



RAISING MONEY-SAVVY KIDS

Kids learn about money early. They mimic the behavior of the adults around them, they see what their friends and acquaintances do, and they soak in all kinds of money information – realistic or otherwise – from television, games, advertising, and online exposure.

If the topic of money is taboo or intimidating, or if money management falls entirely on one person in the family, kids can grow up without the understanding they need to be wise with their money. Kids – and parents – don't have to be math geniuses to manage money well. Here are a few suggestions:

- **Make money fun.** There are loads of terrific games that combine simple math skills with a growing understanding of money. Here, for example, is a list of games recommended by the Washington State Department of Financial Institutions. The arrangement does not involve discounts on expenses that otherwise would be incurred by persons in a position to refer settlement services or business.
- **Make money visible.** Rather than being invisible inside a piggy bank, a clear plastic coin jar can help even a very young child see the accumulation of cash.
- **Set achievable goals.** Understanding and saving money becomes much more meaningful when a child wants something and works toward that goal. It's thrilling to watch the savings accumulate – and instructive to see how quickly the savings disappear!
- **Don't just say no.** Shopping offers unlimited temptations and it's easy for parents to get in the habit of simply saying, "No!" Instead, tell the child how much the item costs, and ask whether they have that amount saved or would like to save for it.
- **Demonstrate the meaning of plastic.** These days, it seems fewer and fewer people use cash. But it's important for children to see that a swipe or scan is not a dip into a bottomless pool of money. Until a child has a bank account, have the child repay their purchases from their savings jar.
- **Introduce income.** An allowance gives parents and kids a chance to talk about money. What's more important than the amount is the conversation about saving and spending. Financial advisors recommend starting kids on money early – kindergarten age at the latest – and setting the rate at roughly a dollar per week for each year of the child's age (so, a 10-year-old gets \$10 per week).

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- **Divide it into three parts.** Spending, saving, and giving each offer an important lesson in setting goals, in delayed gratification, and in being a responsible part of a community.
- **Put a value on work.** Earning money for special tasks helps kids see the value of work and how work increases wealth.
- **Have a sale.** Garage sales offer terrific money-learning opportunities. A child can learn how to choose items of their own to sell, set prices, negotiate, and apply earnings to their spend/save/give goals.
- **Borrow.** It's vital kids learn there is a cost to borrowing and a schedule for repayment. If a child wants to buy something in excess of his or her current savings, a small family loan could be the solution. Have an agreement in writing, with repayment taken out of the child's allowance until the amount is paid in full.
- **Be creative.** While advertisers are working hard to get their hands into the pockets of children, even smaller children can learn to make more with less – to invent games instead of buying them, to make new clothes out of old ones, to use recycled materials to make art, etc.

Teaching a child to be money-savvy doesn't have to be a scary chore – for the child or the parent. If you have questions about borrowing, the lending experts at Sente Mortgage would be happy to talk with you.