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Tips For Raising Money-Smart Children

◆ Get them interested early!

- ◇ Show young kids how to sort coins
- ◇ Start saving change in a piggybank so they can feel and hear it grow
- ◇ Play "store" with a cash box and groceries to buy and sell
- ◇ Visit a bank or credit union and open a savings account together

◆ Give allowances on a regular basis!

- ◇ Pay a base allowance unconditionally (not tied to behavior, grades, etc.)
- ◇ Suggested allowance levels: half their age each week (age 5=\$2.50/week or \$10 per month)
- ◇ Make a list of "extra" chores they can do to earn more money
- ◇ Be consistent: same amount each week; same time; no bail-outs

◆ Make the savings habit a house rule

- ◇ Pay allowance in quarters: ¼ to save, ¼ give, ½ to spend
- ◇ Once a month take the savings to the bank to deposit together
- ◇ Once a month take the giving dollars and buy groceries for the food shelf together
- ◇ Model the savings habit by showing them ways you save

◆ Encourage goal-setting

- ◇ Have kids write a "wish-list"; make it real by a chart of how long to save how much
- ◇ Consider "matching" their savings so they reach goal more quickly
- ◇ Help them brainstorm money-earning ideas (pet sitting, snow shoveling, lawn mowing)
- ◇ Remember the power of ownership: kids take better care of things they buy with their money

◆ Teach older kids about basic consumer economics

- ◇ Inflation: go to the library and look up old-time cost of bikes, sneakers, movie tickets
- ◇ Shop together: show how to comparison shop best prices
- ◇ Resisting advertising: talk back to ads on TV, teach healthy skepticism
- ◇ Investment: show compound interest via pennies on a checkerboard; play "fantasy stock market" and each "invest" \$100 in a company they know. Once a month check out who is winning!
- ◇ Consumer protection: tell them about scams you encounter and PT Barnum's philosophy of a "sucker born every minute"



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