



## How Do I Teach Money Management Concepts To My Children?

*Liz Gorham\* answers:*

### First of a Two-part Series

Earning money is often difficult for children and teenagers; however, careful spending of money can be even more difficult. Consider these tips when teaching earning and spending concepts. Next week's column discusses teaching youth about saving and borrowing money.

- Discuss the responsibility of youth taking jobs outside the home. Such a decision will affect both the youth and the parent. Let them know your expectations of how earnings will be used and the level of support you will provide (such as driving them on the paper route when it rains). Also negotiate the level of financial support you are willing to give once they begin earning money. As children move toward financial self-sufficiency, parents can plan to gradually withdraw their financial support.
- Be sure that time devoted to earning money is taken from children's leisure time, not from time used to study or perform household tasks.
- Help children set up a financial record book to keep track of earnings and expenses.
- Assign your children tasks that they do not get paid for. This encourages responsibility for household operation. These should be unrelated to tasks they are paid to complete.
- Communicate your beliefs about money. Include your children in family financial discussions and decisions that are age appropriate. This helps them feel valued and that money is not a taboo subject. Let them make mistakes and learn from the consequences. Make sure they know that you have made mistakes too. Also let them know that you can't afford to buy everything you want. Taking them window shopping could help illustrate this point. Explain what quality, availability and other comparison factors mean.
- Explain the bigger financial picture of spending. For example, a movie involves not just the price of admission, but gas for the car, popcorn, drinks, time and energy. Help them consider all factors when making decisions about money.

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