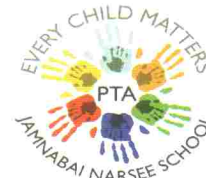


Reaching Out...

Connecting Parents
Students and Teachers



A JNS PTA Newsletter
2011-2012 Vol. 2

Children, Finance and Money – The delicate equation

In this current competitive world, for a child to be successful, it is imperative that children have the financial knowledge and wisdom which is nurtured at formative stage. It is a proven fact that those children who have learnt about money and finance early in life are usually better in managing their finance in future.

Kids today are smart and tech savvy. Hence teaching kids about money management is no rocket science. They observe, listen, learn, absorb quickly and easily grasp if parents spend quality time with them especially with events that can be correlated to them. Some basic things which parents can do:

- Let children know about money from the day they learn numbers and count. Educate them with examples, visuals and games.
- As they grow, their demands increase. So gradually teach them about the value of money. Tell them about the stories of your struggle and the difficulties you faced when you started early.
- Teach them about savings and open a basic bank account for them to deposit their savings. Take them physically to the bank and involve them in filling up the slip books for deposit and not just for the ATM withdrawals.
- Children are the most soft and easy targets for all brands to “catch them young” for buying branded products. Teach them not to get influenced by advertisements and by peer pressures and also to spend wisely and not emotionally.
- A lot of demands by children are not genuine. Teach them about the importance of any requirement - if it's a need or it's a want. Do not give in to undue buying pressure by children and learn to reason out with them.
- As a parent, it is very easy to be impulsive and to give in to whatever is demanded by the child. But think before you buy as there may be items that are costly. Explain to them that a need is fine, but greed isn't. For their every requirement, fix a budget and give them a choice. For example, if they want a pair of shoes, give them a budget of say 1000 and tell them that whatever they save they can keep aside as their pocket money. Your kid will surely go for something less than the budget, and stick to the budget.
- As children grow, start giving them allowances for monthly expenses. But keep a strict watch on how it is spent. Start small and not with a very big amount. Make them write the details of expenses every month. This way they will learn to control their expenses and if done correctly motivate them to save more. The school trips are the best time to make a start on this healthy habit.
- Children are bound to ask questions about money. Do not ignore them. Answer all doubts until they are satisfied.
- Sometimes borrow money from children to motivate them and repay back with some realistic interest amount. This will teach them about interest and investments and encourage them to save more.
- It is very vital that children should be allowed to experience loss and profit on themselves. This loss will increase their risk assessment ability and profit will motivate them for a better performance. In case any child suffers any losses and gets dejected, you as a caring parent can motivate him. Cheer him and teach him to be careful in future. A fantastic opportunity is given by our school every year in the form of stall conceptualisation and management by youngsters during Anand Mela.
- When a kid is old enough to make a career decision, sit with him and hear him out with all due attention. Talk with him the various earning opportunities in his career choices he wants to make. Weigh the pros and cons of each and ask him / her to take a decision only after thinking on all the requisite aspects.

This list can be never ending as there is a science and art to parenting. We need to have both - the scientific insight and the creative flexibility for becoming the best parents we can for our children. Teaching children early about money, how to save and spend wisely will make them face the world with an added confidence to manage finance and achieve success in all their endeavors. **HAPPY PARENTING!!!**