

MONEY AND YOUR KIDS

A NEWSLETTER FOR PARENTS

March

Savings

Understanding Savings

Like adults, children use money in three major ways: They spend it, share it or save it. This newsletter will explore saving.

Saving money, or postponing spending, is essential since it enables people to meet needs they can meet in no other way. People definitely should save money with specific goals in mind. Unfortunately, the principle of goal-oriented saving does not mean much to young children because their goals usually are not well-defined and they are not inclined to delay their gratification. Preteens may save for clothing, gifts and special ventures, but most elementary school students neither understand nor care about long-term savings. In time, they likely will care if parents encourage them to save money according to their abilities and interests at each stage of development.

Piggy banks can introduce children to the idea of saving money. Forming the habit of dropping pennies into a piggy bank without thinking about how they'll be spent isn't wrong. But saving takes on a whole new importance when you have a goal in mind. Saving for a goal can inspire children to take control of their spending habits and plan for future needs.

When your children have gained some experience in handling money, that probably is time for them to open a savings account. Choosing a bank or other savings institution can teach them a lot about the world of money. Involving your child in making deposits and watching the balance grow may help make savings more meaningful. The idea of interest — making your money “grow” — is an important one.

Helping children learn to save for specific things can be a valuable experience. They will learn that if they don't spend their money on many small purchases, they can afford more expensive things later. When children begin setting goals, make sure you guide them, but do not set goals for them. Using visual aids, such as pictures, to remind preteens of their goals may be helpful.

Tips for Parents

- Your example is the best teacher for your children.
- “Saving for a rainy day” doesn't mean much to a child. Saving for a definite goal that they can picture is much easier.

- Goals need to be realistic. Consider the child's age and maturity.
- Money will add up faster if a child learns to save regularly, no matter how small the sum.
- Children usually learn better from praise and encouragement than from criticism and scolding. Pick out what they are doing right and try to build on it instead of just looking for what they do wrong. Even money “mistakes” are valuable lessons.
- Call your NDSU Extension office and ask for Extension Publication No. FE-258, *Saving and Investing Today... For Tomorrow*.

Word Find Key:

C B B N B Q Y D V E W O Y B J
F H A I E E Y N C P A C A O W
I L J X R P Q N N T R I H I N
P F A A A K A X O I D Y H W S
M S H N D W N F T B H U O C F
W S E T O E C A P A T B V R B
X P K L A Y F T B H B A N K
K S L D R A L O S Y W V I N H
N A J D L N S E S E G G A E Y
Y W J A E S T S A T R G B E T
C E O P N G K I B R T E I D V
N G N T H I P J O N S T P S
T A Y O R N J B R Z O E D N T
Q A L R M E A O E N I K Z I Y
S C S P E N D W F T X V S M F

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