



More Tips for Teaching Your Kids about Money

Last week we gave you a half a dozen ideas to help your kids learn about managing their money. Here we add to that list, rounding it out with another six simple steps you can use to teach your children good personal finance skills.

Let children make spending decisions.

It's never too early to teach your kids to spend their money wisely and to show them how to be bargain shoppers. Take them to different stores and explain how the same items may cost more or less depending on where you shop and which brand you purchase. Let them learn for themselves the difference between paying a premium for a brand-name item or spending less for a generic by allowing them to make their own decisions.

Open a savings account.

This may be one of the best ways to teach children the benefits of saving for the long-term. Open a basic savings account for them so they can deposit a portion of their allowance, birthday money or other funds into the account. Go over the monthly statements with them, and help them see how their money earns interest over time. For older children, this can also provide an opportunity to introduce the concept of compounding.

Discuss the benefits of using credit wisely.

Explain to your children how "borrowing" money comes with consequences. When you use your credit card, remind them that you still need to pay the full amount for your purchases when the bill comes due. Illustrate this point by showing them how much more you will actually pay when interest charges are added to the bill. You can also set a good example for them by paying your entire bill each month and not carrying a balance that would incur interest.

Encourage children to invest in the market.

You can introduce your kids to the financial markets by helping them purchase shares of companies they

are familiar with in their everyday lives. You should explain to them that the market can fluctuate and review account statements together so they see the up and down activity. Kids can even follow their stocks in the paper each day, giving them something to look forward to and helping establish a sense of ownership.

Teach children to be charitable.

You can assist them in finding a good cause that they can understand. Encourage your children to donate to charitable organizations, and share with them your experiences of giving to charity. This will help them see they can derive great satisfaction from sharing their money with those in need, and also teach them important habits that they will carry with them for the future.

Use resources available in your area.

Beyond the lessons you can teach them at home, your kids can participate in valuable learning experiences through various other sources. There are many financial literacy programs available for children; start by checking with your local children's museum or neighborhood schools to find resources to help them learn. You can also look on agedwards.com for more information.

While you've undoubtedly thought of other ideas to teach your children about money, these simple steps can help you get them started. The important thing is to teach them early on, so you can help them establish good habits that will stay with them for the long run.

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