

11 Tips to Help Your Child Develop Good Money Skills

This free tip sheet was produced by the Cheapskates Club – www.cheapskatesclub.net

These eleven tips may help you as you teach your children to develop good financial skills.

1. Treat your own money with respect. Children's attitudes about money are based on the things they learn. You can't completely mould your child's perspective, but you can teach your child to respect money and the hard work it represents.

2. Start simple. Children have watchful eyes. Small changes in your money habits such as counting your change after making a purchase instead of stuffing it in your purse, teach your children that even small amounts of money are significant.

3. Play games. For example, try playing shopkeeper. Have your child price items with stickers and use play money to buy the items. Hunt around for a cash register they can play with (try garage sales first, of course).

4. Give pocket money. As soon as your child is old enough to count coins, it might be time to give him or her a small allowance. Provide a list of "little jobs," outside of what you normally expect your child to do, so they learn to earn their pay. Try to make the jobs different to things they should do as part of the family. Have a 'pay day' when they are given their pay.

5. Set goals. It's never too early for your children to start setting goals for what they want. But set realistic goals that they can achieve. Start small, such as saving for a new toy.

6. Go to the bank. Check with your bank to see what accounts are available for children and the required minimum balance. When your child has saved enough in his or her piggy bank, take them to the bank and open a savings account.

7. Gain work experience. While children 8 to 12 are too young to get part time jobs, they can still gain some work experience and at the same time start to see the connection between work, serving a customer well, and earning money.

8. Help out. Teach your child to donate a small part of the weekly allowance to charity. Now is a good time to introduce the 10-10-80 Rule.

9. Be up front. Explain in general terms that most of your income goes to supporting the family. Teenagers are ready to learn the details and costs of running a home, buying a car, and saving for an education. To drive the point home, you may want to ask your teenagers to begin contributing to family expenses. To cover this, you may need to give them more pocket money, but they will need to work for the extra money. For young kids, take them on a tour of your home and explain costs such as electricity, water, and heat.

10. Create a budget. Once your child has identified clear goals for his or her future, you can create a budget together. This will help your child determine which financial goals are most important and how to allocate his or her money.

11. Enjoy Money. You work hard for it, and it's a good thing to enjoy it by spending it on things that bring you pleasure. Dream together, such as buying a new home and how you'll work as a family to achieve those dreams.

