

10 Financial Tips to Impart to Your Child

1. **No Debt.** Teach the perils of borrowed money. This includes credit card debt. One card is okay for convenience as long as he/she pays it off in full every month. Teach your child how to handle unsolicited credit card offers: return to sender with a response of “no thanks!” or shred. Never borrow against depreciating assets. Give your child an allowance with the give/save/spend ratio.
2. **Keep A Ledger.** The old-fashioned ledger book is a record kept by your child of all money (allowance, earnings, gifts), which comes into and goes out of his/her life. Parental assistance will be required at first. The ledger teaches the value of a dollar. This can progress into a more sophisticated method of checks and balances, such as a checking account or even a credit card...to be paid in full every month. Give your child experience with a budget.
3. **Save.** Review the compounding principle with them. On a regular basis, such as monthly, put a consistent amount into savings. Encourage this behavior by matching the funds they put into savings. Teach your child to start this now. Create designated accounts to save for big items (e.g., vacations) before purchasing them. You can do this with your child at first so that he/she experiences it as a family effort. Coach your child to save for a specific and special purchase, like a dog or an electronic item. Teach the words “no” and “later.”
4. **Earn Money.** Receiving pay for work is a self-esteem builder, and an important component in the precious goal of competence. Though experience working in the family business is valuable, also work for someone outside of family. Teach banking early. Have your child earn half of the funds they spend on a big ticket item.
5. **Invest.** Before a child begins investing in public offerings, provide business experience and copious reading in investment texts. Invest in your child’s business or allow your child to invest in yours. Study your common investment together, and share the profit. Then, encourage investing in stocks and bonds on a regular basis and use the dollar cost averaging method.
6. **Learn High-Road Values.** Both parents need to be on the same page, and be consistent. Be creative in using your wealth to teach your values: some examples include philanthropy, cash rewards for accomplishments you value, and achievement-oriented travel. Show children the benefits of doing work they love and the dangers of greed. Service and sacrifice are the values that count.
7. **Become A Choosy Consumer,** and coach your child to become informed and choosy as well. Differentiate between needs and wants. Don’t waste money. Give ample consideration to the funds that leave your hands. Teach your child to do this as well. Waste not, want not. Cultivate a grateful spirit.
8. **Develop Community Service.** Help your child gain perspective on what is truly important in life. Show your child by example how philanthropy follows. Teach the give/save/spend ratio. A high priority on community service will deepen this message tremendously. Teach your child to learn to live on very little. Teach kindness and gratitude.
9. **Be Authentic in everything you do.** Exemplify your values and be yourself. If you like to wear your Burberry when you serve at the soup kitchen with your family, wear it! Just put it in context for your kids as in, “I really enjoy wearing this top, and I really enjoy serving in the soup kitchen. What’s important here is helping others and making sure they have a good experience with us.”
10. Last but not least, teach them that **Very few if any of their friends will handle money this way.**

Example, example example. The most important values in life are caught not taught.