

# Kids and their finances

ONE of the things that is not taught in school is how to handle your money. It is precisely this that has caused many adults to be tragically trapped in their finances.

Even those who have windfalls normally will spend all the money in about a year or so no matter how large the amount is.

Money habits can be instilled at a very young age so that our kids will grow up to be financially responsible. There are some practical things we can teach our kids about money.

Talk to your kids about money when you go to the ATM so that they do not think that money comes from ATMs but from the result of your income.

When you make a remark about how expensive things have become, explain that inflation is something normal and what you do to counter it. Teach them to save a portion of what money they get from allowances, chores and birthday gifts to create the savings habit and then how these savings can grow by investing them.

On allowances, give your child a weekly allowance so that they learn to economise and budget.

At age 6 and above, children can grasp the concept of minus and division. So, as your children get older, you can move to a bi-monthly and then monthly allowance.

Remember to always refrain from rescuing your kids when they run out of money because if you frequently



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help them out, they will learn that you are the bottomless pot of gold. Unfortunately in real life, this is normally not the case.

If you have college-going kids, consider giving a yearly allowance instead. This helps them to learn looking and managing money from a macro perspective.

I remember a personal story of a successful businesswoman who said that her father gave her a yearly student allowance to fund her studies abroad and she was given the responsibility to ensure that she lived within her budget. And if she exceeded her budget, there were certainly no bail-outs by her parents. Such an early financial education has helped her succeed in her business as well as personal life.

Teach your kids about money from young. They will appreciate what you have done later on in life.

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