



NEED TO TEACH YOUR KIDS ABOUT MONEY? TRY THESE IDEAS

It's amazing in these times of crippling consumer debt, troubled investment markets and real estate turmoil that children don't get mandatory training in money management in school.

But until that changes, Mom and Dad, it's up to you.

Most experts agree that the younger kids get money training, the better. If you're already planning your family's financial future with an expert such as a CERTIFIED FINANCIAL PLANNER™ professional, such an expert might advise you on ways to teach your kids about money as well.

Here are some initial steps:

Determine the right allowance. As early as kindergarten or first grade, your kid is going to have to start paying for things. Try to match the allowance closely to the expenses the child is expected to cover - that way, they learn that their spending is not unlimited. Decide whether she needs to earn an amount for extras - toys and candy, for instance - then stress why working for treats is important. When kids are younger, you should keep a frequent watch over how they're handling their cash - checking in every day or so - and then spread out that oversight as they age.

Consider your own behavior. Do you drive a bigger car than you can afford? Every time you go to the store, do you pull out a credit card to pay? Do you and your spouse or partner fight openly about money at home? Your child hears all of this. Children learn all-important lessons by example - while you don't have to be perfect, think about the money behaviors you're demonstrating in front of the kids, and try to make them positive.

Buy a piggy bank. Young children need this tried-and-true symbol of saving. They need to know there's a place to put pocket change they don't spend, and they are free to tap it only to accomplish a goal that the both of you discuss. This isn't about buying stuff. It's about setting goals.

Don't miss an opportunity for a lesson. Watch your child's behavior - see what he wants to buy. Ask him how



he plans to pay for things. This is your window on whether your money messages are getting through. "I want" and "I need" are always opportunities for you to teach. Some pretty serious money issues can come out of the mouths of babes. Listen for them. Also, teach your kids to make spending "wish lists" throughout the year - these are not only lessons in delayed gratification but prioritizing needs and wants.

Have them open a savings account. If small-balance passbook accounts still exist at your bank, do the old-fashioned thing and go with your child to open one. Make sure she keeps her bankbook or monthly statements in a safe place, and make sure she deposits funds at least once a month to get in the habit. You might also consider mutual funds geared toward children - the best ones have great educational value.

Handle money mistakes carefully. A child will make mistakes with money - they'll lose it, spend it on the wrong things or possibly give it away to others at the wrong times. It's generally a good idea to ask the child whether that was a right use for the funds and what they might do the next time.

Discuss charity. This may be a cultural issue within families, but increasingly, kids are involved in charitable and community activities as part of their educational process - it even figures into college applications. Teaching your children to set aside a little for those who have less than they do might be a good first lesson in what should be a lifetime of sharing with others.

Adjust the conversation as they age. As children become teens, they want more autonomy with their spending. You need to match that trust with accountability. If you deposit money in an account for them to spend on essentials and treats, talk about what you are willing to pay for in addition and make those agreements ironclad. Kids will always come to you with their hand out, but they need to know when you'll say "no."

Be open about your investments. Kids are sponges. They know if their parents have investments just by watching what's in the mail. Start talking about why you buy stocks, bonds or mutual funds to help pay for their education. If your child asks you to buy a book or subscribe to a magazine or newspaper so she can learn more, don't think twice - just do it.

Talk about college early. Even if you plan to pay your children's entire tuition, you need to talk about the financial investment college represents long before they go. You can also talk about whether your child will have to pay any expenses on his own and how he'll earn them. The massive investment college represents presents a great opportunity to discuss what the most important things in life really cost.

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