

The LINK

THE NATION'S HOMESCHOOL NEWSPAPER

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Keeping it Simple

Teaching your kids about the value of money is a challenge, but it need not be intimidating. I do live shows for kids and parents that help them learn about the value of money. Our show is aimed at the younger set, 2 and up, and we therefore keep things incredibly simple. We talk about needs vs. wants, sharing, saving and spending smart. And you know what? Breaking it down like that has been just as helpful for parents as it has for kids. Why? The phrases "financial literacy" and "money management" can be very intimidating. A 2005 Visa survey noted that "70% of parents said their children had not had any formal training in money management." And a 2004 Northwestern Mutual survey found that "...almost half of parents feel they don't set a good

example for their children when it comes to handling money." Parents must not allow themselves to be intimidated by this challenge. Starting simply makes it, well, simple.

Needs vs. Wants. Recognizing the difference between needs and wants is crucial to developing a sense of the value of money. We have found in our own family that it is critical to pay strict attention to your own use of the words. A casual, "Honey, I need a new iPod because mine just broke," or "do we need a new couch" (assuming your couch isn't of the tattered, three-legged variety) can have a big impact on kids who often do what you do. I know first-hand that a four (and even three-year-old) can grasp the difference between needs vs. wants. Change your lexicon and you may

help steer your child in the right direction.

Start your kids with a three bank system (Share, Save, Spend Smart) and start an allowance early (somewhere in the 4-5 range) and if you're looking for some good, solid, time-tested advice, try David McCurrach's *Kids' Allowances* book. David breaks down how to start an allowance, whether you should tie it to chores and more in a simple, straightforward manner that he's refined with his kids and grandkids. Younger kids will likely need some assistance in the beginning, so you'll want to help them allocate their money into sharing, saving and spending smart-banks. At some point in the future, you will want to relinquish control of the allocation and take more of an advisory position. Kids will and should make

mistakes. Making small mistakes early may help them avoid the big ones later.

Sharing. For young kids, make everything to be as tangible as possible. You'll likely want to allocate some portion of moneys they receive to share or give. Tithing is a terrific way to teach sharing, and it's particularly good if children get to be involved in the actual exchange of their money to the offering plate or other collection method. This doesn't have to be monetary, either. We have a rule in our house (ok, we don't *always* abide by it...but we try) in which we give presents to charity whenever we receive presents (on birthdays or Christmas). It's effective to bring your child along to whatever charity you use. Perhaps we take it too far, though.

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Our daughter asked to play with "Charity" one day because she "has all my toys."

Saving. Most experts claim that the concept of "saving for a rainy day" is a bit too abstract for youngsters. So it's a good idea to make saving goal-oriented. Help your child determine what it is that he or she really wants. We use the "one night" test. For those things that she absolute "has to have," we ask her to wait at least one night and see if she wakes up the next morning and still wants it (some kids require more than one night - it's a parental choice). We have been known to bait her the next morning when she wants something we feel would make a good purchase for her (like something fun and educational). Once you determine what the savings goal is, paste a picture of it on the bank and begin saving. For those of you with children who want for nothing, consider yourself blessed. For the 99.99% of the rest of us...set some goals.

Spending Smart. In today's technology-driven world, money can seem very abstract to a child ("It's alright, Mom, it doesn't cost money. Just use your card."). Therefore, teaching kids to spend smart can be very tricky. That's why I highly recommend a terrific, free website for young kids, *Thrive By Five*, that was created by

America's Credit Unions (www.credunion.coop/pre_k/index.html). They have a number of super simple, effective two-page lessons that parents can do with their kids to help them learn the value of money and spending smart. Looking for resources for older kids? Go to www.jumpstart.org, click "Clearinghouse," and you'll find a wealth of terrific resources that are searchable via age to help in your educational efforts.

I am a parent of two young girls (four and two) so I cannot profess to know everything there is to know about teaching kids about the value of money. I can, however, tell you that I've spent a lot of time working with and performing in front of kids and their families and I have seen firsthand that the message we espouse can get through to kids very young. Let's all accept the challenge of teaching our kids the value of money. We can't afford not to.

John Lanza is the CEO of Snigglezoo Entertainment, a member of JumpStart Coalition for Personal Financial Literacy, and the Creator of "The Money Manimals: Saving Money Is Fun," a DVD to help teach kids two and up about the value of money. The award-winning DVD and customizable banks are available at www.themoneymanimals.com.