

# Centsible parenting

A newsletter for parents of third grade children

## WHAT DO YOU THINK?

*The doorbell rings and Mom opens the door to find the paper carrier collecting for the Sunday paper. "Julie," she yells, "can I borrow \$5.00 for the paper?" Julie answers, "But Mom, that's mine and you're always using my money. That's not fair, it wasn't easy to save that money."*

*(See end of newsletter for a possible answer.)*

Why do you save money? Do you save for something special or for security? People have different reasons why they save and children are no different.

One child may save money easily while another will want to spend every penny he or she has. However, you can encourage your child to start saving even if it's just a small amount.

One important concept is to teach children to pay themselves first. If they can learn to put a certain amount of money into savings before they buy anything at all, they will be well on their way to wise money management.

## LEARNING TO SAVE

Children need to have both short- and long-term saving goals. An example of a short-term goal might be a new toy or pizza with friends. A long-term goal could be a trip to an amusement park or a new bicycle.

Children will have trouble saving money for something like college (which is too long for them to wait) or just to have money in case they need it.

## TEACHING SAVING HABITS

- Help your child set realistic goals that still leave some money to spend. Hoarding money doesn't teach money management.
- Consider matching amounts of money your child puts into savings.
- Let the child spend saved dollars when he or she reaches the agreed upon goal.
- Take a trip to a financial institution and assist your child in opening a savings account if he or she doesn't already have one.
- Talk to your child about interest. The child needs to learn money can grow into more money if saved and put in the right places.

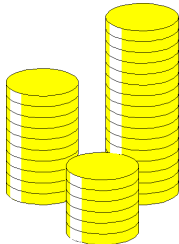


## SAVING FOR THE LONG-TERM

Children will find it easier to save if they have a goal. Help your child answer these questions to get started on saving money.

What do you want to save money for?  
\_\_\_\_\_

How much money can you save each week?  
\_\_\_\_\_



If you save that amount, how much will you have:  
in 4 weeks? \_\_\_\_\_  
in 8 weeks? \_\_\_\_\_  
in 12 weeks? \_\_\_\_\_  
in 6 months? \_\_\_\_\_

How long will it take you to save enough money for your goal? \_\_\_\_\_

### CONSIDER THIS

*Mom replies, "You're right Julie. This **is** your money. I know you've worked hard to earn it and I promise I'll pay you back later today." Julie says, "Mom, you'll probably forget." "Well then," says Mom, "I'll sign a note just like I would at the bank and pay you 25 cents interest for using your money."*

## UNDERSTANDING INTEREST

Helping a child learn what interest is all about is not easy. Here is an activity you can do with your child to show how saving pays.

Situation: Kevin will be paid for shoveling the front sidewalk during the winter.

Choice: He will be paid \$1.00 each time and can put the money in his bank at home or in his savings account at a financial institution.

Ask your child to decide where Kevin should keep his money. Then, help your child figure out how much money Kevin will have at the end of the winter.

Bank at home:  $\$1 \times \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$   
(number of times)

Savings account:

$\$1 + \underline{\hspace{2cm}} + \$1 + \underline{\hspace{2cm}} \dots \text{etc.} = \$ \underline{\hspace{2cm}}$   
(interest) (interest)

Stress these ideas with your child:

- saving regularly lets your money grow
- you can make money as you save

## COMING IN FEBRUARY: SHARING AND GIVING GIFTS

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### ... and justice for all

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