



CREATING PROSPERITY BY CONNECTING INVESTMENT OPPORTUNITIES TO INVESTORS

INVESTORS' CORNER

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Making Savings Fun for Kids and Teenagers!

How soon is too soon for your child to start to learn about money or to learn about the responsibility of saving it? How old do you think your grandchild should be before you start to speak with him or her about putting money aside for saving. Does your child have a piggy bank? Does your teenage grandchild have a bank account? If not, what are you waiting on?

Money management is hardly one of the traits that parents believe they should teach their child. It is definitely not up there with the other extracurricular activities like music classes, ballet or swimming classes that most parents prioritize for their kids. And it's definitely not normally listed among the important topics parents normally discuss with their kids. Conversations like the importance of not lying, the importance of being respectful, especially to elders, the importance of being kind or even the importance of keeping your room clean. But isn't the role of a parent or guardian, to guide the development of the child in such a way that they become productive adults to society, themselves, their family and community. Wouldn't you agree that being financially aware and responsible, is one such quality that a teenager should have as he or she matriculates to young adulthood?

We have seen the extent to which the lack of financial knowledge and know-how in our young adults who are just starting their work life, has led to overspending, high debt levels, and staggering credit card bills. How much do you think can be changed with simple activities that you as a parent, guardian, grandparent, aunt, uncle or older sibling can do at some very early years of a child's life?

Recently I came across an article, where Kevin O'Leary, one of the investors on ABC's Shark tank, admitted to purchasing transparent piggy banks for his kids so that they could see how much money was inside. To cement the idea that money is hard at work through compound interest, he would put extra coins in his kid's piggy banks during the nights while they were sleeping. When they awake in the mornings, they would see that their money grew. Perhaps you might not take it to that extent. But think about it, those kids were being taught from a very young age, the concept of delaying immediate gratification for the benefits of compounded interest on savings, in a very simple way!

Such practices will undoubtedly let these kids grow-up, better appreciating the need for investing and having a higher level of responsibility for proper money management. Perhaps you do not have the time to be sneaking into your kids' room in the middle of the night to top-up their piggy bank, but there are a lot more things that you can do as a parent for your child.

Here are a few tips that can go a long way in teaching your child or grandchild about money and savings:

1. Purchase a piggy bank for your child as early as when they are 3 years old. When the child gets money during these early years, or find coins lying around the house, encourage him/her to put the money in the piggy bank;
2. What happens when the piggy bank is full? Instead of spending the money, why not go to the bank and open an account for your child. Let your child be a part of the process, let them help with counting the coins so that they can fully appreciate how much they are placing in the account. Better yet, this would be an opportune time, while you have the bank clerk to assist, to explain the power of compound interest and the potential for the money to grow if left untouched;
3. Savings Jar – if your child desires a particular toy, he/she can be encouraged to put money aside in the savings jar which can then go towards purchasing the toy. To further encourage this, you can bargain to contribute say 50% of the cost of the toy if the child saves the other 50%;
4. And as the child grows older and is given jobs to do around the home where he or she is likely to be paid or if your child receives some form of weekly allowance, encourage him or her to save some portion of the money. Try to emphasize as much as possible how money can grow over time through untouched saving;
5. Don't be hesitant to have conversations about money and investing. It is never a bad time for proper money management and savings to be a great topic or learning experience.

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This editorial is presented to you by the DCSX with the collaboration of Vertex Investments.

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