

MONEY-SMART kids

RAISING FINANCIALLY SMART HUMANS CAN BE CHALLENGING AT THE BEST OF TIMES – BUT NOT IMPOSSIBLE. HERE'S HOW TO NAIL IT

BY DOMINIQUE BOWEN

EVERY TRULY

responsible parent hopes to raise their child to be smart when it comes to handling money, and here the first step is to encourage healthy, independent decision-making. To help you get a grip on what this entails, certified financial planner Sonja Linde offers some advice.

It starts with you

'The old saying that "children do what parents do and not what they say" is definitely applicable in the area of finances,' says Sonja. 'If children hear and see that parents value money, they'll learn that concept without having to spend time talking about it.' The tips that follow are much easier to apply if you become the example you'd like your child to model their attitudes and habits on.

HOW

You may be surprised by the way your child cottons on to your money-related habits, so pay attention to everyday decisions around money, for example, paying with cash versus card at a till, prepaid versus contract cellphone purchases, or opting for the more affordable choices when

it comes to day-to-day expenses. Even the language you use around money ('running a tab', 'paying off', 'on credit', 'overdraft', 'debt') can plant an idea in your child's mind about what the 'healthy' norm is when it comes to finances.

Budget basics

Once kids are acquainted with numbers and the concept of receiving and spending money, introducing them to budgeting is a worthwhile exercise. But don't complicate this and confuse them with sources of income and expenses that would only apply later in life – start off with simple terms, so they can grasp why it's important to manage money.

HOW

Pocket money provides a good opportunity for this, because they can learn about where money comes from, and decide what they'd like to do with it (save, spend, donate). 'Letting them do chores for pocket money is a good idea. If chores are not done for a week, pocket money is reduced,' suggests Sonja. As they reach high-school age, it can be rewarding to get them involved in the



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household budget. Consider assigning them the food and entertainment budget, and allow them to partake in the planning of how that budget will be spent, with a saving goal in mind too. 'Tell them they need to save, say, R500 from the budget to make a provision for the annual family getaway or a school camp they want to go on,' Sonja advises.

Get working

When teens start hinting at an increased allowance, urge them to find a weekend job. This will not only allow them to earn a larger income, but these first steps into the working world (from job applications to having a boss) will teach them lessons you aren't likely to in your own capacity.

HOW

Babysitting, waiting tables or walking the neighbour's dogs are ideal opportunities for them to learn that they can bring value to the world outside the walls of your home, but also to explore their agency in the real-world economy.

Cash is king

'This concept is better taught earlier than later, since it'll get children into the habitual mindset of making better

cash-conscious decisions in the long run,' says Sonja. 'That being said, we know they will be exposed to credit/borrowing at some point in their life, so if you want to teach a healthy attitude towards this, do it on something of value to them and get them to contribute towards it as well.'

HOW

'This can include a cellphone contract or even a musical instrument they really want. Aim to green-light credit spending only on items they perceive the value of long term, not on something like food, which is gone in 30 minutes,' says Sonja. Bringing credit into the picture should ideally only be done on large asset-value items, such as properties and vehicles, and emergencies – not everyday lifestyle expenses such as food and clothing.

The freedom of choice

Ultimately, your child will need to step out into the world and make some mistakes to truly learn their lesson when it comes to responsible earning and spending. Avoid becoming a helicopter parent – have some faith in their ability to take flight and soar.

THE DIGITAL AGE IS WELL UPON US, SO BEAR THESE TIPS IN MIND WHEN YOU DO ONLINE BANKING – AND ENCOURAGE YOUR CHILD TO BE VIGILANT WITH THEIR OWN INFORMATION AND TO NEVER GIVE THEIR BANKING PIN TO ANYONE, NOT EVEN A BANK OFFICIAL

- **Never have your PIN written down** in the same handbag or wallet as your card – in fact, this is one PIN you should rather memorise.
- **Never use the same banking PIN/passwords** for any other applications on your phone or websites.
- **Don't carry all your cards in one wallet or handbag** – split them up so if one is lost or stolen, you have access to others.
- **Keep emergency contact numbers for your banking cards on your phone** so if your wallet is stolen, you can cancel them immediately.
- **Don't use unfamiliar computers** for any online banking transactions.
- **Teach your child to be vigilant and alert** while drawing money at an ATM or punching in their PIN at pay points. ▣