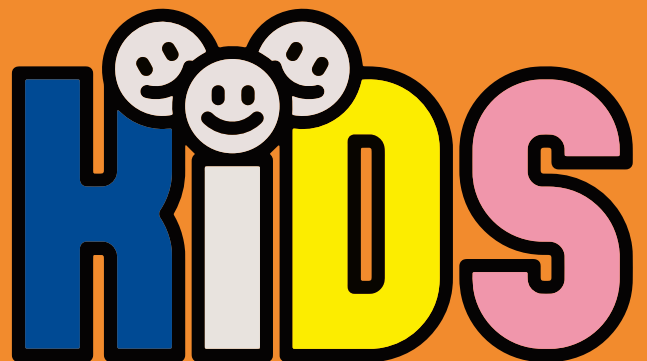


What to teach children about money.

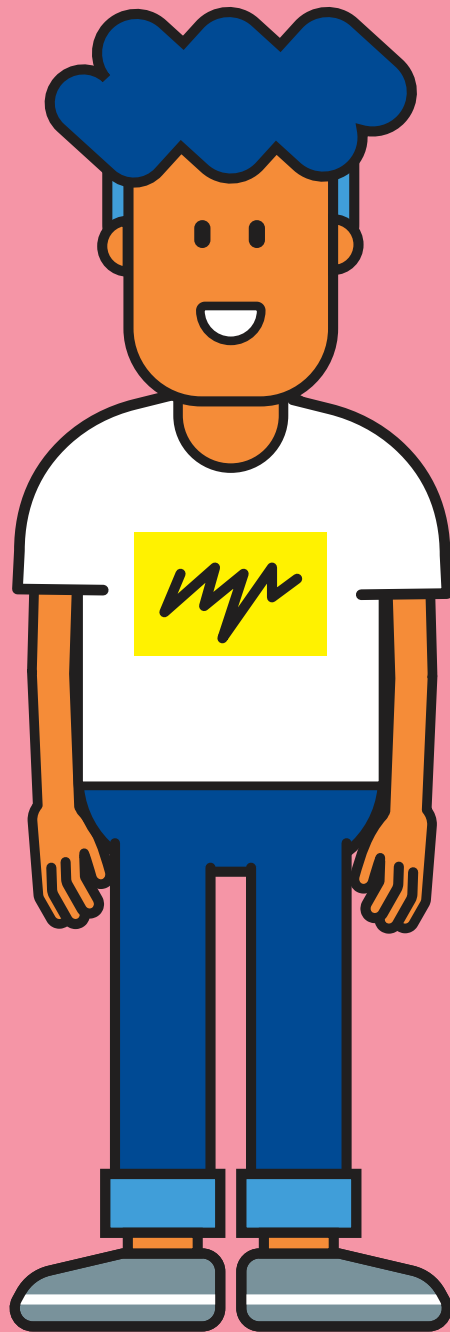
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Being smart with money is a great life skill for children to have.

But in a society which is fast-paced and a culture which is all about the now, how do we navigate this tricky topic with the younger ones in our lives?

A lot of us are brought up not to talk about money. But, like many things, once it's out in the open it's better than having it hidden or whispered about. Having a calm, uncluttered space and time to talk about the dollars and cents which often rule our lives is, to put it simply, a good idea.





Keep it brief.

**Introducing one or two
new concepts or ideas
is often enough for
a child.**

Part One.

Getting started on money matters.

If you want to talk about money with your child, do your homework first. Speak to any other adults directly involved in looking after them and think about what you want to say. And tone the language down a notch. Many adults find it tough to understand technical explanations and descriptions, let alone children being able to wrap their heads around them.

Experts agree what you say and how you say it depends very much on the age of your child, as well as your own individual child's maturity and personality. If you feel your kids are ready to be involved, get them involved. Every individual family is different.

"It's completely age and stage related," clinical psychologist Sara Chatwin says.

