

Tips for Parents

Practical Tips for Raising Money-Smart Kids

Anyone can help raise financially fit kids. Here are some practical ways to get started:

- 1. Include kids in discussions about household finances.**

Talk about money at the dinner table, in the car, at the supermarket—whenever you find an opportunity. In short, discuss the household finances as a regular part of everyday life. The majority (57 percent) of today’s parents wish they’d known more about money management when they were teens. Break the cycle and start talking.
- 2. Be prepared for important milestones.**

Real-life events provide the best opportunities to teach kids money-management principles. Whether it’s a first job, saving for a car, using a credit card, saving for college, or any other important [milestone](#), these experiences can help you teach financial lessons in a way that’s compelling and meaningful to kids.
- 3. Give an allowance—and stick to it.**

An [allowance](#) helps kids learn how to make choices—sometimes at the expense of making mistakes. Don’t give kids more money just because they ask for it. Teens whose parents describe them as “stellar savers” actually get on average \$30 less per month than teens who are “quick spenders.” If you increase your kids’ allowance, demand greater accountability by requiring them to pay for some basic necessities.
- 4. Encourage your teen to get a part-time or summer job.**

Teens who have paying jobs are 40 percent more likely to be “stellar savers” than kids who don’t. Even working just a few hours a week or during summer breaks can give kids the important practical experience of managing their own money. Interestingly, only one-third of parents (33 percent) say their teens have a paying job. Read more about helping a teen [get a first job](#).
- 5. Teach kids how to use financial tools like checkbooks and credit cards.**

Almost a third of parents (30 percent) say their teens don’t have any type of savings, checking or other financial account. While your kids are still under your roof, you can help them open savings and checking accounts in their own name, and teach them how to [use a credit card wisely](#). You should also teach them to balance a checkbook and read a bank statement. These are exercises that will help them learn how to live within their means.
- 6. Help them make saving a habit.**

Teach them that regular [saving](#) should be as automatic as brushing their teeth. Consider providing an incentive by “matching” the money they put into savings themselves with some amount—perhaps 25 cents on the dollar. Sixty-one percent of parents feel they could do a better job teaching their teens about saving.
- 7. Encourage them to give back.**

Learning to save and learning to give go hand in hand. By [giving back](#) with time or money, kids can learn important values. Volunteering will help them appreciate what they have—and realize how they can make a difference. You can also encourage

charitable-giving by letting your kids research and choose an organization to support financially, and by matching their donations dollar for dollar to show your support.

8. **Show them the money.**

If you participate in a retirement plan, like a 401(k) or IRA, talk about what a great vehicle it can be to potentially make money grow. If you feel comfortable doing so, you can even consider showing them your own account statements to help them understand the power of [compound growth](#) over time.