

7 Tips to Raise Financially Savvy Kids

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By Syble Solomon

1. Show them money going in, not just out.

If your kids only see you withdrawing those \$20 bills from the ATM, they're going to think machines hand out money. Make sure they also see you depositing funds.

2. Teach them to set goals and save for them.

Label a jar with a set amount of money to be used for something special. Start small-say, \$5 to buy some ice cream and sprinkles. Collect \$5 worth of change in the jar and count it out before buying the treat. Keep this money separate when you go to the store, so your child can buy the ice cream himself with the cash.

3. Differentiate between wanting and needing.

You *need* shoes, but you *want* the trendiest brand. You need food, but you want to eat out. Apply this rule to anything you buy and to any of their requests for "stuff."

4. Make choices, not sacrifices.

Instead of saying 'We can't afford that,' 'That's too expensive,' or just saying no, substitute a comment that expresses an intentional choice. Examples: 'I want to stay home and visit state parks this year so we can save for a special vacation next year. I choose to bring my coffee (or water, or soda) with me and not buy it at the convenience store so I can save that money for more important things.' Instead of feeling that 'no' means sacrifice, scarcity, or embarrassment, children learn that life is about making choices.

5. Show them you're planning for the future.

In addition to using a change jar to save for special treats, let your kids hear you talk about saving for a new roof, paying off the car, putting money aside to celebrate a birthday, saving for their education, and paying bills on time.

6. Give to others.

Along with that jar for ice cream, label another jar for charity. Make sure your children put a fixed percentage of their earnings and allowance in it. And make sure they see you giving to others, whether it's tithing to the church, writing a check to a non profit, or volunteering for a charitable cause.

7. Turn on the shopping channel.

Keep TV time to a minimum to avoid the "buy me" ads that dominate. Also point out the marketing tricks that advertisers use, and make sure your kids understand how they try to sell.

