



10 LESSONS TO TEACH YOUR KIDS ABOUT MANAGING MONEY

Sharing family values with your kids is probably more important today than ever before. Money doesn't come with an owner's manual. Therefore, getting your kids off on the right foot with their finances can contribute greatly to their future happiness and success.

Here are 10 lessons you may want to share with your kids to get them started:

- 1. Saving and budgeting:** Teach your kids the importance of saving money and creating a budget. Encourage them to set aside a portion of their allowance or earnings for saving and help them create a budget to manage their expenses.
- 2. Differentiate needs and wants:** Teach your kids to distinguish between needs and wants. Help them understand that it is essential to prioritize spending on needs before indulging in wants.
- 3. Delayed gratification:** Teach your kids the value of delayed gratification. Encourage them to save for something they desire rather than instantly buying it. This will help them develop patience and understand the concept of earning and working towards their goals.
- 4. Setting financial goals:** Teach your kids to set financial goals. Help them identify short-term goals, such as buying a toy, as well as long-term goals like saving for college or a car. This will instill a sense of purpose and responsibility in managing their money.
- 5. Earning money:** Teach your kids the importance of earning money. Encourage them to take up age-appropriate tasks or chores to earn an allowance or support them in exploring entrepreneurial ventures. This will teach them the value of hard work and the satisfaction of earning money.
- 6. Wise spending:** Teach your kids to make thoughtful decisions when spending money. Encourage them to research, compare prices, and look for deals before making a purchase. Help them understand the concept of value for money and avoid impulsive buying.
- 7. Avoiding debt:** Teach your kids about the dangers of debt and how to avoid it. Teach them about interest rates, credit cards,

and loans and emphasize the importance of living within their means.

- 8. Donating and giving back:** Teach your kids the importance of giving back and donating. Encourage them to set aside a portion of their money for charitable causes or help them participate in volunteer activities. This will help instill empathy, gratitude, and a sense of responsibility towards the community.
- 9. Emphasizing the power of compounding:** Teach your kids about the concept of compound interest and how it can work in their favor when saving or investing their money. Help them understand that starting early and consistently saving can lead to significant growth over time.
- 10. Learning from mistakes:** Teach your kids that making financial mistakes is a part of learning. Encourage them to reflect on their decisions, learn from any poor financial choices, and make better decision in the future. Help them understand that mistakes are an opportunity for growth and improvement.

Now that I think about it, there are many grown-ups out there who haven't yet mastered these financial fundamentals. With that said, it's never too late to make wise decisions regarding one's finances.

H Financial is a multi-generational wealth management firm, and we are always looking for opportunities to counsel our clients' children on financial planning matters. Young people obviously have time on their side and it's always rewarding to see them leverage that time to their advantage and to learn how to avoid financial mistakes.



This **Industry Insight** was written by Garrett S. Hoge, CFP®, ChFC®, MS.

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