

As a parent, you have a huge responsibility, not only to provide your kids with healthy and happy lives, but also to teach them to one day be able to hold their own and support themselves. When it comes to raising your little ones to be financially savvy, the key is to communicate, educate and demonstrate positive money habits from the get-go.

COMMUNICATE

Before you even get to practically showing your kids how to work with money, it's important to start speaking to them about it and also explain financial terms to them whenever the opportunity arises. Lloyd Ellis, financial planner at Solutions 2 Wealth, says, 'Parents can easily start teaching their children simple financial terms, such as the difference between an asset and a liability.' It's also important that kids know where your money comes from and that it is limited, since they'll rarely see cash exchange hands. As parenting coach Charmaine Brooks says, 'Teach them about a salary and payday and that we have to budget. Otherwise they believe we just go to the ATM and get more money.'

Even your attitude towards money when you're around your kids can have an impact on them. 'Guard against complaining about what you don't have and can't afford,' Charmaine advises. 'Because that will just instil a poverty mentality.'

Nifty Ways to Raise Thrifty Kids

As we progress toward becoming a cashless society, keep your kids caught up for a better future

EDUCATE

From the moment they've developed their fine motor skills, kids learn about the world around them through touching and feeling everything they get their hands on. So when it comes to educating your kids about money and how to use it, the best way to do this is through cold, hard cash.

Giving your child a weekly cash allowance is the most effective way to teach them how to be money wise. As human potential expert Nikki Bush says, 'Pocket money is your child's first

personal experience with their own money. As children learn best through concrete (real) experiences, we need to expose them to real money – notes and coins, versus credit or debit cards.' It's also important that they don't just receive it automatically, but that they learn that money is earned. Lloyd urges that 'parents need to help their kids understand the importance of and reward for hard work. Through support and guidance, children can be encouraged to earn their own success and find their own way in their financial journeys

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instead of feeling entitlement to any sort of income’.

How can kids earn their own money? Hello, chores! ‘Chores are so important to teach our children valuable lessons. With this added responsibility comes pocket money as a reward. And if they want to earn more pocket money, they can do extra chores,’ Charmaine suggests.

With pocket money comes the next lesson – budgeting. Here are three things children should learn to do with their money, and why, according to Charmaine:

‘Save – This teaches delayed gratification.’
‘Spend – We also have to enjoy our money.’
‘Share – This will teach being generous.’

To make this even more practical for kids to understand, Nikki suggests having three separate piggy banks or jars for each category and allowing them to divide their money into each according to a set amount

Once your kids have managed to save enough cash in their piggy banks, you can take them to the bank and open an account for them. Perhaps even let them bring their cash savings along so they can literally see it being transferred into their account. All banks offer accounts for minors with parents as the guardians that are usually free of any charges and attract a good monthly interest rate, says Lloyd.

Finally, another fun way to educate kids about money is by playing money-themed board games, says Nikki, of which *Monopoly* is, of course, the obvious one.

DEMONSTRATE

All of the above is pointless if you can’t show your kids that you’re being money-wise and don’t exhibit healthy consumer behaviours yourself, since another vital way in which kids learn about the world is by essentially

observing and imitating their primary caregivers. According to Lloyd, ‘Parents who continually live a lifestyle beyond their means and are not wise with their own finances could soon find their own children following similar traits.’ For example, when buying groceries, take your kids along and let them hold the shopping list to demonstrate purposeful shopping, rather than impulse buying. Then compare the prices of various items and brands and decide together which ones offer better value for your money.

‘It’s vital for kids to understand that having money doesn’t necessarily determine how happy you will be; rather make sure they can learn to understand responsibility and that money is essential if they wish to acquire resources, live freely and help others,’ says Lloyd. So start moulding those little money moguls! ■