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### **Raising Money-Smart Kids**

Every year, American children receive over \$15 billion in allowance, gifts and wages - reason enough to start teaching children money management and consumer skills at a young age. The following tips can make the difference between a child who grows up to be financially secure - and one who doesn't.

*Teach by example:* The best way to instill good financial habits is by "walking the talk." For instance, when you go shopping, include your kids in the process - planning, budgeting, and comparing prices and quality. If they urge you to buy something that is over budget, explain that spending more on the item you're purchasing today is not as important as saving up for something else you need or want in the future.

*Live within your means:* Children who learn to prioritize their spending learn the most valuable money management lesson: to live within their means. Reinforce the message by not jumping for the credit cards or giving extra money just because your children ask. When kids want an expensive "status" item, like hundred-dollar athletic shoes, consider having them pay the portion of the price that exceeds what you think is reasonable. They'll appreciate the item more and may think twice about paying that much when they outgrow this pair in six months. If you choose, go ahead and lend money, but treat it like a bank loan. Charge reasonable interest and set a time frame for repayment - it will teach them how loans and credit in the real world truly work.

*Encourage savings:* For your sake and theirs, encourage your children to make saving a fixed category in their spending plan. Discuss goals and calculate how much should be put away each month. Break down savings into long-term, for college or a car, and short-term, for a new bike or a senior trip to Europe. If you see your children about to make a mistake in spending their allowance, let them. Better to learn on a small scale now, than lose money with big mistakes later.

*It's never too early (or too late) to develop healthy financial habits.* The rewards of wise money management are the same for adults and children alike - a greater appreciation of what you have, a sense of empowerment when you reach your goals, and long-term financial security.

GFA Federal Credit Union believes that providing education on financial topics is as important as providing quality, value-added financial products. In addition to providing community seminars and workshops, GFA provides, at no cost to its Members, access to BALANCE – a personalized and confidential financial, credit and budget counseling service. For more information, visit your nearest branch, call 978-632-2542 or visit [gfafcu.com](http://gfafcu.com).