



Raising Money Smart Kids

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Written by A. Keshelle Kerr, Managing Director

NEW YEAR NEW RULES!

Time to ensure a Financial Education for the Next Generation!

For the past eight months I have been writing articles about your kids and your money; the need to develop money management skills for children, youth and young adults and the importance of ensuring that the next generation is better equipped financially than the current. For whatever reason you were not paying attention, not reading or not putting the tips and suggestions into practice, guess what: It's a New Year, so let's make some new rules!

In the month of January, lots of parents, teachers, seminar leaders and others tend to make a list of goals, resolutions or plans that they wish to see accomplished for the New Year. Some of the major goals people set for themselves almost always have to do with an improvement in their finances – increase their income, get out of debt, start saving or investing etc. This is excellent and I believe that it should be done. However while most individuals are committed to getting their financial house in order each new year, there are not sufficient individuals who are as equally committed to ensuring that our nation's kids and teens are taught proper money skills they need for life. The fact of the matter is that most adults wish they had the opportunity to prepare for their financial future when they were young. If they did, most would not be faced with the mounting debt, little to no savings and lack of investment options most experience now as adults. They would have been able to plan and make sound financial decisions early enough to reap the benefits as they get older. With this realization though, why are we not making sure that our next generation is given the proper financial training from NOW? We hire experts to teach our children to swim, to drive, to play sports and learn musical instruments. Why do we leave the ONE thing they MUST become an expert at to chance? MONEY! This year things must change. We must ensure that our youth – kids, teens and young adults, get the proper money skills they NEED to have success later in life! The more they learn now, the fewer mistakes they will make later.

For parent's, you may be asking yourself, how can I pass on financial smarts to my children if I wasn't taught? The fact is that most of us were not! That however, should not stop us from some sharing basic financial principles, steering them toward current, reliable information sources, and inspiring positive financial habits that will last a lifetime.

There are three things this year that parents, teachers or anyone with influence over a child can

begin to do this year to insure a bright financial future for our next generation.

Firstly, Pay an allowance. For parents, your children learn about money by hearing you say “no”. Having an allowance to “manage” is, at best, the best form of financial training. If children do not get experience with money now, when are they going to get it? You don’t need a large amount of money for allowances for your children. It can pretty much work like this...The money you now spend for your children’s clothes, shoes, movies, gifts for friends etc – Stop spending it ON them! Instead, run the money THROUGH them. It takes between \$175, 000 and \$280,000 to raise a child from 0-17. What why not give your child a portion of that to practice with? Plan a weekly amount to give them with and have them use some of it to cover the costs of one of their needs.

Secondly, Invest in a child’s financial education. Have you noticed that youth are not learning about money and personal financial in school? Financial illiteracy among today’s youth is staggering. US statistics state that young people spend more than \$100 billion a year, yet less than half of young people know the basics of money management. Research shows just 10 hours of financial education influences the way a child handles money as an adult! Take a look at just three other youth financial literacy statistics:

Ninety-four percent of youth cite their parents as primary source of financial education. (Youth and Money Survey, 1999)

Thirty percent of youth report that their parents rarely or never discuss saving and investing with them.

Forty-seven percent say their parents rarely or never discuss household budgeting with them. (Youth and Money Survey, 1999)

The percentages may be different BUT the truth about youth and money is no different in The Bahamas! If they are not getting this vital education in school, and parents are not talking about it, where are they getting it? That is why I formed Creative Wealth. Find out what programs that cater to your child and invest the funds to place them in one.

Finally, purchase at last one gift this year that makes a difference – a child’s future, may just depend on it. Birthdays and other gift opportunities come along each the year. Please, I beg you; purchase a gift that has some type of long term benefit to it – Do not buy just any other toy! There are countless resources that persons can give that would teach kids the value of a dollar - whether it is a book, game, or financial learning toy, it doesn’t matter, whatever suits the child, use it! Gone are the days where you should be buying gifts for kids that have no lasting value. Make your money count this year.

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Empowering individuals to create financial freedom in their lives

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It is evident that every last one of these suggestions requires money. The bottom line however is that if your kids are going to cost you money, you might as well use it to your advantage by giving them the OPPORTUNITY to learn firsthand how to make money, manage money and multiply money. Let them learn the lessons before they move out; before it so painful they can't recover from it; before they mess up so badly you don't have any choice but to let them move back in so they can get back on their feet.

Imagine how any child would feel if they had to do that. Those that do are not proud of the fact that they failed financially. Therefore, this year, make a resolution to help them so that never happens.

We all want our children to be successful in all areas of their lives. However, it would not happen by chance. The decision to take heed of the mentioned suggestions should be the easiest one you should ever have to make. A child's future may be riding on it.

For more great details and information on any one of these points, please contact me.

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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.

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