"Their brains are very much growing and developing. They have a lot less knowledge than we do. Your child is not simply a small adult." >



Keep it brief. Introducing one or two new concepts or ideas is often enough for a child.

Also, choose your time wisely. It needs to be when everyone has some space and energy and is open to learning new information. There are many ways to start a money conversation. For example, if the family is planning to save for a big goal like a holiday, have your child draw a picture of what that

goal looks like and put it on the fridge. Also talk about how the family might reach the goal so they feel involved and excited rather than it being an intangible concept.

Financial advisor Lisa Dudson says some old-fashioned concepts still stand as great basics to teach your child.

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“Teaching lessons about earning what you get, and some good old-fashioned appreciation, is a fantastic place to start.”

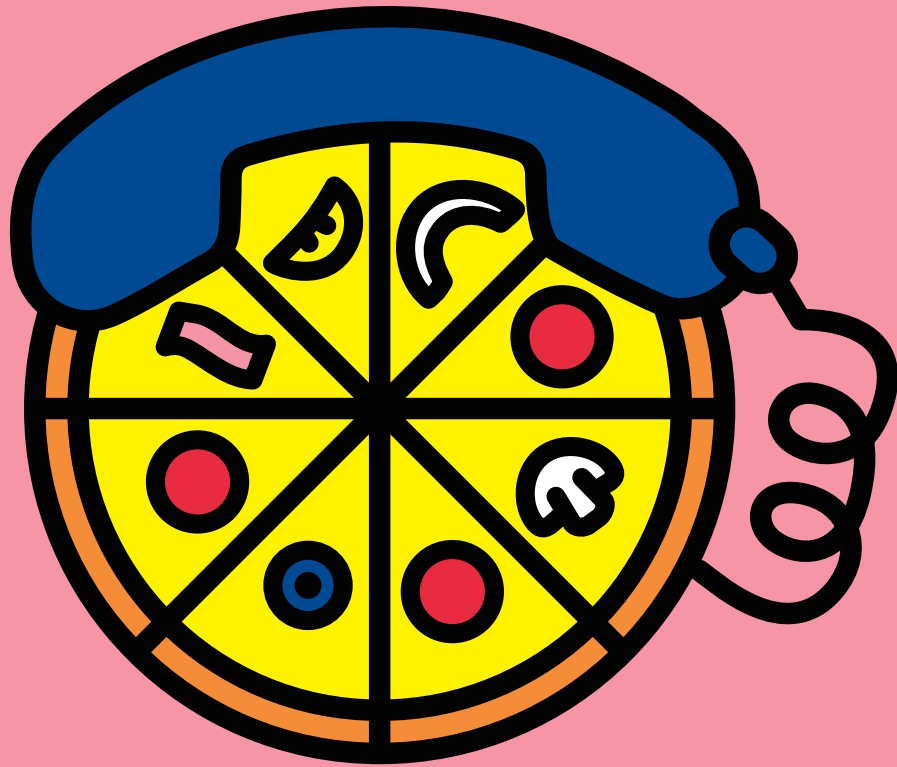
Lisa Dudson

appreciation, is a fantastic place to start,” she notes. “They need to know these things take time and effort, and if we can get a good base of trying to teach that money is tough to come by and has to be earned, that’s a great place to start their thinking.”

If life is changing, for example with a house move or redundancy, consider having a chat to make sure your child is not feeling anxious. Change can be

unnerving. Also remember that kids tend to sense when they are not hearing the full story. Try to tell them the truth, so you can avoid a potentially awkward conversation later. Let them know you are always open for questions and that no question is a silly question.

Chatwin explains: “Don’t overcomplicate things. Keep it simple. Use basic terms. Make it age appropriate.”



**“You can do small like
we can do pizza, or we
can go to the movies,
but not both.”**

Lisa Dudson

Part Two.

Saving it all for you.

