



helping your kids learn about money

Once your child is old enough to have a piggy bank, she is old enough to start learning about money management. Here are some tips on how to help them save and spend responsibly.

By Lindsay MacAdam

Photo by Norman Chan/Fotolia



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I dig into my wallet to find some change to give my two-year-old nephew for his very first piggy bank. He stares eagerly at me until I pull out a quarter; he grabs it and shoves in into the ceramic slot like a pro. "Money pwease," he asks with confidence—he wants more money and he knows how to say it!

But is this coin addiction harmless for a youngster or should a financial education begin at birth? Kelley Keehn, an Alberta-based financial expert and author of *The Prosperity Factor for Kids*, says a piggy bank is the first step to a child's money-saving future and it shouldn't be taken lightly.

A December 2004 Bank of Canada study revealed that Canadian consumers are \$752 billion in debt, up 36 per cent from a decade prior. Keehn says that this lack of financial awareness in adults will spill over to their children if they are not properly educated about how to manage money. If children see their parents charging everything to their credit cards, paying bills late and making frivolous purchases, they are likely to repeat the same behaviours when they are adults, she says.

Luckily, Keehn has developed a practical plan that will teach your kids how to manage their money for life.

Toddler

Age: under 5

Type of Account: Fun with money (first piggy bank).

Amount In: This piggy bank will hold all the money your child receives until they reach the next phase of saving.



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Usage: This account is completely under the child's control and can be used for anything, anytime.

Keehn's Tips: "Teach your child about dollars, coins, their value and what they can purchase with them. Keep the spending and filling of this bank fun and pleasurable."

School Age

Age: 5-10

Type of Account: Targeted savings (second piggy bank).

Amount In: With your child, determine a reasonable percentage split between the first piggy bank and the targeted savings bank (i.e. 50/50, 40/60). Get a new piggy bank that will hold the desired percentage of income for short-term savings. Set savings goals that will be reached within 1-12 months.

Usage: Emptied to make purchases once short-term goals have been met.

Keehn's Tips: "The subject of allowances is an ideal and recommended topic for this age group.

"Consider discussing the amount of allowance paid, what activities and duties are required for payment and the conditions necessary for the child to receive an increase in allowance."

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reader's quote

"Children seldom misquote you." In fact, they usually repeat word for word what you shouldn't have said."

Unknown

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family-tested tip!

My daughter went through a long phase where she stopped playing with some of her stuffed toys, but she still loved them far too much to give them away (or let them out of her sight). So we found a perfect solution: making a small hole in the bottom of each, we removed the stuffing and replaced it with sand. She's been enjoying them ever since as bookends and paperweights for her art.
Harpreet Gill, Dad of Tara, 6, Surrey, B.C.

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editor's pick



Hungry Caterpillar

Eric Carle's Very Hungry Caterpillar plush activity toy, based on the famous literary bug, is stuffed with interactive plush food. Including a rattling strawberry and a crinkly pear it will keep your little bug busy with lots of surprises.
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