

G | 'They should understand that if they want something, they should save for it' If children can talk they can learn about money



Graphic illustration: Matt Shephard

Money Editor **ANTHONY KEANE** examines when the time is right to begin a child's financial education.

CHILDREN can start learning about money soon after they learn to speak, Adelaide financial experts say.

They say that as soon as a child can say "I want", they are ready to begin learning lessons about managing money and saving for the future.

While an allowance is not recommended until a child reaches five, and bank accounts can be opened to a child at seven or eight, there are other ways to teach from an early age.

Something as simple as letting children play with different coins and notes can help them identify different types of money and learn counting skills.

"The moment they start asking for things, that's when they should be made aware," Genesys financial adviser Jacqui McCarthy says. "If they are old enough not to swallow it, they are old enough to learn how to start saving it."

Ms McCarthy says money boxes are a great way to encourage a child's desire for savings, and also make saving fun. Bernie Lewis, Home Loans executive chairman Mark Lewis says the moneybox should make a comeback in family homes.

"We've had a couple of generations of Australians who have grown up with easy access to credit," he says. "But times have changed and it is important for children today to understand that if they want something, they should save for it."

"A moneybox can come in at any time. It's about the discipline of putting your money away, which sets up the child for a bank account."

Adelaide Property Finders director Angelo Mena, who is also a neuro-linguistics trainer, says a child's brain between the ages of zero and seven is in a state of "super learning".

"During this age period, chil-

dren do not only learn in a formal sense, but also very much learn in an informal sense and the amount of information they receive from their environment is enormous," he says.

Mr Mena says children tend to receive the most information from their parents and the habits and behaviours of their parents are often learnt without the parents trying to teach them.

"For example, if a child continuously observes parents approaching investing situations with fear and apprehension or even not investing at all because they believe that investing is too risky and dangerous, this may ultimately become the child's solution to investing," he says.

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"If, on the other hand, a child observes his or her parents approaching investment situations with excitement and careful analysis, then that child may be the child's solution to investing."

"Where the child ultimately ends up financially will be strongly influenced by their upbringing and the emotions they have adopted towards wealth creation, which will directly influence how the child approaches investing."

"Whether we like it or not, they are receiving their most crucial education from us."

MyBudget director Tammy May says that as soon as children

can understand things, parents should start teaching them about earning money, spending money, what a bank does, and that parents cannot simply buy things on their plastic cards without having to pay for them.

"The earlier the better - three or four (years old). They need to understand that money doesn't grow on trees," she says.

"Children who are not taught these lessons can end up paying the consequences for a long time."

"The main thing is that children need to understand the value of money."

Offering a small financial reward for children who complete simple chores can be a teaching tool in pre-school years. Ms May says, "If a child really wants something, a great way to teach them about earning money is for them to earn something by doing little things like helping with the dishes or making their bed," she says.

"That way they have earned it and it's not easy come, easy go."

Another teaching tactic might be to give your child \$1 or \$2 to spend at the supermarket and help them work out how far their dollar goes when buying a snack.

PKF manager financial planning Tanya Bradley says a child's financial education should begin "once they start talking" and letting children count money is a good start.

"You can tell them why you have to go to work, to earn money that buys their food and electricity," she says.

"There should be opportunities at home and when you go shopping you can talk to them about what you are doing when you pay for something."



AWARENESS: MyBudget director Tammy May says children need to know money doesn't grow on trees.