

Teach Children To Be Money Smart –daily

Did you know...

Sixty-two percent of parents give their children a weekly allowance (average **\$12** per week, or an average of **\$48** per month). And almost half (**47%**) of parents who give an allowance expect that it will be spent rather than saved.

Source: "Money Talks," Echo Research/American Express, 2010

According to a survey by American Express, 91% of parents say they are committed to teaching their children about financial responsibility.*

Raising a money smart child can be as easy as making the effort to include children in many of your day-to-day financial decisions:

- If you pay by credit card, explain that the bill will be mailed to you at the end of the month, and that if you don't pay it in full you'll be charged interest.
- When they complain about taking out the trash, explain that you give some money (taxes) to the government for its services in hauling that trash away.

Smart Savings

Getting into the habit of saving isn't something you can learn from a book. It's a behavior that's acquired from experience and model behavior. So help your children get that experience, and reinforce it often.

For example, have your child save a part of any money they earn, or receive as gifts, in a savings account. Consider adding encouragement by matching what they put in.

When children are small, you can set up designated piggy banks. And as your children grow, graduate into online or brick-and-mortar savings institutions, which can provide the added learning experience of comparing offers and promotions.

Set Goals

Family finance experts are divided over which is better: giving your children a regular allowance or requiring that they work for money through chores or other endeavors. But they do agree that just having cash in their hands doesn't mean children will know what to do with it. So talk to your children about what you expect them to pay for. And help them prioritize their goals. Perhaps you can set a limit, say you'll pay up to \$50 for sneakers, and anything over that will have to come from them.

* Source: "Money Talks," Echo Research/American Express 2010

Word of warning: inevitably your children will miss their goals; these are great teaching opportunities for parents. Help them plan to meet their goals next time through better financial management. And this may be the hardest part of all: Let your children learn from their mistakes.

At some point, your children will likely regret one of their purchases and want their money back. If it is too late for a store refund, don't bail them out. Rather, share with them examples of your own "mistakes." Sacrifices you had to make, stocks you may have lost money in, purchases you made and later regretted. There is value in showing your children that none of us can make perfect decisions all the time.

Parental To Do List

1) Start early. Children as young as eight can begin to manage their money. Just keep the lessons short and simple.

2) Urge your children to save. Saving is a behavior learned best by actually doing it and seeing you making saving an important part of your behavior.

3) Help set goals. Discuss what your children want to buy, what it will cost, and how they can save for it.

Here are a few resources, to help you:

College Funding

Saving for College: www.savingforcollege.com

Financial Aid Resources: www.finaid.com

Money Magazine/CNNMoney: www.CNNMoney.com

Teaching Money Management

Saving and Spending: www.mint.com

Teaching Children about money: www.moneyinstructor.com

Resources for parents: www.prosperity4kids.com/articles.shtml

Calculators, articles and other resources: www.mymoney.gov

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