

Raising Money Savvy Kids: Tips for Teaching Children to Spend Wisely

00:06 Megan

Financial wellness includes the ability to manage money in a way that gives you peace of mind and empowerment to make your own choices. At Golden 1, we're here to help with unbiased financial guidance. As a not-for-profit member owned credit union, our main goal is to help you reach financial well-being. Join us as we discuss why financial knowledge matters and how to apply it to your financial journey. Together, we can be golden.

Hello and welcome to the Golden 1 Financial Wellness Podcast- I'm Megan.

00:39 Barbara

And I'm Barbara. Thank you so much for joining us today as we discuss the importance of teaching children how to manage their money and spend it wisely.

00:48 Megan

Money is an essential part of our daily lives, and it's crucial to teach children how to manage their finances from an early age. A survey from T. Rowe Price found that 69% of parents and caregivers in the United States are reluctant to talk to their children about money because they don't want to worry them. In today's world, we are bombarded with ads and marketing messages that encourage us to buy things we don't necessarily need. As adults, we've learned how to navigate these messages, but children need guidance to make the right choices when it comes to spending their money.

01:27 Barbara

For some of us adults, it's still hard to navigate all those temptations. So, imagine kids. But in order for kids to learn how to spend money wisely, they also have to first be able to earn some money. So, earning money can be a great way for children to learn valuable life skills such as responsibility, entrepreneurialism or financial management.

At different ages kids can do different things to earn money. They all need to be age appropriate. Some people believe in paying children for house chores. Some people

pay for actually doing some extra jobs rather than regular home chores, like, for example, organizing the garage or separating the recyclables. While older kids then can also earn money by doing a little bit more complex jobs like dog sitting or maybe doing yard work for the neighbors.

My daughter, she set out to advertise with friends and family to babysit and to dog sit.

02:35 Megan

I love it!

02:36 Barbara

She made fliers and passed it out to some of our neighbor friends and friends and family that lived around the area. And she loved babysitting and dog sitting. So, she started earning a little bit of her money that way, as well as she was in charge of separating and taking their recyclables that we had at home and selling whatever she made with that money was hers to keep.

03:03 Megan

It's so funny that you mention recyclables because after an environmental lesson at school, my son, who's nine, discovered that he could collect recyclables and glass cans too, and receive money for these items. He, you know, takes them to the local recycling center, gets his money, figures out what he's going to do with it, how much he's going to spend, how much he's going to save.

And, you know, it's so important that we show our children that there is these age appropriate things that they can do to ensure their success. Now, my son, like your daughter, has also taken this to the next level, like he's recruited neighbors and the local football team to help collect cans and recyclables. And this last summer he was back on our porch sorting cans and plastic for hours.

And I was so surprised because he collected a couple hundred dollars worth of recyclables and I was so proud of him for -for doing this right. And he's such a little busy bee now collecting all these cans.

04:06 Barbara

He made a lot of money.

04:06 Megan

He did. He really did make a lot of money. I mean, you should see that the hall that he did after Super Bowl, Barbara, it was insane, right? Just a lot of money.

04:15 Barbara

That's inspiring, actually.

04:17 Megan

Right. And it motivates him and motivates him and keeps him going to keep recycling and keep saving and then spending money on the things that he really wants.

04:27 Barbara

I think providing opportunities for children to earn money and then teaching them how to manage it is an important life skill that we all need to learn and unfortunately we don't really learn a lot of this financial management in school. So, it's really up to us you know- to teach them these things. It's also important to teach our kids the difference between needs and wants.

Our children don't really have to worry about the need-based purchases, right? Because of course we're providing for them. We're giving them roof over their heads and food to eat, etc. But it is important to point out to them what are the needs? What does that mean? So that they start to understand sometimes that it's not just what we want, you know, and what we want we get all the time because we have to make those choices and prioritize the needs versus wants. But for them, typically, wants it's all that they want. It's the new toy, it's the brand name clothes, or what friends have or, you know, a new bike or whatever it may be. So those things that are essential, like food, clothing and shelter, it's good for them to understand that is priority for us as parents to spend and for them when they have their own money and they grow up and be on their own.

So, it's important to help them prioritize their spending by focusing on needs first and even if they have wants, there are the choices of what is more essential. What do you really want more? What's a higher priority versus something that you could give up or just postpone for later? Our kids are exposed to social media, to advertising and so many other platforms all the time, and advertisers use persuasive techniques to make their products very desirable.

That's why kids- we see it around Christmas time or a month or so before Christmas- where all this advertising about toys are everywhere.

