



TEACH YOUR KIDS HOW TO SAVE

Financial problems in adult life can be solved with the right education from an early age. Adrian gives us a few tips on putting the kids on the right path.

Credit cards. Tax debts. Mobile phone bills. Personal loans.

There seems to be a growing trend in recent years of parents having to bail out their adult children concerning finances.

Yes you are being a wonderful, caring parent for helping your child out. But will the kids ever learn? Will they always rely on you to bail them out?

A wise man once said “Give a man a fish and you have fed him for today. But teach a man to fish and you have fed him for a lifetime.”

This is exactly how I feel about kids and money. Teach them how to save and they will be able to financially look after themselves.

So how do we teach our kids to save?

Piggy banks rule

I love piggy banks as a means of teaching kids how to save from a young age. The smart kids will know to bring it out when visitors come by. I prefer the ones that cannot be easily opened as this will stop the kids – and their parents too – from raiding the funds.

Pocket money

Pocket money shows a child the value of money. They must do a few chores to earn the right to it. The first few weeks they will spend it at the start of the week but with time they will learn valuable budgeting tips.

Give an incentive to save

Why not match your kids savings dollar for dollar? Yes it might cost you a bit in the short term but I would rather that than tens of thousands of dollars of credit card debt in their twenties.

Don't bail them out

Your darling little girl gives you those sad eyes and says that she needs your help with a few bills. Don't fall for it. Let down your guard once and they will do it again. Kids will never learn unless you give them a lesson. It is bit like riding a bike. Yes they will fall off a few times but it is best to learn the hard way.

Be a role model

What a better way to show a kid how to save but to demonstrate with your own savings habits. Engage them in your own family budgeting and let them see how hard it can be to save for cars, holidays and education.

Talk to your bank

The major banks have been great in teaching kids how to save and they also have some kid friendly bank accounts. Make sure you also ask them for a piggy bank!

The CBA, for example, have recently launched a campaign www.onemillionkids.com.au with improving the financial literacy of 1 million kids over the next five years.