



## 4 Priceless Money Lessons for Kids

*Financial literacy is a gift that lasts a lifetime.*

Financial trade-offs, interest rates and the importance of having an emergency fund: Our current economic circumstances are full of teachable moments we can and should share with our children. After all, they are probably not learning these topics in school.

That's why we're equipping you with money tips and topics to discuss with the children in your life. Keep reading to get to the head of the class.

### BEING IN CHARGE OF THE BUDGET

Are your children constantly asking you for money? One father found a way to nip that in the bud: He had his children sign a contract stating what expenses he would pay for, then gave them a set amount of money to spend each month for clothing, mobile phone bill and extras. "My son's hard lesson came when his friend pushed him into a pool along with his phone. He learned why it's important to build a reserve for unexpected expenses," the father said. Giving your kids monthly pocket money allows them the chance to make financial decisions – and experience the consequences first-hand.

### THE ECONOMICS OF HIGHER EDUCATION

We've all asked a child, "What do you want to be when you grow up?" Instead ask what their interests are, and help them explore how they might be applied in a future career. This teaches them adaptability, something of value in a changing economic landscape.

As they get closer to making a decision about whether to attend university, take on an apprenticeship or enter directly into the work place, help them think through the costs and benefits.

And if you have a child already attending college, know that timing is everything. Yale researchers have found that graduating from university in a bad economy has a lasting negative impact on wages – and many students are considering gap years and further education because of this.

### THE ROOTS OF RETIREMENT

Raise your hand if you want to raise a child who will hit the ground running when it comes to saving for retirement. Personal finance experts say we should let our children know that retirement is the biggest expense they will ever save for, and it is important to start early. To help them understand the value of compounding, help them open a savings account where they can experience the power of this phenomenon for themselves.

### EXTRA CREDIT KNOWLEDGE

When you are young and don't have much money, it is easy to rely too much on credit and jeopardise your financial future. Help your child understand the importance of a good credit score, and explain how you keep yours up. Share stories about how you financed your first car or house, and explain in concrete terms how the interest rate affected the overall purchase price.

### NEXT STEPS

- Have family or friends share stories of how they thrived during a recession or found creative ways to stretch a budget.
- Consider helping your child get started with investing.
- Introduce your family members – even the younger ones – to your Wealth Manager, who can act as a teacher's assistant for financial literacy.