Train a child in the financial facets of life

There is so much that children need to know these days beyond reading, writing and arithmetic. We need to teach our kids good manners, making smart choices and even personal safety in their communities and on the internet.

One other area of knowledge is crucial to their life-long success—knowing the financial facets of life. Here are a few suggestions from the Federal Deposit Insurance Corporation.

“Show and tell” your children while you manage your own money. Your children need to see and hear you practicing good money management skills if they are to know how to handle their own money. Help them learn what it means to save some, spend some and share some.

Take your children along on shopping trips and discuss what makes some items “good buys” and other items “too expensive” or “not in our budget.” Take your child to the bank and learn about different bank accounts and services.

At home, let you child help with routine tasks of preparing deposits or balancing the checkbook. As you pay your bills, explain how debts must be repaid on time or you can expect additional fees and have trouble getting a loan in the future.

Help your child start a savings or investment account. Young kids enjoy saving money in a piggy bank. Around the age of 8 is a good time to consider opening a savings account at a local bank or credit union. Your child can learn firsthand about how money grows in interest-bearing accounts and how it feels to save for a special goal.

Consider an allowance for your child as a teaching tool. Even as young as 5 or 6, children can begin to practice decision-making with small amounts of money. Teach them to “pay yourself first” by saving some money each time separate from other money. Giving an allowance in small bills or coins allows the child to easily set aside portions of their money for the different

purposes of saving, spending and sharing. Help them to think about and make choices about how much money to give to a charity or for gifts to others.

Encourage older children to get work experience. Middle-school students and teens can learn good business skills and how to be responsible by getting summer or part-time jobs. Learning to earn some of their own money is very motivating and educational.

April is Financial Literacy Month. Take every opportunity to talk to your children about money and provide many chances for them to learn, even if they make mistakes. Both you and your children will reap long-term rewards.

For more help or information for parents, the FDIC has a new financial education program for youth 12-20 years old, entitled “Money Smart for Young Adults,” available online at www.fdic.gov/consum ers/consumer/moneysmart/young.html
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