

# MONEY WEEK 2022

FINANCIAL ADVICE NZ

## Teaching kids about money

Parents play a very important part in how kids treat money when they grow up.

If parents have good habits, then the children often will, too, because they pick things up by watching and listening. Likewise, if they have bad habits, so may your children.



Passive learning is one thing, but parents can be very proactive, too.

The big lessons are showing your kids the value of money, how to save and budget, how to work hard, and how credit works.

Here are some tips you as a parent can follow to help give your children the best money start possible:

Firstly Grocery shopping – we all do this on a weekly basis: this can be a fun way of showing spending in action and you can involve your kids from an early age. Show them what you can buy and what you have to leave out, and get them to look for cheaper or sale options.

Budgeting is slightly more complex: Involve your kids in ways to help save money. Ask them if they can find a cheaper alternative. If it's food, they may be able to suggest a cheaper meal option. Or if they want that new computer game, they have to either save for it or reduce spending somewhere else. That teaches them to buy what they need not what they want.

Sales are every where: Get them to look for items with sales tags on.

Credit is sometimes hard to understand: Explain how it works, that it's not free and will have to be paid back. Keep this message simple.



Saving is a key financial concept: Explain how saving a little in a bank account on a regular basis will add up to big things over time. Explain how compound interest works. There are some very funky virtual savings accounts for children where they can see their money grow on an app. Not picking a winner, but ASB Clever Kash is worth a look.

Old fashioned Pocket money: This can be a tangible way for your kids to learn how cash works and how they can save up for themselves. And they can touch it, unlike an Eftpos or credit card. For the really young kids, a money box often works. If they earn it through doing small jobs around the house, it shows them the value of work and how they can exchange their time for money.

So, at what age should parents be doing this? Well, anytime is good, but like saving, the earlier your kids value money, the better the rewards later.

And remember it is never too late to change your financial behaviours – talk to a professional financial adviser today.