

## Top 10 tips for parents teaching their children positive saving, spending and credit habits



**Kelley Keehn**

**Tip #1: Pay your child an allowance.** I know what you might be thinking as a parent, “why should I pay my child when I already provide them everything they need?” First, you will likely find that your child is much more choosy in spending *their* money as opposed to yours. If your children think of you as a yearlong Santa Clause, consider empowering them with a small income but also hand over some spending requests to them. Second, ensure that the allowance is paid as a form of reciprocity. Establish household chores and the dollar amount you’re willing to pay in exchange.

**Tip #2: Never use money as a reward or punishment.** If your child is fighting with their sibling or behaves perfectly at a family dinner party, resist using money for scorn or praise. Consider increasing or decreasing your child’s monthly allowance for a *job* well done or one that needs improvement. Stick with traditional forms of discipline for non-work related behaviours.

**Tip #3: Words have power.** Children are watching and listening to every word you say and behaviour you display. Have you ever found yourself saying that, “John is filthy rich” or inferring that money or wealth can be “dirty” in some way? Keep a careful eye on what you say about your own prosperity and that of others. Why would you or your child wish to be rich if it would reflect filth or some other negative adjective? Those that wish to be wealthy must first embrace, accept and speak well of those that are.

**Tip #4: Study Canadian & foreign currency – both provide a valuable tool for math and history lessons.** Do you know what’s on the back of the Canadian \$50 bill? Each colourful dollar provides a unique history lesson for your child and possibly you as well. Use the study of currency to build upon your child’s math skills and he or she will find arithmetic more tangible and necessary for life.

**Tip #5: Random acts of kindness.** Prosperity is as much an outlook on life as a definitive net-worth. What simple acts of kindness can you and your child partake in together to reinforce the notion that although there’s always goals to reach for increased wealth, at the same time, you as a family are blessed and choose to share time and money when you can. Could you leave your loonie in the shopping cart for an unsuspecting shopper? Might you purchase a coffee for the person in the drive through behind you *just because*? These simple acts needn’t cost more than a few dollars and instill a prosperous foundation for your child to witness.

**Tip #6: Bless your bills.** If you’re like most Canadians, abundance in your life might consist more of debts than assets. However, consider that the bills you receive are notes of trust that a

company has issued simply on your word. The Power and Hydro company didn't ask you for a deposit or credit check. They trust that you'll pay and your word is all that they ask. Furthermore, each and every time you repay one of these promises in the act of paying a bill, you employ and feed the children of everyday people just like you and me. Each bill you pay adds to the wealth of another and strengthens our economy as a whole.

**Tip #7: Always keep a piggy bank.** Whatever the age of your child (and you may wish to try this yourself), encourage your child to always allocate a portion of their income (gifts from mom, grandpa, proceeds from a part-time job or allowance) to this fun and carefree bank. Although most parents desire their children to save, save, save, a portion of all their cash flow should be used for pleasure and without their parent's scrutiny.

**Tip #8: Incorporate a targeted savings account and a long-term savings account.** Does your child wish to purchase a gym pass this summer? Is there a ski trip coming up next year or perhaps a trip to Europe in a few years that could cost thousands? In addition to a piggy bank, set up a formal or informal (could just be an envelope system) targeted savings and long-term savings account. Review your child's income and assist them in setting goals for the short and long-term and a savings plan for each goal. Even if you intended on paying for these activities fully, consider involving your child, thus teaching them that some goals need to be "saved up for" in advance.

**Tip #9: Set up a monthly family money meeting.** With the fast paced society we all live in, when does one have time to dialogue about money lessons? Consider setting aside a few minutes a month to teach, discuss and set goals with your child about wealth building, finance and their thoughts and feelings about money.

**Tip #10: Create a mock credit system.** Unfortunately, when a young adult reaches the goal of finally receiving a credit card, they often feel the available limit is a target to hit as quickly as possible. What they might not realize is that with just a few months of missed or late payments their credit can be adversely affected for many years. During your child's teen years, set up a *mock credit card* as a trial run. Establish real life credit limits, repayment responsibilities and default consequences. Mistakes can be corrected during your trial run and your child will have had a chance to understand credit before errors are irreversible.

*Kelley Keehn is a financial expert, speaker, elder planning counselor and author of four books, including [The Woman's Guide to Money](#) and [The Prosperity Factor for Kids](#). Her mission in life is "to make you feel good about money." Visit her at [www.kelleykeehn.com](http://www.kelleykeehn.com).*

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