

# The Meaning of Money

Life lessons help children become fiscally savvy

BY MARY HELEN BERG

It's time to have "The Talk" with your kids. Not the one about the birds and the bees. The one about banks, budgets and Benjamins. You're the biggest influence on your kids when it comes to understanding the value of a dollar,

Americans from 2010 to 2013. With most parents managing what little money their children receive, it may not seem practical to teach them about saving so young. But Neale S. Godfrey, chair of the Children's Financial Network, offers tips on how to make wise money decisions.

Set up four clear containers where your kids can stash their cash. Then divide money into charitable donations, spending, and medium- and long-term savings, advises Godfrey, author of *New York Times* bestseller *Money Doesn't Grow on Trees: A Parent's Guide to Raising Financially Responsible Children*.

Parents can teach kids to manage finances by including them in purchasing decisions.

Take kids to the store, gas station or bank to show them how money works in the real world and teach them to compare costs and understand concepts such as bank interest, says Variny Yim, regional director for the Jump\$tart Coalition for Personal Financial Literacy.

"Money doesn't have to be this big, heavy conversation that's laden with guilt and fear," Yim says. "It actually can be about taking advantage of these everyday teachable money moments." ●

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— BETH KOBLINER, author and financial expert

according to the Consumer Financial Protection Bureau. But if you're like most parents, talking about money is a little like homework or the sex talk — something essential that you'd rather avoid. The start of a new school year is a perfect time to begin the conversation.

Author and financial expert Beth Koblener suggests talking about money early and often.

"Research shows that kids can understand the concepts of value and exchange even at the tender age of 3," says Koblener, who served on the President's Advisory Council on Financial Capability for Young



## Dollars & Sense

Age-appropriate tips to teach children how to manage money

	EARN	SAVE	SPEND	GIVE
<p><b>Ages 5-10</b></p>	<p>Deciding whether to <b>give an allowance</b> is up to you, but it's one way to introduce how to earn money, says Variny Yim, with the Jump\$tart Coalition for Personal Financial Literacy.</p>	<p>Help your child <b>save "quick cash"</b> to spend on spur-of-the-moment treats, says author Neale S. Godfrey, and let other funds build for more expensive items.</p>	<p>Ask your kids to clip coupons. Help them create a shopping list and <b>talk about wants vs. needs</b>. Show them how to compare prices as they shop. If they want an item that's not on the shopping list, they can pay for it from their "quick cash" savings.</p>	<p><b>Make charity personal and age-appropriate.</b> If your young one loves animals, for example, she can donate to an animal shelter.</p>
<p><b>Ages 11-13</b></p>	<p>Encourage your budding entrepreneur to operate a lemonade stand or garage sale or <b>find work</b> babysitting, dog walking or doing odd jobs.</p>	<p>Take a trip to your local bank branch and <b>open a savings account</b> for your child.</p>	<p><b>Explain the difference between generic and brand-name products.</b> Ask your child to calculate the tip at a restaurant. Introduce the concept of taxes. Godfrey recommends a family "tax jar" that takes 15 percent of earnings for household expenses.</p>	<p>Walk the talk. <b>Volunteer with your kids</b> at the charity they support. Hands-on experience gives them a connection to their contributions.</p>
<p><b>Ages 14-18</b></p>	<p>Urge your teen to <b>earn a paycheck</b> by taking on a summer job. It will be valuable life experience as well as a great addition to her college application. If your teen lands a non-paying internship, consider paying her "salary," Godfrey says.</p>	<p><b>Open a modest brokerage account</b> and ask your teen to research and pick companies to invest in. Have your teen help with research into college expenses and investigate student loans.</p>	<p>Ask your child to pay his own cellphone bill or if he drives, have him pay for gas or insurance. <b>Introduce him to debit cards, checkbooks and ATMs.</b> Teach him how to make a budget. Don't hand your teen your credit card unless you like unpleasant surprises.</p>	<p><b>Respect your teen's chosen charities.</b> Passion for a cause may point them toward a college major or even a career.</p>

### FINANCIAL AIDS

These resources can make it easy to become cash-smart.



#### MONEY AS YOU GROW

This national initiative offers financial tips for all ages. [consumerfinance.gov/moneyasyougrow](http://consumerfinance.gov/moneyasyougrow)



#### 'THE OPPOSITE OF SPOILED'

Author Ron Lieber offers advice to help parents raise financially responsible young adults. \$10.72, [amazon.com](http://amazon.com)

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