



## 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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### Tween

Age: 10-15

Type of Account: Long-term savings (first formal bank account).

Amount In: The allocation of money between the three accounts should again be decided with the child. Set savings goals that will be realized in 1-3 years.

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

Keehn's Tips: "Assist your child in identifying income-generating opportunities. Perhaps they can shovel snow, cut lawns or rake leaves on the weekends for extra cash. You might enlist their assistance in your summer garage sale with a commission to the child for all that is sold in your sale."

### Teen

Age: 15+

Type of Account: Credit account (mock line of credit from parents to child).

Amount In: Determine with your child an amount of credit, the terms of payback, any interest that will be charged and the consequences for non-payment or late payment.

Usage: If an expensive item happens to be on sale, and all of the child's savings have been allocated elsewhere, they may choose to use their credit to make a purchase.

Keehn's Tips: "Teach your child about credit, interest and responsible usage so that they will be prepared and knowledgeable when they receive their first real credit card in a few



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years."

*Note\*\*\* Each new account is in addition to (not replacing) the ones before. Keehn stresses the importance of maintaining the first piggy bank to ensure that a portion of income is always put aside for pleasure.*

In addition to the points discussed above, here are three extra tips that are important to keep in mind when teaching children to manage their money:

#### 1) Explain why.

At the initial piggy bank stage, your children will probably be too young to understand the whole process. Once more accounts come into play, Keehn says it is important to "take time to dialogue with your child about the reasoning behind the accounts and assist them with making some of their own empowering money decisions."

#### 2) Giving children control teaches them valuable lessons.

Allowing your children to make their own spending decisions, as opposed to the parent purchasing everything for their child, makes them appreciate the value of money and make wiser spending choices.

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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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