

# TEN TIPS ABOUT MONEY



By: Dr. Sal Severe, author of the new book, *How To Behave So Your Children Will, Too!*



1. *Explain the use of money.* Begin as early as age three. Show how things are bought and sold at the grocery store, toy store, etc. Children need to see the real world use of money.

2. *Give children a weekly allowance.* Most parents have children earn their allowance through good behavior, responsibility, and household jobs. If you attach money to chores, be sure you don't get manipulated. {Make sure allowance is equivalent to the quality of the work done.} Don't take away allowance as punishment.

3. *Increase allowances as children grow.* Increasing responsibilities should result in increased allowance. Also, it is a good incentive to give extra allowance for extra work.

4. *Introduce expenses.* As allowance increases, the scope of expenses should widen. For example, teenagers should earn more allowance, but they should then have to use their allowance for dating and entertainment. Teens who insist on buying clothes with designer labels should pay the extra cost.

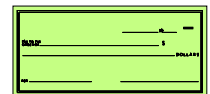


5. *Teach home budgeting.* Explain how a finite amount of money needs to be distributed for food, clothing, mortgage or rent, utilities, car expenses, etc. Include older children in family financial planning. Don't overprotect your children from this.

6. *Teach wise consumerism.* Have your children compare the same product in different size packaging to determine the best value. When children grow older, explain how and why you choose certain products. Compare prices at different restaurants. Teach about inflation by going to the library and reading about prices in old newspapers.

7. *Start a savings account.* Most children can comprehend the need for savings by age ten. Remember that children are naturally impulsive. In this age of advertising bombardment, children have a tendency to be impulsive spenders. Encourage your child to save a certain percentage of allowance. Some parents match savings.

8. *Start a checking account.* Some sixteen-year olds are ready for a checking account and a limited credit card. You want them to learn how to manage these tools while you are still around to keep things from getting out of control.



9. *Set financial goals.* Discuss plans for paying for college. Have you high school students research scholarship and aid programs. Have them calculate tuition costs, living expenses, etc.



10. *Earn their own money.* The best way for children to learn about money is to get their own job as soon as they are old enough. Help them find a job that is safe, has reasonable hours, and includes friendly people.

P.S. Children need to learn the value of money, how to earn it and how to manage it. But don't overdo it. Spending money on something impractical once in a while is always fun.

(This tip sheet was originally taken from Dr. Sal Severe's new book, *How To Behave So Your Children Will, Too!*, and then posted on the Parenting Today Web site at [www.parentingtoday.com/moneytips.html](http://www.parentingtoday.com/moneytips.html) for parental use. Tips were reprinted by the Title I Dissemination Project, January, 2001. For more information about this new book or workshops by Dr. Sal Severe, call 1-800-866-5208 or write to Greentree Publishing, P.O. Box 27672, Temple, AZ. 85285-7672.)