Aging Lifestyles: Teaching kids about money

by Joe_Volz

Like many of our friends, we took care that our children were not in the room where we discussed family finances, just as our parents and grandparents had before us. Money was a taboo subject.

Now, though, given the financial circumstances today, we need to get rid of that outmoded idea and include children in discussions about finances. Children of all ages know when their family faces altered financial circumstances. They notice when they are being called to spend less.

While parents have the primary responsibility, there's a role for us grandparents, too, in this process. With our adult children's permission, we can supplement their efforts to teach youngsters financial literacy.

First, grandkids need reassurance that even with all the changes in their families' finances, they will be all right. We can help them by staying in close touch and encouraging them to tell us about their concerns and fears. And always assure grandkids of our confidence in their ability to cope.

You can start by telling them about your own struggles with money when you were raising their parents â€” how hard it was to find the money to pay expenses with low salaries, or how you had to postpone buying things to save for big ticket items like college educations and a new car.

Model how you managed by not buying items on credit cards unless you had the money. Your house, of course, was an exception; you paid for it through a mortgage, which was paid off over many years. But you didn't buy a McMansion with 0 percent interest.

Here are some other suggestions:

â€” Children ages 6 and under don't need to know much about family finances. They do require assurances that you love them and that your love isn't measured by what you can buy for them.

Teach them how to find joy in the simple pleasures of life that don't cost anything. Take them to the park to throw bread crumbs to the geese or to make scrapbooks with beautiful autumn leaves.

â€” Play games as a way to help young school-age children learn to count, a skill that will help them know

the value of money when they are older.

An example is "Granny Apples," a game where kids count the exact number of apples they win on throwing dice. When they reach the total of five, they shout out the answer; if they have the wrong total, though, they lose half their apples. The first one with the correct total wins.

â€” Try more sophisticated measures with teens. One technique is to take them to your bank to open their own interest-bearing savings account. Make sure, in advance, that the bank will allow low-deposit savings accounts. You can help by giving them a small amount ($25 or $50) as seed money for their first deposit.

Then encourage them to save part of any monetary gifts they receive or money they earn. If possible, offer to match a certain amount monthly or quarterly based on how much they've added to the account. Then point out that each month their account will earn interest, which grows overtime.

â€” Help your teens learn how to budget. You can point out how difficult it was when raising your children. Add that you had to make a budget that included how much you earned and how much you spent each month.

It won't be easy to teach grandchildren to become financially aware. But with your support â€” added to that of their parents â€” your grandchildren might grow up more financially aware than we were at their age.

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