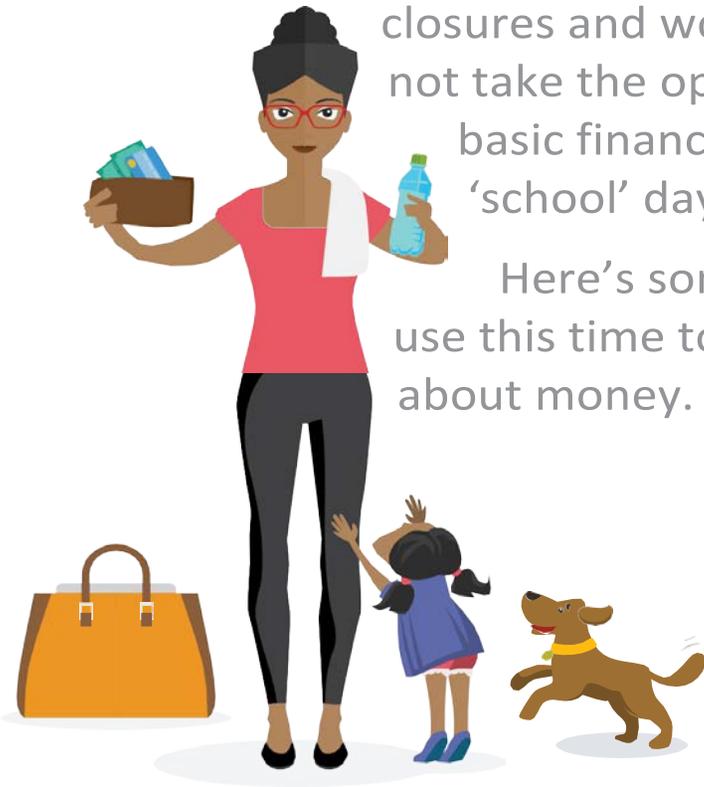


Teaching children about money

If you've found yourself adopting the role of your child's teacher over the last few months due to school closures and working from home, why not take the opportunity to add some basic financial education to the 'school' day?

Here's some ideas on how you can use this time to teach your children about money.



Beyond sums - ideas to engage children on finances

Start them young

By the age of seven most children have grasped how to recognise the value of money and how to count it. They may also have come to understand that money buys things and how it is earned.

Today, a vast number of children will own a mobile phone at age eight, be able to open a bank account and even have a debit card at age 11. Waiting until a child reaches their teens to teach them about finance is simply too late.

Teach them about saving and spending

One of the first things we teach our children is the benefit of saving - after all, how many nurseries and children's bedrooms in the UK feature a piggy-bank of some description? But it's important to teach your children that being smart with money is not all about saving. Money is as much about spending - and spending smartly - as it is about saving.

Relentless saving can be as dangerous as uncontrollable spending and it is important that you explain to your child the importance of maintaining a balance between the two.



Introduce budgeting

Teaching your child about the importance of budgeting is essential in helping them become financially capable adults. Especially in today's world of instant information and quick fixes - if children can learn to accept delayed gratification by being able to adhere to a budget and save towards a goal, the rewards will be so much sweeter.

Set the example

Never underestimate the effect your own money habits – good or bad – will have on your children. Describe what debt is, and the downward spiral that it can be for so many people.

Older children will benefit from knowledge about student loans, and the interest rates associated with those financial products. Discuss your pension arrangements (it may prove beneficial for you too!) and how important it is for young people to save for their future as early as they can. If you teach them nothing else, make sure they have a firm understanding of the two C's: compounding and the benefits of earning interest on interest, and credit cards and the cost of paying interest. If they understand the power of the former and the dangers of the latter, you are half way there.

Engage, elevate and empower your little people

How do you ensure your toddler grows up to be a financially savvy adult? A weekly allowance is a good place to start as it teaches children the value of money. Help them to understand the need to set aside some money to save (for a goal), spend (treats) and share (charity).

Involve your child in some financial decisions. If you're grocery shopping online and deciding between products; explain why it makes sense to buy the better priced item if the quality is similar.

There are plenty of opportunities to teach your children about money. You don't need any textbooks – the world (and your kitchen and lounge) is your classroom.

This information is intended to be educational and is not tailored to the investment needs of any specific investor. This information is not a personal recommendation for any particular investment. If you are unsure about the suitability of an investment you should speak to an authorised financial adviser.

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