



Personal Finance Tips for Young Children

Anytime is the right time to begin teaching children about money, and the American Bankers Association has tips that can help parents teach money at home.

- ① Talk openly about money with your kids. Communicate your values and experiences with money. Encourage them to ask you questions, and be prepared to answer them— even the tough ones.
- ① Explain the difference between needs and wants, the value in saving and budgeting and the consequences of not doing so.
- ① Set up a chore chart and give your children an allowance for completing their tasks. Require them to save at least a small portion each week. The three jars method, one for spending, one for saving and one for charitable contributions is a good way to impart a sense of responsibility.
- ① Open up a savings account at your local bank for your children and take them with you to make deposits, so children can learn how to be hands-on in their money management.
- ① Be an example of a responsible money manager by paying bills on time, being a conscious spender and an active saver. Children tend to emulate their parents' personal finance habits.



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How to Talk to Your Kids About Money

How soon is too soon to talk to your kids or grandkids about money?

If they are old enough to ask for a toy or a bike, they are old enough to start learning financial lessons that will last a lifetime.

The best financial lessons are part of everyday experience. Look for opportunities to talk about money, read books aloud and play games that center around spending money wisely. Be open and honest when you discuss your financial experiences—good or bad.

Here are some examples of teachable moments to help you get started:

At the Bank

- ① When you go to the bank, bring your children with you and show them how transactions work. Get the manager to explain how the bank operates, how money generates interest and how an ATM works. Ask the manager for a tour—be sure to ask to see the vault.

On Payday

- ① Discuss how your pay is budgeted to pay for housing, food and clothing, and how a portion is saved for future expenses such as college tuition and retirement.

At the Market

- ① It's easy to give clear examples of “needs” and “wants” using different kinds of foods at a grocery store. Milk (for strong bones) is a need; soft drinks are a want. Explain the benefits of comparison shopping, coupons and store brands.

Chores and Allowances

- ① Assign chores and give them a monetary value. Discuss ways to budget and divide allowances. Encourage children to set a financial goal, such as saving for a bike, and figure out how to achieve it.



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Paying Bills

- Ⓢ Explain the many ways that bills can be paid: over the phone, paper or by check, electronic check or online check draft. Discuss how each method of bill pay takes money out of your account. Be sure to cover late penalties, emphasizing the importance of paying bills on time.

Using Credit Cards

- Ⓢ Explain that credit cards are a loan and need to be repaid. Share how each month a credit card statement comes in the mail with a bill. Go over the features of different types of cards, such as ATM, debit and credit cards.

Browsing the Internet

- Ⓢ While online, explain to your children how valuable their personal information and privacy is to you, to them and to online predators. Discuss the risks and benefits of sharing certain information. Then, as a family, make a list of rules for keeping personal information safe online.

Planning a Vacation

- Ⓢ Whether you are planning an outing to a local amusement park or a once-in-a-lifetime trip, emphasize the value of saving as a family. Set a family savings goal that involves your children. Figure out the cost and discuss ways everyone can help to reach the goal.

Remember

- Ⓢ Always encourage your children to ask questions about money. If you don't know the answer, research it together or ask your banker.



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