



**FINANCIAL SERVICES  
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## **Teach Your Kids About Money**

**As a parent, you can help your children understand the importance of saving.**

Most parents take the time to teach valuable life lessons to their children, whether it's how to treat other people, the importance of staying in school or why it's important to work hard at whatever task they undertake. However, one life issue many parents don't discuss with their kids is money — its value, how best to save it, invest it and spend it. Some parents neglect this topic because they don't think their children need to learn about money until they reach adulthood; other parents may not recognize the importance of teaching their kids about sound money management. Yet other parents avoid the subject because they have trouble managing money themselves. Either way, it's important to teach your children about the world of finances.

The truth is, school-age children can benefit from learning about the way money works and the importance of developing saving habits. By teaching your children about money when they're young, they're likely to be more effective at managing money when they grow up.

Here are some tips for educating your children about saving and investing.

- ▶ Discuss family finances with your children. Obviously, you don't need to go into great detail, but you can teach them the basics of budgeting their allowance, saving, the importance of paying down debt and similar matters.

- ▶ Starting at age six or seven, give your children an allowance so they'll learn how to make smart financial choices. Help them set guidelines for how they should spend their money.

- ▶ To teach your children about the value of saving and the potential power of compounding, consider setting up savings accounts for them in which they can save a portion of their allowance.

- ▶ Teach your children to set financial goals, create a budget, track expenses and comparison shop for items.

- ▶ Discuss the options your children have when they receive a monetary gift (e.g., saving, spending, investing, giving to charity).

► As your children approach their teens, explain how different financial institutions and products work, such as banks, insurance companies, checking and savings accounts, 401(k) and 403(b) plans, mutual funds, IRAs, stocks, bonds, credit cards and savings bonds. Use newspaper articles, television and radio programs, magazines and books as tools to help educate them about these topics.

By reviewing these points with your children, you'll not only help them learn about the world of finance, you may also reinforce your own financial knowledge.

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