

# **MONEY SMARTS 4 KIDS**

Financial Literacy For Young People



## **TEN MONEY TIPS 4 KIDS**

### **1) Talk to your kids about money**

It's been said that money is the last taboo. Nobody wants to talk about it!

When was the last time you had a conversation with your kids about paying the mortgage or rent? When was the last time you had a conversation about the cost of things at a store or about a restaurant bill?

While shopping, or after dining at a restaurant and the bill is presented, these are great opportunities to familiarize your kids about family finances.

Household bills arrive in the mail and are usually paid with kids having no idea that there are bills to be paid, where the money came from to pay them, or worse yet... that there is difficulty in having them paid.

Talk to your kids...

### **2) Recognize that kids learn what they live**

If kids see a positive attitude towards money then they are far more likely themselves to have a positive attitude towards it.

If kids never see parents putting an importance on handling their finances, like budgeting or planning for their future, then why would they?

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## 3) Teach them delayed gratification

In our society today, if we want something we simply go out and get it...and we can usually get it right away!

Wealth is not built that way and by developing delayed gratification kids can learn that over time, the things they want can be bigger and better....but it requires the skill of patience. You can set that example for them.

## 4) An allowance can be used as a great teaching tool

Allowances can be very controversial however they can also be very useful in teaching kids how to make better choices.

Kids can be encouraged into forming the habit of always saving a portion of their allowance, and when spending an appropriate amount they just might become more careful in how they spend it...after all, it's their money.

## 5) Get them in the habit of saving and investing early

Habits are built slowly. Combine this with delayed gratification and they will be able to see **why** they are saving.

## 6) Discuss advertisements with you kids

There is an old adage: "Sell them what they want, give them what they need." Explain how companies motivate consumers to purchase products and services by making us the consumer feel that we **need** the things that we merely want.

Ensure that they fully understand the difference between wants and needs.



## 7) Involve kids in continuous learning experiences

Have you ever been to a seminar or workshop only to forget most of it two weeks later? Kids are no different.

Involve your young ones in games and continuous activities that will help them develop good financial habits. A few free links have been posted on this website [www.moneysmarts4kids.com](http://www.moneysmarts4kids.com) and you may have a few favourites of your own. Encourage them to use these tools regularly.

Events like 'Camp Millionaire' and 'Financial Skills Camp' are great for teaching youngsters about handling money, while after school and weekend events like 'Money Smarts' are great to sharpen skills already developed. Keep checking our website for events in your neighbourhood.

## 8) Teach them how to shop wisely

Sharpen your negotiation skills while you show your kids how to obtain value. By choosing wisely it is possible to get more value for your money. Here are some examples: "Would you prefer just this one pair of jeans, **or** that pair of jeans and that top? Here is another example. "Would you prefer just this one pair of jeans **or** that pair of jeans and that game?"

In addition to that, ensure that they understand the difference between wants and needs and how to evaluate 'value.'

## 9) Explain the proper use of credit cards and the importance of good credit scores

Ensure that credit is understood. The real cost of high credit card interest is surprisingly misunderstood and so is the impact of high credit card balances. Kids should understand how credit scores are calculated and how a bad credit score can prevent them from getting a car loan or even a cell phone: <http://www.cba.ca/>

With respect to credit, it's also a good idea for kids to understand the difference between 'good debt' and 'bad debt' and to remember the importance of wants vs. needs.

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## 10) Encourage older kids to start a business or get a job

Encourage the entrepreneurial spirit of your youngsters. The best time for young people to learn about business, is when they can afford to make mistakes. It's also great for youngsters to learn and understand the choices that they have before them.

The Robert Kiyosaki quadrant of employee, self-employed, business owner, and investor is extremely important in helping kids to understand that they have many options available to them after going through their chosen educational path.

Most importantly, your youngster should come to realize that they have the capacity to create the future of their choice and that they are able to design their own life of **Financial Independence!**