

Are your children Financially literate? Are YOU???

Financial literacy is not a subject that children learn in school. But it is a subject that is the difference between succeeding and not succeeding in today's world.

Financial literacy will help your children understand how money works and allow them to make good decisions. Make sure they have the tools they need to be truly successful. Here are some areas to help children understand:

- **Save money.** Put away a little money regularly to save for things you want in the future. It is important to teach children delayed gratification. Learning to save for something today may help them avoid major debt issues later in life.
- **Live on a budget.** When your children move out on their own, will they know how to set up a realistic budget? Will they understand the consequences of spending more than they make?
- **Stay out of debt.** Does your child know how to control their spending? Will they be able to avoid the trap of high interest rates? People can survive without credit card debt!

If your child is in *grade school* give them a piggy bank and explain the meaning of saving money. Let them make choices about what to buy with small amounts of their own money. Help them evaluate whether to buy or save for something they want.

If you have a *middle school* child help them open a savings account. Help them set goals for things they may want to save for. Explain to your child what a budget is and help them create a budget for themselves. Find interesting books about money for them to read.

If you have a child in *high school* you should sit down and have conversations about the real costs of life. Discuss the possible cost of rent vs. mortgages, car payments (including insurance) and even saving for retirement. Make sure your children know the pitfalls of credit cards. High schoolers are becoming prime targets for creditors now. Keep an eye on your child's spending habits. Make sure they understand they can be in control of their money. Resist rescuing your child if they make a wrong decision. Let them suffer the consequences of their choices.

If your children have friends that are getting larger allowances than your children, use that as a teaching time. Explain wealth and budgets vary from family to family.

You can prevent your kids from getting into "financial hot water" by teaching them the value of money and fiscal responsibility at a young age.