

MONEY AND YOUR KIDS

A NEWSLETTER FOR PARENTS

February

Keeping Track Of Your Money

Spending Plan

A spending plan actually is another word for budget. It allows a person to plan for upcoming expenses and ensure that money is available to meet those expenses. Helping your child set up a simple plan now can lead the way to more detailed spending plans in the future.

Children learn most money management concepts by observing parents' behavior. Your attitude toward recordkeeping, balancing your checkbook, or following a plan for saving and spending strongly will influence your child's involvement in setting up a recordkeeping and spending plan.

Using the two-week record of income and expenses that your child has completed, break down items into income sources, fixed expenses and variable expenses, as shown at right. If expenses are greater than income, discuss ways to increase income or decrease expenses. Savings never should be eliminated from fixed expenses. During the discussion, guidance can come from you as a parent, but the final decisions on how to balance the income and expenses should rest with the child.

Borrowing

Even with an established spending plan, your children may have times when they will need to borrow money. Use this opportunity to write a loan agreement that includes a repayment plan. Set a regular payment schedule and assess a late fee if you don't receive a payment

by the designated date. You even may want to charge a small amount of interest.

Suggested Activity

Involve children in family finance chores, such as making out checks, mailing envelopes, filing receipts and comparing charge slips to billing statements. Working with your child, estimate income and expenses for a two-week period on the form below. Adjust figures to balance the income and expenses.

INCOME:

allowance (two weeks) _____
 earnings (two weeks) _____
 gifts (birthday/Christmas) _____
 loans (friends, siblings etc.) _____
 parents _____
 other _____

TOTAL _____

FIXED EXPENSES:

lunch ticket _____
 transportation (bus tickets) _____
 club dues _____
 savings _____
 other _____

VARIABLE EXPENSES:

recreation (movies, video rental) _____
 food, snacks _____
 personal grooming (deodorant, hairspray) _____
 bicycle repairs _____
 hobbies _____
 gifts _____
 contributions _____
 sporting goods _____
 books and magazines _____
 other _____

EXPENSES TOTAL: _____

INCOME TOTAL – EXPENSES TOTAL =: _____

NDSU Extension Service

Brought to you by the NDSU Extension Service and your local extension office.

See your extension agent for more money management information and other family economics programs.

For more information, the following publications are available at your county office of the NDSU Extension Service:

FE-445, Family Records – What to Keep, Where and How Long

FE-446, Inventory of Important Family Records

FE-223, Household Inventory Sheet

FE-510, Family Account Book

FE-470, Check Register Tracking System

FE-471, Check Register