

Getting Them Started: Saving Tips For Your Little Ones

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Children are eager to learn as they grow, so it's important for parents to teach them positive lessons about money from an early age. When saving money becomes part of a child's normal development, saving for the future is likely to become a habit. Such is the significance of this practice that each year in April across the United States, National Teach Children to Save Day is celebrated to encourage children to develop good saving habits. Cultivating such habits at a young age creates a foundation for a lifetime of saving by children, buoyed by a savings plan and money management skills that ultimately prepare them for a solid future. With an early start on saving and an understanding of budgeting their money, children will have sound habits as they head into adulthood.

Early Financial Literacy education can be the first step on the road to financial freedom and saving money is one of the most important aspects of building wealth and having a secure financial foundation. Yet many of us have learned the importance of saving money through trial and error, and more importantly, experience. In school, we aren't really taught about the importance of saving and many of us find that as adults, we have to fend for ourselves. There are ways, however, to empower the next generation, and that starts by teaching children the importance of saving from a young age. If you are a parent, here are 8 ways to teach your children about saving money:

1: Begin with the savings basics

Financial experts believe that you can begin teaching money-related lessons to children as young as five. Although preschoolers may be too young to add or subtract, they will be able to understand value, and the idea of trading items, which are the building blocks for understanding money. Then, as they grow and acquire basic math skills, your children can be taught more complex financial concepts.

#2: Start a piggy bank

A piggy bank can be a great way to teach your children the importance of saving, while giving them an easy way to do it. Tell your children that the goal is to fill up the piggy bank with dollars and coins, until there is no room. Illustrate that the piggy bank is for saving money for the future and that the more they save, the more their money will grow.

#3: Open a bank account

Once the piggy bank is full, take your child to the bank to open a savings account for them. Let them count how much money is going to be deposited, so they can have a physical understanding of how much money they have. Show them the final number and reinforce the idea of interest. It can provide a great source of motivation for your children if they understand that their money will grow over time as long as they don't touch it.

#4: Look for teaching opportunities

Learning about money shouldn't feel like going to school, so turn it into fun by finding teachable moments in everyday life. When you go to the bank, explain that it's like a garden that helps make money grow. When saving money becomes fun, children look forward to repeating the behavior.

#5: Lead by example

Children are observant and will often emulate their parents' behavior so be conscious of what you say and do around them; your money attitudes will become theirs. The best way to teach your child about saving money is to save money yourself. When you're out shopping, show your children how to discern between various prices and explain why buying one item makes better sense than another.

#6: Reward & acknowledge them

The power of acknowledgement cannot be overstated. Children love to please, so praising them for positive behavior, like depositing money into a savings account or doing simple chores for pay, helps them feel good about themselves. Encouragement motivates them to repeat similar behavior, which ultimately becomes a habit.

#7: Create a timeline

As a child, the concepts of money and time can be hard to grasp and research has shown that the impact of a one hour financial lesson wears off after about five months. In order to make the message stick, money education should be timely and ongoing. One way to keep money lessons ongoing is to create a timeline so that your child can visualize when they will reach their savings goal.

#8: Start the conversation

One of the most important things you can do is to start a conversation about money and the importance of saving. Use financial discussions as teachable moments. Let your children know they can have an allowance, but it's up to them to save up for things they really want. In addition, illustrate how much their money can grow over time if they save. Letting them know you're always open to have a conversation about money can encourage them to ask questions of their own to keep learning.

Try teaching your children money lessons that are fun as well as informative. By helping them develop better money and savings habits now, they'll have the basic tools necessary for financial freedom as they grow. At first, teaching them how to save money may seem like a tough task and it has even been said that parents are more likely to talk to their children about sex than about money. However, by using these tips, you can make your child's understanding of money exciting and accessible making it an investment in knowledge which truly pays the best interest.

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