Knowledge is empowering – for children as well as adults. They like to feel like they are ‘in on things’. So, if we are talking about the importance of saving, giving them real life examples to relate to often helps. For example, if a parent needs to save for a school trip and something else the child wants comes up, it helps them to understand better than if they do not know where the money will go otherwise.

Dudson, author of highly rated books such as *The New Zealand Money Guide*, suggests talking to your child about choices.

“You can do small like we can do pizza or we can go to the movies, but not both,” she says. “Or if they are a bit older, try bigger – we can get a big new screen TV for games or movies or we >



can go on holiday down south, but not both. Ask them what they think and let them get a little bit invested in it.”

Talking about saving and the concept of delayed gratification is very much age related, but as a child gets older, they can understand money going into a savings account or contributing towards achieving a goal.

It is helpful to check in regularly on how their saving is going. Seeing savings grow helps build excitement

and momentum. Talk about what they want to save for, or offer to match what they save, to help encourage their savings.

When they reach their target, you should revisit what they want to buy to see if they are set on the purchase, or if they want to save for something bigger and better. This is especially true for older children.

When it comes to pocket money and saving, it’s great to try to normalise

“If you get asked about how much money you earn, think about how to answer in a way which feels comfortable and appropriate for your family.”

Sara Chatwin

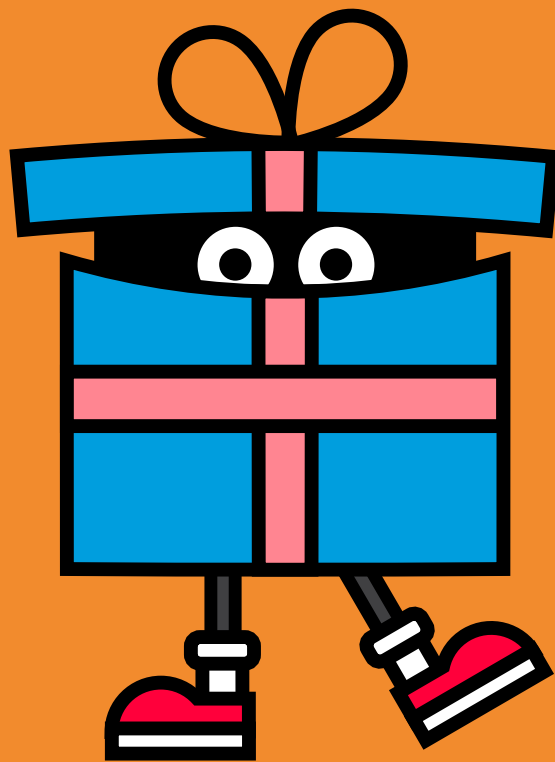
putting money aside. Try talking about your own savings to model good behaviour yourself.

If they put their money in a money box, you can help them count it out, choose the shop they want to go to and assist with paying and getting change. It all helps build responsibility and a sense of pride in saving money.

Chatwin suggests thinking ahead in case of curly questions about where your own earned money

comes from. If you open the topic up, you need to be prepared for questions.

“If you get asked about how much money you earn, think about how to answer in a way which feels comfortable and appropriate for your family” she says. “You might say, ‘We earn enough to pay for nice food, your school uniform, and the heaters and showers. We make sure you’re okay and the house is okay.’ Again, keep it tangible and simple.”



The weekly pocket money needs to be seen as something which **is earned** — often through chores or behaviour — rather than as a handout.

Part Three.

