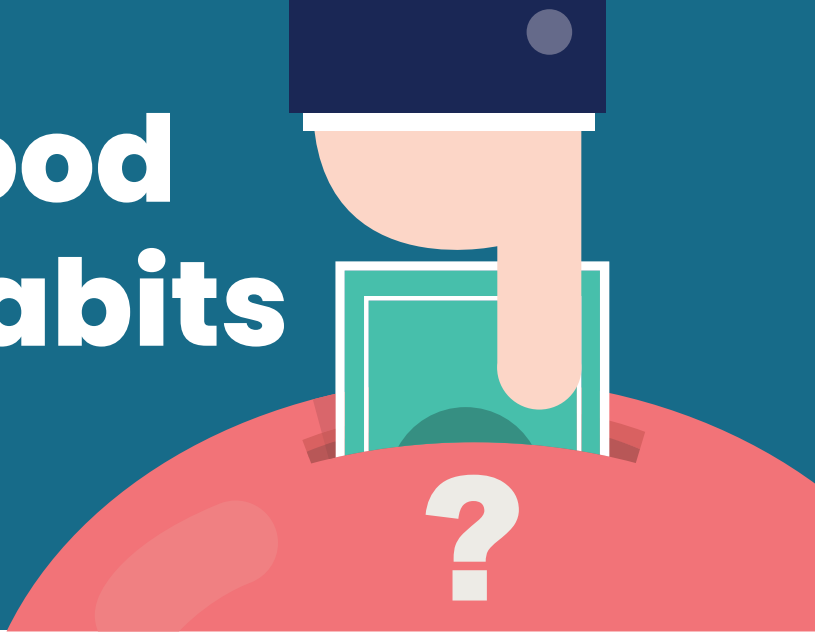
Instilling Good Financial Habits in Children



Instilling in children good attitudes about working, earning, saving, and investing is an important part of being a parent. Teaching your kids about money is something you should consider doing from a very early age, especially since it is rarely taught in schools.

A lot of us have to overcome a natural inclination to avoid a seemingly adult topic like money, but it's important to help our kids develop the right habits early. If you can effectively teach them about money and demonstrate responsible financial behaviors yourself, they will have a better shot at leading fulfilling lives.



Here are some tips to help you teach younger kids about money.

When children reach the age of six, they are ready to learn about money because they know how to add and subtract, and they're old enough to have small chores.

Though they likely know the value of dimes, nickels and quarters from school, check in just to make sure. Teach them how to add coins together.

Before you begin teaching your young children how to spend money, teach them about how to earn it. Plenty of parents don't like the automatic, money-for-nothing nature of an allowance. Rather than doling one out, think about ways the kids can help around the house—doing the dishes, taking out the trash, running the laundry. Then pay them accordingly as a teaching tool.

Help them save—open a savings account, or buy a piggy bank. Encourage them to set aside a portion of their earnings towards a larger purchase.

Then establish a goal—something they would like to purchase. Consider matching their savings to help with the purchase. Not only is your child learning critical lessons about responsibility, he or she also is learning about the value of saving money.

Use real-life experiences to teach your young child about money. As they get older, you can make the experiences age-appropriate.

A few ideas:

- Let them create a budget for back-to-school clothes and supplies.
- Put a portion of their birthday or allowance money in their piggy bank.
- Save up for something they want or need. Delayed gratification is an important part of being an adult.
- Encourage your child to give back to the community by donating money or volunteering.
- Allow children to make decisions with their money. Kids have to learn from their mistakes too.
- Introduce paying bills. Kids need to know that leaving the lights on unnecessarily is a waste of money.
- Get them used to working and earning money.



These are just a few tips, but you get the general idea. The satisfying part of starting money management early is that you can shape important behaviors in your children that will help them throughout their lives.