

## 4 WAYS TO TEACH CHILDREN THE VALUE OF MONEY

Children are constantly asking for one thing or another, but rather than getting annoyed, why not use it as a chance to teach them the value of money?



I want those! Susie has that doll, why can't I have it? But I'll be good! You never buy me anything!

These are words every parent has heard, but rather than giving in or flat out saying no, why not use the experience to help your child understand the value of money?

Parents aren't made of money, but as children are used to getting what they ask for, they don't always realise that someone has to work hard to be able to afford those brand name clothes or the latest video game. Everyone is in a different financial situation and it's important to realise that children can start to understand some simple concepts relating to money from a young age.

### **Pocket money**

Pocket money doesn't have to be free, it can be attached to small tasks around the house that you expect your child to help with anyway. Be it making their beds, helping with the dishes or even matching socks, having children help out around the house and rewarding them for it is a good way to start them thinking. Some parents choose to allocate pocket money to extra chores so that children don't start to think they will be paid for everything they do, while others like to call it a salary. However you label it, it's the first time your child has money that is their own. What they do with this money is something you will need to help with, such as weeding the garden, shoveling the walk or even dusting for cobwebs!

As children get older, they are capable of earning extra pocket money by helping with jobs around the house that they aren't expected to do, but that they are capable of!

## Keep it in a safe place

First things first, your child will need somewhere to store their money. If they are old enough, let them help you pick out a piggy bank to keep in their room. If not, find something timeless that won't seem babyish as they grow up.

Decide on a minimum amount to save and then take a trip to the bank together and open up a savings account. Keep setting goals and make sure they are involved in depositing money as they will feel a sense of achievement. The point of taking it to the bank is that it's harder for them to spend once it's in a safe place, it also makes them feel grown up and you are less likely to borrow it for the parking meter!



## Set a target

Everyone likes to get what they want, when they want it. But fads change quickly when you are a child. This week something may be all the rage but does your child really want the item or do they just want what everyone else has?

Saving up for something they want is a great way to understand how long money takes to add up. It also gives them time to see if they still want it in a months time, or was it just a passing craze. Knowing it took weeks to save for the new figurine or video game will also help a child to take better care of their possessions. If they are saving for something big, why not offer to match their savings, so when they hit the half way point, you'll pitch in the other half.

Waiting for a special occasion, like a birthday, holiday or a milestone, helps to teach your child that you are listening, but that they won't get something just because they ask for it.

## Need vs Want

We all want things, the question is do we need them? Your child may come home from school and need a new pair of trainers, but want the newest, coolest pair around. Offer to pay for a basic pair of trainers without the bells and whistles to fulfill the need, but give them a chance to use their savings to upgrade to the pair they want. You aren't saying no, you aren't being mean, but you are teaching a valuable lesson that they will take with them into adulthood. If they have to go without buying something else with their money, they may think twice about needing the most expensive pair. Or they may be happy with their purchase and feel proud that they contributed.