



Raising Money Smart Kids

www.creativewealthbahamas.com

Written by A. Keshelle Kerr, Managing Director

DO IT NOW!

5 things to do today to ensure your child's financial success tomorrow

A very dear friend and world renowned master motivator, Spence Finlayson, owner of the Phoenix Institute and creator of the Dare to be Great TV Show, usually shares a story of how an elderly couple who desperately wanted to have some grandchildren invited to dinner all their sons with their wife's and all their daughters with their husbands to hopefully get the ball rolling. The family all settled in at the dinner table and was ready to eat. Right before the couple was about to pray for the food, they made a shocking announcement – that a million dollar trust fund was established for the very first grandchild born in the family. They then closed their eyes and proceeded to with the prayer. When the couple opened their eyes they realized that everyone had disappeared from the dinner table. The children, wasting no time, all went to “DO IT NOW!” The story is used to illustrate the fact that life is so short and that we should do away with procrastination – the dirty little P word that means to “put off for tomorrow what you can do today”. As I pondered on these three simple words late one evening, I could not help but think of ways this powerful phrase relate to so many areas of life—including your child's financial future.

One of our goals as parents is to prepare for our kids for their future, which would undoubtedly involve money. In knowing this fact, ask yourself this questions, “Am I taking steps today to ensure that my children are ready and able to take control of their financial lives as adults?”, “Am I giving my children enough education about and experience with money to ensure that they avoid the financial mistakes people generally make as adults?” If you answered no to any of those questions, you must run from that “dinner table” and take steps now to put your child on right financial path. Just how procrastination is considered the “thief of time”, not working on your child's financial future today steals their chances of them living the lifestyles they truly should be living. Do not let the financial challenges that await them in adulthood catch them by surprise. Put the following simple guidelines into practice right away and you would be happy you did.

1. **Put money in the hands of your kids on a regular basis.** This could be an allowance program, extra chores, or a job or small business such as walking the neighbor's dog or helping with the babysitting. **Why is this important?** If kids are going to learn how to effectively manage money, they need money to manage. Of course, along with that money comes responsibility. The things you paid for such as games, toys, entertainment... are now shifted to them. They have the responsibility of deciding how the money is spent. After all, they're going to be making a lot of these kinds of decisions as adults. They need the practice. Remember, if we want to teach

responsibility we have to give responsibility. Your child will most likely become much more reluctant to spend money loosely. Soon they'll be asking themselves things like: Can I afford the designer jeans or should I "settle" for the cheaper ones? Should I buy this DVD and miss out on going to the movies with friends? You get the picture. At this point your child is beginning to learn the value of a dollar. And knowing the value of a dollar gets your kids one step closer to being in charge of their financial future.

2. **Make your kids aware of the various money choices.** The basic rule of thumb is to have kids divide their money into four categories or choices: saving, sharing, spending and investing. Depending on the age of your child, they should also add the categories of education and living etc. When using the four money categories, kids should follow the 70/10/10/10 rule. That's 70% in Spend, and 10% into the other areas. The percentages are slightly different for older kids. **Why is this important?** Most kids think that money is meant to be spent. And it is. But we also need to teach kids that money gives us choices. We could spend it all and have nothing left or we could be intelligent about how we handle it. Intelligent people put some of their money aside for other things. Once kids get into the habit of making these choices with their money, the likelihood of it continuing into adulthood greatly increases.
3. **Have your kids record their spending.** These could be recorded on a piece of lined paper, using a spreadsheet, or setting up an account with a highly recommended kids' money management software program, KidsSave. My daughter uses and loves it! **Why is this important?** If our goal is to get kids to be good money managers, and it is, then they need to have a clear idea of where their money is coming from and where it is going. The best way to do this is to keep record. Over time patterns begin to emerge. All of a sudden it becomes clear that all their money being spent on buying tickets in Mr. Pretzels has led to an expensive form of entertainment. This is the time to evaluate spending decisions. In addition, keeping track of expenses teaches kids to be accountable for their purchases. And when we're accountable for our purchases, we often make better choices.
4. **Have your kids set a financial goal.** Saving without a goal is like football without touchdowns. No fun at all. And if it's not fun, kids will not play for long. Ask your child to draw or find a picture of the goal – saving for a new bike or game – and post it on or near the savings bank so they stay motivated to achieve the goal. **Why is this important?** Studies have shown that kids who are able to resist temptation and are willing to wait for something grow up to be more secure and productive adults. Some kids have a natural inclination for delayed gratification while others need a helping hand. Either way, the skills acquired in learning how to set up and then maintain a financial goal will only help them attain bigger goals as adults (think down payment on a house). Setting personal financial goals also underscores the idea of living within your means. No money, no toy. There's also nothing like the sense of personal satisfaction that accompanies kids

Creative Wealth Bahamas

Tonique Williams Darling Highway, Nassau, Bahamas

Ph: (242) 341-5860 ♦ Email: info@creativewealthbahamas.com

Empowering individuals to create financial freedom in their lives

© Keshelle Kerr, Creative Wealth Bahamas. Feel free to share this article.

who successfully achieve their goals.

5. **Let your kids make mistakes.** This means you're going to have to relinquish some control over the spending habits of your child. **Why is this important?** It is through making mistakes that the best lessons are learned. Chances are your child will, at some point, want to buy something that you disagree with. Maybe you think it is poorly made or that it's not worth the cost. Or maybe you know it's going to end up in the bottom of a pile within a week. In any case, let your child make the purchase (within reason, of course!). It won't be long before you can have a conversation about what happened. Discuss with your child if he or she would make the same decision again and, if not, go over strategies that he or she can use the next time he or she's thinking about another purchase. Better to learn on a small ticket item than one much more expensive later on. They'll learn that when money is gone, it's gone!

So there you have it! Five steps to implement with your children today. Now that you will put these steps into place, you must remember one more thing. That is to Stick to the plan. This can be challenging because it's easy to slip back into old routines. But remember consistency, consistency, consistency!

Child development experts agree that the best way for kids to learn is through real, hands-on activities that relate to their everyday lives. These experts also agree that consistency and predictability in routines can help lead to healthy, secure, and confident adults. Since most of our lifelong money habits are formed when we are young, starting in the early years by involving kids with their money and doing so on a regular basis can help develop the confident adults we all want our kids to grow up to be.

So have a conversation with your child about how you are going to help them begin building their wealth. Use the previous steps as a guide. And anytime you feel you just can't get your child to record their latest purchase or stick to an achievable goal plan, picture him or her sitting in your family room, feet on the coffee table, eating your food...when they're 30 years old! A little effort now will pay great dividends later! Remember, don't wait, **DO IT NOW!**

Some of those tips were adopted by Kidnexions, creator of KidSave, the first and best money management software for kids on the market. To get the full article or learn more about the software, call or email me.

~ ~ ~



Keshelle Kerr is the owner of Creative Wealth Bahamas, a subsidiary of an organization located in Santa Barbara, California whose mission is to put kids, teens and young adults on the road to financial independence. She writes a bi-weekly column for The Nassau Guardian and the Grand Bahama Info Newsletter.

Send your comments and questions to keshelle@creativewealthbahamas.com.

For a list of program visit our website at www.creativewealthbahamas.com . For customized programs or talk for your special events, call or email us.

Creative Wealth Bahamas
Tonique Williams Darling Highway, Nassau, Bahamas
Ph: (242) 341-5860 ♦ Email: info@creativewealthbahamas.com

Empowering individuals to create financial freedom in their lives

© Keshelle Kerr, Creative Wealth Bahamas. Feel free to share this article.