06:43 Megan

Everywhere. I mean, I mean, the things that come even in the junk mail, in the mail. And then my kids sitting there with the marker, circling all of the things that they want. Right. But they're like, Mom, I need this. I need that. I'm like, no, you don't.

06:57 Barbara

Yes. And so, we can be mindful of our kids are watching and what they're going through up to a certain level- that's we can't control everything. But it's the same with us adults, right? We also get bombarded with things that are tempting to us, new shoes or or new clothes, and it's important to talk about it with them.

That is not just them making those decisions, but we are also making decisions the rest of our lives.

07:26 Megan

And that's why it's so important for us to really just help our children think before they buy, to really slow down before making that decision. Children need to learn to question if they really need an item, if they have the money to pay for that, want, and if they can find it a little lower price somewhere else involving children and family shopping processes can really help them develop these better buying habits- if you will, and avoid impulse buying, teaching them how to read labels and product descriptions to ensure that they're getting the best value for their money.

Help your children set a budget for their spending, whether it's for a specific item or their weekly allowance. This can help them learn to manage their money, avoid overspending and make them aware of the financial implications of their decisions. This helps children understand that money is not limitless and that every purchase has some kind of opportunity cost.

08:23 Barbara

Yes, we need to encourage our children to make responsible choices when spending their money. I remember my daughter used to and I know I talk a lot about my daughter because

08:34 Megan

it's okay. We love our kids.

08:37 Barbara

Yes. But I think it's good to share with people, you know, what I did to help my daughter kind of understand and learn to spend her money doesn't mean she's perfect at it yet.

But you know, we're all work in progress. But I remember our trips to Costco. We know that Costco, we go with the intention of buying something. You know, our few things, and we come out with a lot more. Right?

09:02 Megan

Every time. Every time.

09:04 Barbara

So, she would jump in the cart and I would hand her my phone and I would open it to the calculator and say, okay, we have \$200 to spend while we're here at Costco. We have all these responsibilities- needs that we need to get- like the food, the toilet paper, whatever it is that we need. I said, But there's room for some of the wants.

And so she would. And Costco has the, you know, the prices up at the top of the product. So every time we would put something in the cart, she would just start adding them on the phone on the calculator. And as she added them, I kept asking her, how much do we have left? And we would come by chips or cookies or cereal that she wanted. Again want is the key word.

9:57 Megan

Wants versus needs. Absolutely.

10:00 Barbara

And I would say, well, we can add it for now, but if we haven't gotten the things that we need, we might need to take it out. And before going to the cashier, we sat there and said, How much are we over? If we were over, let's say \$15, \$20, we would look at what was some of that, what were some of those things that we put in there that then we had to make choices of?

Do you really want these cookies or do you want this cereal? One of the two gets to stay, one has to go. So, I think that this was a combination of many things. It was really kind of a game, so I made it fun to learn this lesson. She helped me as a mom to stay on track and keep me in budget as well. And it was math practice for her and really critical money decision making. So, I really liked that we did this and she remembers that she used to jump in that cart until she was taller than me already, but she still liked getting in there and helping me with that. I mean, pushing her around probably quite a bit, but everything we buy is a choice.

And that may not only affect our budget and our spending plan, but even our community. So, for instance, they can choose to buy ecofriendly products like reusable water bottles instead of disposable plastic ones so that we know we don't have to purchase those again for a while. And all of these are things that we're helping our kids really think about and learn.

11:38 Megan

Teaching our children about this financial management is essential for their future success by helping to develop these strong work ethic, financial independence and responsible decision making skills- even in the middle of Costco- children, they're going to be well equipped to face challenges in the future.

I hope you learned a lot today and picked up on some tips and tricks about spending wisely with our kiddos.

If you haven't already done so, subscribe to the Golden 1 Financial Wellness podcast on Apple, Google and Spotify to get more financial tips and insights. Plus, go to the Financial Wellness tab at **golden 1.com** to find a ton of other resources like videos, interactive modules and webcasts. You don't even have to be a member to use them!

As a dynamic and trusted leader dedicated to enhancing the financial well-being of Californians and our diverse communities. We have launched a new learning lab designed to assist individuals in developing their financial knowledge. Get started with our program by taking a personal assessment, and then the program will tailor its content options by providing recommendations, tools and courses to help support your specific financial journey. Additionally, the program continuously builds upon your acquired knowledge and recommends new content based on the courses and tools that you're utilizing.

Thank you so much for joining us today. This has been Megan

13:04 Barbara

And Barbara, wishing you financial, health and happiness and as always, reminding you to

13:11 Megan and Barbara

Stay golden.

13:13 Megan

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