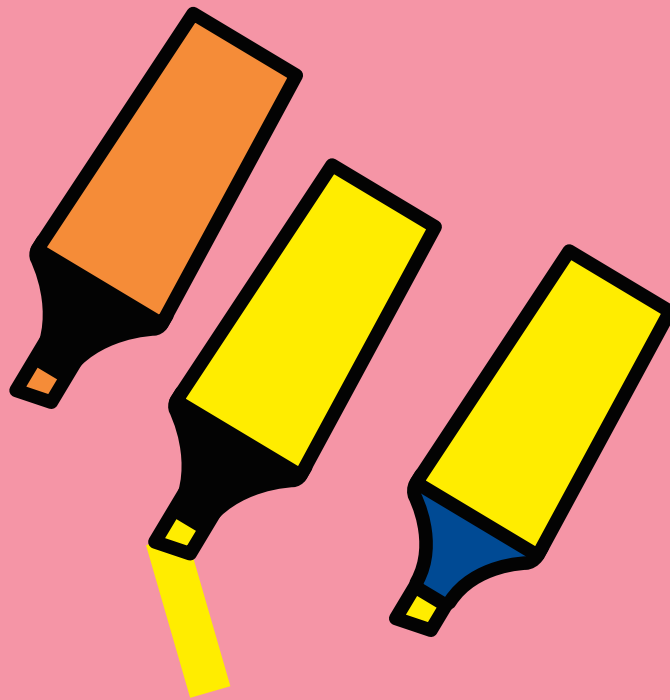
Hey little spender.

Giving your child pocket money is a great way to start a conversation about saving. How much you give is up to you, but there needs to be a clear outline on what behaviour is tied to getting their weekly money. On birthdays or Christmas there might be more money coming in, but the weekly pocket money needs to be seen as something which is earned – often through chores or behaviour – rather than as a handout.

It can be the start of making good habits, rather than letting kids get what they want simply by asking. Time-poor parents often make the mistake of exchanging time for money, Dudson says.

“Some parents get used to giving their kids stuff since they’re so busy,” she explains. “But with no borders or boundaries, or a sense of earning money, why would they get a job or work for something if it’s all given?”

Dr David Anderson of the Child Mind Institute says one of the hardest parts of teaching children about money is letting them make mistakes. Kids may >



take some time, and trial and error, to work out how to save and spend money responsibly. And we need to let them make mistakes, even expensive ones, to let them learn good habits.

Experts suggest making money tangible, especially for younger children. Look at coins and dollar notes and discuss their worth. In these days of online banking and contactless payments, cash is often in short supply. But it helps to look at cash, talk about its value, how it is earned, and how good it feels to save.

Teaching young children, visually, that money has a form, that money ‘grows’, and that spending money means it’s gone will set them up with a good understanding for future learning.

One idea many experts support is having ‘jars’ for spending, saving, and sharing (or giving). Again, it helps to have a physical jar to see money going into, and to help think about putting money towards more than just a new toy. Spending and saving are self-explanatory, the sharing jar less so. It can surprisingly end up being their

Experts suggest making money tangible, especially for younger children.

favourite jar especially if they have personal input on where it goes. It might be a charity they care about like SPCA. Another idea is having them buy a small gift when it's a friend's birthday. It often gives a child 'a buzz' to know they have bought something themselves for a friend.

How to divide a child's money up between the three jars is up to you but they need to know the amounts are set so as to underline that not all money can go on spending (or saving!). Dividing into thirds is probably the

easiest but with young children you might decide to start with an 80/10/10 split to ease them into saving and sharing on a regular basis.

Regular chats about what they choose to save for, and an assessment of what they have spent on, is helpful. Asking open questions such as 'What's your favourite thing you bought yourself?' or 'What was the most expensive thing you spent money on?' and then 'Was it worth it?' and 'Would you buy that again?' is a good way of starting these chats.

Conclusion.

MONEY CAN BE a tricky topic to teach children about, especially when we're busy. But with a little bit of preparation it doesn't have to be. Children are naturally curious and will want to know about money, just as much as they do about other things in life.

If we take charge and decide how and when to talk about money, it can be a positive, sharing experience. It is very much age and stage related, but starting young with simple, tangible concepts is a great way to set our kids up for success in managing their money in the future.

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Children are **naturally**
curious and will want
to know about money.

Insurance for
too busy lives.

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