



## RAISING MONEY SMART CHILDREN

*“Teaching your children about money management skills is a critical part of their future. If you begin teaching them while they are still young, their behaviour should result in developing positive spending habits and saving patterns as adults.”*

### **Why raising money smart children is a must?**

- *Build a solid foundation in life*  
Teaching your children the basics of money management at an early age enables them to know how to manage their finances and enjoy financial security in the future.
- *Money doesn't grow on trees*  
Some children believe that money is easy to come by and that the ATM is a constant supply of cash. They naturally go through stages where they want things constantly but do not know that money has to be earned and prioritised.
- *Instil discipline*  
It takes discipline to put aside your hard earned money into a savings account or a simple money box. As our children learn the difference between needs and wants and start saving their money, they will acquire the discipline to live within their means and reduce unnecessary spending.

### **Some simple steps to raising money smart children**

- *Get children interested in money early*
  - When your children are very young show them how to recognise money by teaching them how to differentiate one coin from another.
  - Give them a money box or empty jar to store their change. Money boxes or jars are a tangible place to keep their money safe, and they can see, hear, and feel how it fills up.
- *Children should have access to money*
  - Having their own money makes children more aware about money management which can encourage them to develop good savings habits.
  - Allow children enough independence with their spending choices and let them learn about wrong choices in spending from their personal experiences.
- *Encourage earning money*
  - Making children earn their money gives them a sense of satisfaction and teaches them that money has to be earned and isn't as easy to come by as they may have initially thought.
  - To earn money beyond weekly allowances, suggest to them to find creative ways to make money, such as doing household chores, offering to clean your neighbours' compounds, cut their grass or wash their cars. They may even plant vegetables which can be sold.

- *Differentiate between needs and wants*
  - Identifying the difference between needs and wants is essential for developing good money management skills. Without this foundation, children may have trouble controlling their spending as adults.
  - Involve your children in a discussion and make a list of things they cannot live without and things they can live without. This will give them a good idea about what they must spend their income on first and will help them see what is essential and extra in their own lives.
  
- *Making savings a habit*
  - Help make savings visible and real by having your child build up savings in a money box or empty jar.
  - Once they have enough saved to open a bank account, help them open a bank savings account or unit trust account.
  - Visit the bank or unit trust often with your children and make it a habit to deposit money into their account regularly.
  
- *Encourage goal setting*
  - Children always have something special that they want. When your children are old enough to understand, make them write a list of what they want and how much it costs. Encourage them to save a portion of their allowance each week for an item on their list.
  - Give them a reward by matching their savings from time to time to help them reach their savings target faster, otherwise saving a small portion of their allowance might seem like it will take forever to get what they want.
  
- *Budget*
  - Have your children take time to analyse their spending habits by creating a budget.
  - Have your children write down what they plan to buy during the week and how much each item costs. Then write down their weekly income (allowances + money earned). If their expenses are higher than their income, they'll have to prioritise their needs and their wants and identify where they can reduce their expenses.

Fiji is one of the few countries around the globe that has integrated Financial Education (FinED) in the national school curriculum. What this means is that we are looking at a financially savvy future generation of young Fijians who will have a basic understanding on how to manage their personal finances. Given the different types of challenges children and youth face, being financially empowered could just be that fundamental building block to a brighter future.