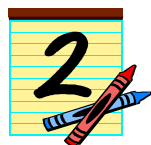


Tips to Teach your Kids about Smart Money Management



Examine your own attitudes about money. Remember that children learn a lot about how to handle money by watching their parents. Be careful to set a good example - and don't be afraid to admit if you don't know how to do it. Now's a great time to learn together!



Give your child an allowance and let them make their own spending choices with it. As soon as your child understands that people use money to buy things they want, give them a small weekly allowance. Raise the amount each birthday to keep it in line with your child's reasonable personal spending needs. Encourage them to plan purchases in advance. Giving them an allowance helps you balance your budget too, but only give them as much as you can afford. A guideline is \$0.50 - \$1.00 / year of age of your child.



Expect your child to help with family chores. Helping around the house is part of being a family. Give allowance strictly for learning how to manage money. It's better for you child to make small "mistakes" now than bigger mistakes later on.



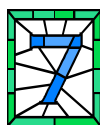
Provide extra income opportunities. Occasionally, offer your child an opportunity to make a small amount of extra income by doing an extra chore. Help them decide what to do with the extra money they earn.



Teach your child to save regularly. Set up a process for saving money in a piggy bank or bank account. Regularly monitor how much has been saved, and talk to your child about goals for using their money.



Help your child discover the satisfaction of sharing. Encourage your child to identify ways they can spend money on helping others.



Show your child how to be a wise consumer. Before your child buys something, review alternative ways of spending the money to emphasize the necessity of making choices. Teach them to comparison shop for prices and quality. Discuss how advertisers persuade people to buy their products, and encourage your kids to be savvy about commercials.



Teach your child a healthy attitude towards credit. When your child is old enough to understand what credit is, consider allowing them to borrow a small amount of extra money from you to make a major purchase. Negotiate how much your child will repay each week from their weekly allowance, and then be very careful about collecting the money and keeping track of the remaining balance each week until the debt is repaid.



Teach your child the value of wise investments. When your child is old enough to understand interest rates and rate of return, play an investment game to learn about alternative investment strategies and financial risks. Websites can be very helpful.



Involve your child in family financial planning. Let your child see you planning your budget, paying bills, shopping carefully, and planning major expenditures and vacations. Explain the affordable choices, and allow kids to participate in the family's decision making process. Set a family goal that everyone can work towards.