

# 10 EASY WAYS TO HELP YOUR KIDS BE WISE WITH MONEY



You probably remember a time when wallets held more cash than "plastic." Today, ATM, debit and credit cards seem to be the preferred way to pay. But there's one drawback to this convenience that many parents don't think about. Kids see plastic going in and cash – or merchandise – coming out. That makes it hard for them to understand the value of a dollar.

But as they say, "Old habits are hard to break." That can be a good thing when it comes to helping your kids be wise with money. Teach them smart money habits today and most kids will carry those habits with them as adults.

Here are some easy and fun ways to teach kids dollars and sense.

1. **Get kids a pig.** The kind you feed with coins. It's how most kids start learning how to save. Some banks even have multiple compartments for money to save, spend

or share. That brings us to the next tip ...

2. **Teach kids to save, share, spend.** Saving money is important. But if you also believe sharing and spending wisely is important, help kids divide their money into three categories. For example, if your kids earn an allowance or get money for a birthday gift, you may want to encourage them to divide it between saving for the future, sharing/donating and spending.
3. **Consider an allowance.** Set an age-appropriate amount for completing tasks around the house. A guideline some parents use is \$1 a week for every year of the child's age.
4. **Open a savings account.** Don't do it for your kids – do it with them. Your kids might be more interested in saving than you think. In a recent T. Rowe Price survey, "saving" was the No. 1 money topic kids ages 8 to 14 want to know more about from their parents.<sup>1</sup>
5. **Set a budget and chart kids' progress.** Saving without a goal is like playing a soccer match without keeping score. Give kids something to shoot for. Help them create a budget and track their progress on a chart. That way they can see how far they've come and how far they need to go to reach their goals.
6. **Show some interest.** Help kids understand that they can "make money" by saving their money. This can be a good motivator for them to continue to stash their cash.
7. **Use cash.** Teach kids about how far money goes – or doesn't go. For example, if your kids are older, take them grocery shopping. Give them a grocery list and enough cash to cover the cost. Help them compare prices and shop within their budget.
8. **Match it.** Consider matching the amount of money your kids save. It's a great way to keep them motivated.
9. **Have fun.** Board games like Monopoly or online activities (PDF) (</money-matters/files/27794A.pdf>) can be a fun way to teach kids about money.
10. **Lead by example.** Have you been putting aside money to help your kids pay for college, take them on a trip or buy something for the family? If so, tell them about it. This can help your children understand the time and effort required to save for something big. If not, this is a great time to start saving along with your kids.

<sup>1</sup> 2012 Parents, Kids & Money Survey from T. Rowe Price