



Raising Money Smart Kids

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WILL YOUR CHILDREN LIVE PAYCHECK TO PAYCHECK?



"But I really need it..."

"If Chris has one, why can't I?"

"Why can't I have just two more dollars?"

If you are the parent of a young child, you are probably used to hearing pleas like these. How many of us however, actually take the time to ensure that these habits we see our kids displaying at an early age are not carried over into adulthood?

When I was much younger, I remember receiving allowance from my parents. When I got that money I remember going directly to the store or mall, feeling rich and on top of the world and making sure every penny was spent. Things didn't change much when I grew into an adult. I got my paycheck and made sure that it was gone just as soon as it appeared. Sometimes I even paid some bills! It took some memorable mistakes and a new awareness for me to realize that some of my money is meant for tomorrow and what is meant for today has to cover my obligations first. Let's face it; out of all the things that we see, have and need throughout life, we were never given instructions on how to use money. We wouldn't fly a plane without instructions; we wouldn't operate major machinery without learning how to use it, and we definitely wouldn't conduct brain surgery without ensuring that we were trained. Many of today's problems somehow point back to money. So isn't it strange to be given something that is considered strong enough "to make the world go around" and not be taught how to use it? It would be easy to blame my parents for not teaching me the right way to manage my money- but how could I? My parents were not taught because their parents probably were not taught. It would be even easier to blame my school for not having a class for real life finances. But how would they know how to teach it? And if they did, most school hands are tired of following the "standards" that are set by the government or the chosen curriculum.

The problem however is that my parents, nor the schools did not pay the price for me not learning these lessons. I did. It is time that things change. You have heard it over and over that Bahamians have gone generation after generation of having more debt and less knowledge of how to deal with it. We must educate our children, starting as soon as they know how to count, about the necessity of saving and controlled spending. The reality is, if your child takes a dollar and spends a dollar, they already have created the habit of living paycheck to paycheck. This sadly, will continue for the rest of their lives if something isn't done to counteract this behavior. Think about it; would you want your child or children to have the same money habits that most Bahamian families have? Wouldn't it be nice if your children never had to worry about not having enough money...or living paycheck to paycheck?

So what can we begin to do about it? I suggest three actions:

Firstly, we must get together with other like-minded parents and other concerned individuals to approach your child's school about teaching personal finance. I am not talking about learning how to count dollars and cents! It is a start - but that is miles from what is needed. We as parents, and persons concerned about our future must begin a revolution in this country to get teachers discussing this subject in their classrooms. There must come a time when this is no longer absent in our classrooms but effectively used in both private and public school systems alike.

Secondly, begin to teach your children the language of money. The language of money? This is the various financial terms that we as adults should know but many don't. Teach them the meaning of words such as asset, budget, business, cash flow, appreciation, investing, loans, wealth, dividend, down payment, interest, savings, stocks, and bonds. The list is endless. There are so many resources out there to choose from. It only takes a conscious effort to realize that it needs to be done and then do it. The benefit is that you will learn quite a few new words as well.

Thirdly, I believe that, if we can afford it, we should consider giving our kids an allowance, not to ensure that they have money, but to ensure that they learn how to manage it. Giving them money however and not expecting anything in return is sending the wrong message. You would be indirectly creating an „entitlement attitude“ in your kids. See to it that they conduct a few extra activities around the house to earn their stash. With “extra” I mean something beyond the chores they should already be doing for free at home. If you can't afford an allowance, encourage them to find ways to earn their own money. Running errands, babysitting, mowing lawns are all things that neighbors and friends would be willing to pay for. If you are tired of the same old boring ways and want some new fresh ideas for your kids, try the book, “101 Marvelous Money making ideas of Kids” by Heather Wood. Just as important as encouraging them to earn their own money is to emphasize the importance of putting some of it away for things they want in the future.

For the most part, I've been talking about up spending and saving. However, there is a whole lot more that our kids need to know. They need to learn how to budget their money, effectively manage a checking account, know how to apply for a “good” loan and what they can expect to pay for the privilege of using someone else's money. They need to learn how to multiply the money that they make, how to control impulse buying and the list goes on. I encourage you to take your children on this journey. Research shows that just 10 hours of financial education will begin to make a difference! Trust me, if we don't act now, we will all pay later.

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Keshelle Kerr is the owner of Creative Wealth Bahamas, a subsidiary of a non-profit organization located in Santa Barbara California whose mission is to provide unique and fun-filled financial literacy programs for kids, teens and young adults - giving them the tools and training they need to create financial freedom in their lives. She writes a bi-weekly column for the Nassau Guardian and Nassau Info Newsletter.

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

For a list of programs visit our website at www.creativewealthbahamas.com. If you want to request a customized program or talk for your special event, call or e-mail us and well be happy to help you plan and put on a special financial literacy program designed just for you!

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