

Ask Your Banker...

Kids and Money



American Bankers Association

Teachable Moments that Last a Lifetime

How soon is too soon to talk to your kids or grandkids about money? If they are old enough to ask for a toy or a bike, they are old enough to start learning financial lessons that will last a lifetime.

The best financial lessons are part of everyday experience. Look for opportunities to talk about money, read aloud books and play games that center around spending money wisely. Be open and honest when you discuss your financial experiences—good or bad. Here are some examples of teachable moments to help you get started:

- **At the Bank:** When you go to the bank, bring your children with you and show them how transactions work. Get the manager to explain how the bank operates, how money generates interest and how an ATM works. Ask the manager for a tour--be sure to ask to see the vault.
- **On Payday:** Discuss how your pay is budgeted to pay for things, like rent, food and clothing, and how a portion is saved for future expenses like college tuition and retirement.
- **At the Market:** It's easy to give clear examples of "needs" and "wants" using different kinds of foods at a grocery store. Milk (for strong bones) is a need; soft drinks are a want. Explain the benefits of comparison shopping, coupons and store brands.

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- **Chores and Allowances:** Assign chores and give them a monetary value. Discuss ways to budget and divide allowance. Encourage children to set a financial goal, such as buying a new bike, and figure out how to achieve it.
- **Paying Bills:** Explain the many ways that bills can be paid: over the phone, paper check, electronic check or online check draft. Discuss how each method of bill pay takes money out of your account. Be sure to cover late penalties, emphasizing the importance of paying bills on time.
- **Using Credit Cards:** Explain that credit cards are a loan and need to be repaid. Share how each month a credit card statement comes in the mail with a bill. Go over the differences between different types of cards such as ATM, debit and credit cards.
- **Browsing the Internet:** While online, explain to your children how valuable their personal information and privacy is to you, to them and to online predators. Discuss the risks and benefits of sharing certain information. Then as a family, make a list of rules for keeping personal information safe online.
- **Planning a Vacation:** Whether you are planning an outing to a local amusement park or a once in a lifetime trip, emphasize the value of saving as a family. Set a family savings goal that involves your children. Figure out the cost and discuss ways everyone can help to reach the goal.

Here are some financial education Web sites to make learning about money fun:

- **Teach Children to Save:**
www.teachchildrentosave.com
- **The Motley Fool for Teens:**
www.fool.com/Teens
- **Get Smart About Credit:**
www.getsmartaboutcredit.com

Remember:

Always encourage your children to ask questions about money. If you don't know the answer, research it together or ask your banker.

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