



# TEACHING KIDS HEALTHY MONEY HABITS



WOMEN'S  
WELLNESS &  
WEALTH

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## CASH IS STILL KING (BUT DO YOUR KIDS KNOW THAT?)

Over time, the importance of savings and budgeting has been lost. Today, it has almost become habitual to place large purchases on a charge card, line of credit, or even a home equity line of credit- which is great, *as long as those balances are paid off at the end of the month.*

Between craft advertising and current technology and gadgets, we are told and convinced that we *must* have the latest and greatest *now*. With that being said, it is important to ensure we are sending the right message to our kids. How can we teach our kids about money in a positive and constructive way while re-instilling the values of the saving generations without completely shunning inevitable change?

## SUGGESTIONS AND TIPS

### 1. Introduce your child to money early

Even if they are young, teach them how to count and identify the different denominations of coins. Then, when depositing at the bank, have your child place their coins in the paper holders rather than using the "coin machine" for a fee.

### 2. Create a habit of savings

Open a savings account for your child and establish a mandatory percentage of their earnings and gifts for them to take to the bank and deposit in their savings. Then, every year, increase the minimum balance of their savings account. For example, if the beginning balance of the account was \$500 and the end-of-the-year balance was \$1,000, establish a rule that your child must keep a minimum balance of \$800 in their savings for the following year. This allows the child to save for special items and pay from their savings while still increasing balance year after year.

### 3. Encourage goal-setting

Encourage our child to develop a list of items they want a corresponding list for when they think they'll have enough savings to purchase those items. You could even offer to "match" a certain dollar amount or percentage if your child accomplishes their goal within their stated time frame as added motivation.

### 4. Pay your kids

Compensate your kids for "special" tasks that they do around the house. Special tasks include yard work, car washing, window cleaning, etc. and are different from the normal tasks associated with being part of the family and contributing to the household, such as cleaning their room and putting away their clothes. If possible, consider hiring your kids for age appropriate tasks in your business (keeping within labor and tax laws, of course).

### 5. Teach your kids to budget

Encourage your kids to track what they earn and spend on a weekly basis. If their expenses exceed their income, teach them how to "re-prioritize" their spending into needs versus wants so that their income exceeds their expenses.

### 6. Encourage creativity and entrepreneurship

Today, kids have been known to create various businesses using their understanding of technology alongside their desire to contribute to society. Don't underestimate your kids!

### 7. Teach your kids about the effects of inflation

From postage stamps to gasoline to movie tickets, it is easy to show your kids the increase in prices over time. This is probably the most important concept to teach your kids since the inflation erodes hard-earned savings and earnings.

Although we focus these tips to kids, remember- budgeting and savings tips are always relevant to adults too!

