

Charting a Course for Raising Money Smart Kids

One of the most important gifts you can give your children is an understanding of how to manage money. We all want our kids to be financially savvy adults one day, but it's become increasingly difficult in today's swag culture. Here are some things you can do to ensure your child grows up with a basic understanding of financial management:

Make sure your child has money to manage

Whether you choose to give your child an allowance or make them earn it, the key is to provide your child with the opportunity to manage their own money. Even a small amount can help provide valuable lessons.

Let them know what expenses they must pay for

Naturally, you have the basics covered (basic food, clothing, and shelter). If children want the name brand shoes or a new video game, let them know they'll have to save for it. Help them budget and save their money to make the purchase.

Don't bail them out

If your son or daughter spends all their money and can't afford that cool new toy they wanted, too bad. Let them know it's time to start saving up again.

Help your child shop wisely

Show them how to search for specials online and in newspapers. Show them how the same item can vary in price depending on when and where you buy it. Introduce them to overstock sites, garage sales, and bargain outlets.

Make coupon clipping a family activity

By showing your children the value of saving money and by making it fun, you are potentially building a habit that will remain over the long term. Explain that using coupons for items you will buy anyway is like finding money. Spark coupon interest by putting away the money these coupons help save, and then allow your children to pick an activity for a family night out using that money.

Teach kids how to shop (at a store)

A trip to the grocery store can provide endless lessons in bargain-hunting and comparison pricing. While this can be done in nearly any store, it's most effective in a grocery store because of the large number of choices available. Show your child two boxes of similarly priced cereal and discuss the difference. It's a great way to introduce the concept of getting the same value for less money.

Eat at home as often as possible

It's no secret that, when time is tight, eating out can provide a quick and easy solution. Unfortunately, it's also an easy way to overspend on food. Families can benefit from healthy, well-balanced meals prepared at home. As a bonus, you can get the entire family involved in preparing meals, which will teach kids how to cook for themselves when they're older.

Make it a game

Allow your children to come up with their own cost savings strategies and then keep track of who can come up with the most savings each month. By making it fun and by offering an incentive, you can keep your children interested and engaged in the concept of saving.