

Centsible parenting

A newsletter for parents of fifth grade children

WHAT DO YOU THINK?

Ten-year-old Justin says, "Dad, I'm going to start saving my money for a new bike. I want a bigger one that looks cool." "Well son," replies Dad, "I think it's time for you to start putting money away for college. What do you think?"

(See end of newsletter for a possible answer.)

Saving money is never as much fun as spending it. So, why do we do it? Most of us find out there is something bigger, better, or more expensive than we can afford to buy immediately. We have to wait until we have enough money before we can buy it.

Children are also introduced to the concept of saving when they discover they don't have enough money to buy something. If they really want the item, they have to save to get it.

Learning to save money does not happen overnight. It doesn't come easily to most people. You can however, encourage your child to start saving, even just a little bit, and soon the child will develop a lifetime habit.

ENCOURAGING SAVING

There aren't any magic tricks for adults or children when it comes to savings. But there are some tips that might help you in encouraging saving by your child.

- Saving is easier if there is a goal. Help your child identify both a short-term goal (a new video) and a long-term goal (a new bike).
- Teach your child to pay himself or herself first. That means a certain amount out of the allowance, a gift, or any earnings goes directly into savings.
- Suggest your child give up one thing a week (candy bar) and save the money instead.
- Figure out where your child can keep his or her savings. Money for short-term goals might be put in a piggy bank or a jar.
- Help your child open a savings account at a financial institution to handle money for long-term goals. Teach your child about the concepts of interest, safety and risk.
- Allow your child to use his or her savings. Children will not be happy with saving simply for the act of saving. Once the child has enough money to buy an item set forth as either a short- or long-term goal, allow him or her to do so. This will be an incentive for the child to continue saving.



SAVING AS A FAMILY

Identify something the family would like to save money to buy or do. Ask your child to be the timekeeper for a three-minute group brainstorm session on ways to save money. You can write ideas down on a piece of paper.

Begin the three minutes by saying: "Let's think of as many ideas as we can to help us save our money for _____. For example, we can save all the money from pop cans we recycle."

KEEPING AN EXPENSE DIARY

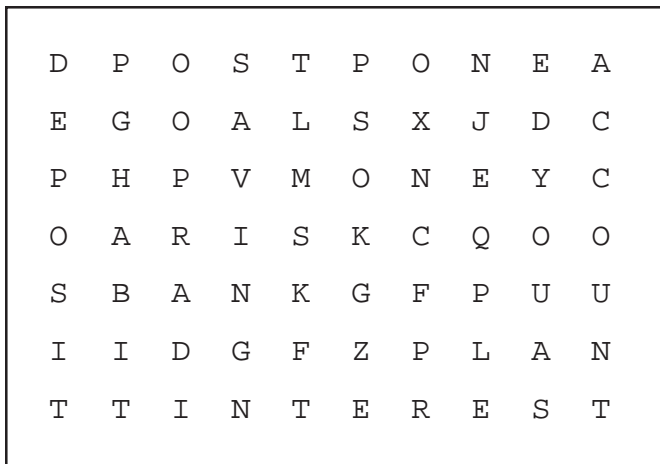
Help your child write down all his or her expenses for one week. How much did the child spend? Save? Have the child figure out how much he or she spends each day and where the money goes. What could be limited or eliminated to save more? Having a diary will help the child track both spending and saving decisions.

CONSIDER THIS:

"Dad, I just want a new bike. College is a long way off and costs too much money," says Justin. "Justin, you're absolutely right. Let's get you started saving for that bike now. In a couple more years we'll talk about what I've been doing to save for your college and how you can begin to help," answers Dad.

LEARNING THE SAVING LANGUAGE

See how many words about saving your child can find in the word search. The words go up and down and side to side.



Words to find:

goals	interest	bank
account	plan	habit
saving	money	deposit
risk	postpone	you

COMING IN FEBRUARY: SHARING AND GIVING GIFTS

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... and justice for all

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