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# WI\$E PARENTING

## Spend, Save, Share – 3 things kids should know about money

*You can start out your younger kids with three jars, or three envelopes labeled “spend,” “share” and “save.” Older kids can “bank” with you more virtually, provided you keep good records via a spreadsheet or a notebook. Many kids worry that they may not see their money again once it goes into that elusive savings account. You can keep the money in a visible place, so they know that if they keep their funds with you, they will have access to them when they want.*



*If there’s only one thing you get to teach your child about money, let it be an understanding of the choices one has when it comes to using it. By helping them to pause and think, adults can help children make mindful financial decisions that serve a purpose.*

### SPEND

Decide what it is that you will pay for as a parent and what you consider to be discretionary spending. Many parents pay for everything, thereby robbing their children of the opportunity to understand how money is made and spent.

Whether you give your child an allowance, or if she earns money from jobs like baby-sitting or dog walking, or has access to gifts like birthday money – it’s healthy for kids to spend some of that money on things they want (within reason).

Another outcome of letting kids buy things is that they get a sense for value. Knowing how much things cost gives them a feel for money.

When your kid leaves home for college should not be the first time he is exposed to paying for a purchase.

### SAVE

Goal setting is an important part of teaching kids to be financially literate. Before you start, it helps to get your child to identify some longer-term goals that have big dollars associated with them.

David Owen, in his bestselling book *“The First National Bank of Dad”* outlines his system for getting kids to save: by setting an interest rate far better than what any bank has to offer.

He suggests starting with a teaser rate as high as 5 percent a month, provided your child remains invested and does not withdraw funds for a period of time.

This gives you an opportunity to demonstrate the power of compounding interest, and the importance of staying true to a long term goal.

### SHARE

Nurturing a caring and giving child starts very early on when kids are taught to share – frequently food, or a toy. Helping others is not something that can be dictated.

Make a point of explaining to your child whenever you yourself make a charitable donation. This helps to set the tone for what it means to help others.

Help your child identify causes that resonate with him or her, and direct those funds to the appropriate charity.

Make the donation in your child’s name, so that when you receive a thank you letter (as is often the case), it can be in your child’s name and your child can experience the positive feedback of having thought about others first.

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