

Teaching Kids the Value of Money

By Pamela Erickson

It's the start of the weekend. You load your kids in the car and head to the grocery store to pick up a few things. If you want to combine a family errand with a lesson for your children on money management, consider using greenbacks instead of plastic at the check stand. Using cash when you shop is among the many ways to help youngsters learn the value of money, experts say.

There are many things parents can do as they go about daily routines to prepare kids for a sound financial future. Here is a sampling from experts:

- *Establish an amount of cash you'll spend during a day of shopping.* It also helps to bring along a calculator and talk with your child about whether you have enough money to buy what's in your cart, according to Clark Howard, a syndicated radio talk show host and author. In his book "Clark Smart Parents, Clark Smart Kids: Teaching Kids of Every Age the Value of Money," Clark says using cash offers a host of lessons. Among them: deciding what items to put back on the shelves if you're a few dollars over budget, or substituting store brand for name-brand items.

"The idea is to create a sense of limits, and not in a negative way, but in a positive way," he writes.

- *Give an allowance.* Experts say an allowance can be among the best ways to teach kids about money and take pride in their management skills. Consider helping your child divide their allowance for saving, spending and sharing, according to the Federal Deposit Insurance Corporation (FDIC). This will help them understand the value of paying themselves first, budgeting their spending until their next allowance and setting money aside for gifts for friends and family. An allowance should be contingent upon fulfilling basic chores. Allowances and types of chores can be adjusted based on a child's age.
- *Help your child open a savings or investment account.* As early as elementary school, your child may want to open a small savings account. They can begin to learn the importance of saving, as well as about banking and all that goes with it - from filling out deposit slips to monitoring results by reviewing statements, according to the FDIC. Your bank or other financial institution may offer savings programs for kids. Also consider rewarding your child for sticking to a savings plan by matching or adding to his or her contributions. Teaching kids about saving helps instill saving as an enduring practice. They can watch their money work for them, even at low interest rates.

- *Teach the concept of risk.* This can touch on everything from the low risk and moderate return of savings accounts to things such as higher-risk, higher-return stocks and beyond. Encourage your child to track in the newspaper or online the stock of a company they know and like, such as a restaurant chain, clothing or shoe retailer. Also consider helping your child buy a few shares of an individual stock, and encourage your child to follow its performance, advises the FDIC.

Lessons about financial risk should also include gambling. From an investment standpoint, gambling is an unacceptable risk. In fact, people should expect to lose. Those are the odds. Gambling needs to be considered entertainment and kept at the level of a game.

In recent focus groups about youth gambling in Oregon, every teen participant said they had gambled at some point. A majority said they had played poker at parties or bet on sporting events, and they didn't see gambling as a problem. On the other hand, most parents who participated in the focus group did not believe their children gamble.

Games can help youngsters develop social skills, and games such as poker offer experience weighing different situations. But the fact is, Oregon has more gambling opportunities than almost any other state, and along with these opportunities come serious problems with gambling addiction. One in 10 teens is at risk for developing a gambling problem, and one in every 25 is a problem gambler, according to the state Department of Human Services.

As with other risky behavior such as using alcohol and other drugs, the good news is that *parents* are the biggest influence when it comes to your children making healthy decisions about gambling. Helping your kids understand the risks associated with gambling, emphasizing the importance of always keeping it a game, and establishing rules and consequences about risky behavior are critical. Communicating with children, and being clear about your expectations, are important in helping kids make good decisions when it comes not only to gambling, but all risky behavior. Kids may not always admit it, but they really do listen to their parents and, in fact, they want boundaries for their behavior.

Teaching children about money and risk is a process, from the time they are young to the teenage years. Writes Howard, the author and radio show host: "The reality is there isn't one day, one age, or one stage; it's a process and we learn it piece by piece."

Pamela Erickson works with Oregon Partnership, a statewide nonprofit that provides substance abuse prevention education and treatment referral. Oregon Partnership is helping raise awareness about youth gambling. For tips about talking with your kids about gambling, visit www.orpartnership.org