. Bad money habits and materialistic tendencies are harder to correct as a child gets older.

Parents have many opportunities to teach simple lessons about money that can last a lifetime. You can educate your children about budgeting, saving, earning, spending, borrowing, and sharing money and resources. These lessons will help them achieve financial independence once they are old enough to live on their own.

## Teaching Tips

- Establish a weekly allowance. This may be the most effective method of demonstrating the value of money.
- Be consistent by paying on time after the chores are done satisfactorily, and encourage your child to save a set portion of his or her allowance.
- Talk to your child about saving and spending in simple language that relates to his or her experience.
- Stress delayed gratification. Teach your child the value of saving for a short- or long-term goal.
- Introduce budgeting skills.

## Create Family Savings Goals

**Involve your kids in budgeting discussions:** Establish financial goals, for instance a new TV or a summer vacation, and get your children excited about mom and dad saving along with them.

**Teach the value of giving and sharing:** While it is vital for children to learn how to earn and spend money responsibly, it is just as important to teach them about the joys of giving money and gifts to others, sharing their time and resources and contributing to worthy causes.

**Do not associate money with fear and guilt:** Negative messages turn money and spending into a punishing, guilty concept for children. Likewise, do not use fear and stress tactics to motivate your child's money habits.

**Praise good habits:** Compliment and applaud your child when she saves or donates money.

Remember that there are many ways to teach children the value of money, but the best way is by setting a good example as a financially responsible role model.