

We thought you'd like to know about this.

Teaching Your Kids About Money

We all want our children to have happy, productive lives. They must learn basic skills necessary to function in society and to build future lives for themselves. Their ability to develop good financial habits is becoming increasingly important. They have many opportunities to develop these habits if we as their parents are willing to help.

We can start helping by having conversations with our kids about money. The more you communicate openly and constructively with your kids about any important issue, the more they will be prepared to make good choices for themselves when the issue arises.

Your children will learn from the choices you make about how money is treated in your home. If, for example, you decide to pay them an allowance, you may want to consider what, if anything, your children must do to earn it. Many families require their children to perform household chores in order to earn their money. For younger children, these can be very simple, relatively easy tasks, but establishing a pattern of effort and reward will lay a foundation for learning. Whether or not you pay your kids an allowance, you may also want to consider the chores themselves. Mowing the lawn, washing dishes, helping prepare a family meal and cleaning house are examples of activities that can benefit the whole family. They may help your children to learn responsibility for things beyond their own needs.

If your children are receiving money, you can show them how to make responsible decisions about spending and saving. You may have to make this decision on behalf of your younger children, but you can still give them valuable lessons by showing them how much you're allowing them to spend and how much they're saving. Later on, you can adjust your approach as they become more mature. For example, you can require that they save a certain portion of their allowance before any can be allocated for spending, but they can have greater freedom with spending decisions. Many children who have begun to learn good habits will choose to save more than the minimum, perhaps for a larger purchase.

Older teenagers and young adults can still learn from the choices their parents make. For example, many parents wonder how much they should pay for post-secondary education expenses. Should the student earn income from a job and contribute to his own education? Some parents would argue that students who do so will appreciate the value of their education more than if it is "given" to them. Others want their children to be able to focus entirely on school with no job-related demands on their time. This kind of decision is a matter of principle for most people (and, unfortunately, a matter of means for some). The important thing is to consider it carefully and to discuss it openly. Whatever your decision, a rational, considered approach to financial matters will be a lasting lesson for your kids.

Contest Question

List the ways your Rapport Financial Advocate can help you teach your children to become money smart.