

TEACHING YOUR KIDS TO SAVE

ideas for helping your kids understand the value of money.

As soon as children can count, introduce them to money. Take an active role in providing them with information.

Communicate with children as they grow about your values concerning money --- how to save it, how to make it grow, how to share it and most importantly, how to spend it wisely.

Help children learn the differences between needs, wants, and wishes. This will prepare them for making good spending decisions in the future.

Setting goals is fundamental to learning the value of money and saving. Young or old, people rarely reach goals they haven't set. Nearly every toy or other item children ask their parents to buy them can become the object of a goal-setting session.

Introduce children to the value of saving versus spending. Explain and demonstrate the concept of earning interest income on savings. Consider paying interest on money children save at home; children can help calculate the interest and see how fast money accumulates through the power of compound interest.

When giving children an allowance, give them the money in denominations that encourage saving. If the amount is \$5, give them 5-1-dollar bills and encourage that at least one dollar be set aside in savings.

Take children to a credit union or bank to open their own savings accounts. Beginning the regular savings habit early is one of the keys to savings success.

Keeping good records of money saved, invested, or spent is another important skill young people must learn. To make it easy, use 12 envelopes, 1 for each month, with a larger envelope to hold all the envelopes for the year.

Use regular shopping trips as opportunities to teach children the value of money. Going to the grocery store is often a child's first spending experience.

Allow young people to make spending decisions. Whether good or poor, they will learn from their spending choices.

Alert children to the dangers of borrowing and paying interest. If you charge interest on small loans you make to them, they will learn quickly how expensive it is to rent someone else's money for a specified period of time.

When using a credit card at a restaurant, take the opportunity to teach children about how credit cards work. Explain to children how to verify the charges, how to calculate the tip, and how to guard against credit card fraud.

