

You Can Never Start Too Early

INSIDER TIP

You can have your child make a bank with three sections that they put their allowance in. One section for money they can spend on things they want. One section for savings for the future and another section for giving to others.



It's never too early to start teaching your children about money—ways to save it, ways to earn it and responsible ways to spend it. By teaching them these financial skills, you're providing them with the tools and the confidence they need to succeed financially for the rest of their lives.

Teach By Example

Your children will learn about money by watching you. Talk to your kids about money and what it means. Explain the basics of your family budget by telling them what is and is not “in the budget.” Especially when you're with your children, shop smart and spend responsibly. Save visibly—keep that coin jar nearby and use the collected change together for a treat—and with a positive attitude. And, remember, if you're worried or stressed about your finances, your children will know—so get help if you need it.

Draw the Connections

One of the most important lessons you can teach your children is about the connections between work and money and the things they want to buy. Those new jeans will mean a lot more to them once they realize it takes 10 hours of work to earn them—and will mean even more if they've had to work those 10 hours themselves! Encourage your child to find a job, even if it's a small one, so that they see the connection between work and money.

Draw the connection between those pieces of plastic and the money that's used to pay off the credit card bills. Show them a credit card bill with a purchase on it that you've made together and explain that you now have to pay it back. Also explain how checkbooks work—there has to be money in the account to back up those checks! Show them how you write checks and track your spending in your check register and your budget worksheet.

Use Chore Charts

Some parents find it helpful to have a chart listing the chores expected of their child to keep track of the child's work and reward the child. Cut out this chart and list the chores down the first column. Tell your child how many check marks he or she needs to earn his allowance. Then put a check mark every day that the child does the chore and count them up. This helps draw the connections and determine allowance.



| MY WEEKLY CHORE CHART | | | | | | | |
|-----------------------|-------------|-----|------|-----|-------|-----|-----|
| Name _____ | Dates _____ | | | | | | |
| Chores | Sun | Mon | Tues | Wed | Thurs | Fri | Sat |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total Check Marks: | | | | | | | |

An interactive version of this worksheet is available to download online at PurposeMoney.com/Guide.

Provide Allowances

Giving your child a weekly allowance is a great way of teaching them the basics of budgeting and savings—as well as making sure that your kids' budget remains within your household budget!

- Set an amount weekly that you give to your child, money that he or she can use to buy the “extras”—CDs, toys, going out with friends, and other things outside the necessities. Whether this allowance is \$0.25 or \$25.00, providing the same amount weekly will help them to save and to budget.
- Give your child this amount each week at the same time, and teach them the basics of building a budget for the things they want to buy.
- Encourage them to plan short-term savings goals, and cheer them along the way.



Shop Smart

Even kids can shop smart, and you can make it both educational and fun by turning saving into a game.

Teach them the basics of comparison shopping, using coupons and promotions, and other Smart Shopping tricks, and they will become habits for a lifetime.

- Make shopping smart a game!
- Clip coupons together every Sunday.
- Use the newspaper and shopping trips together to comparison shop, comparing prices at different stores and keeping track of where the best deals are.
- After shopping, add up how much you've saved—it's great for keeping those math skills sharp!

Start Savings Habits Early

Even small children can collect change, and older children should be encouraged to set aside money each week, or at birthdays and other occasions, for longer-term goals. Buy younger children a piggy bank, while encouraging older children to open a bank account as soon as possible—many banks offer special no-fee accounts designed especially for kids.

Include Charity

If it's important to you, encourage your children as early as possible to begin setting aside part of their savings for charity. If money is tight, kids can save their money but show charity by getting a neighbor's mail or by picking up litter they pass on the street.

Consider “matching” their contribution and making the donation together to a local community non-profit or religious group.

