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# Press Release

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## TEACHING CHILDREN TO SAVE

LAS ANIMAS, COLORADO, JANUARY 20, 2010: "If you would be wealthy, think of saving as well as getting." This quote by Benjamin Franklin points out the importance of saving money. Money management, including saving, is a crucial life skill to teach your children. Children who learn good money habits are more likely to become adults who successfully weather an economic downturn like our current one.

Saving refers to setting aside money for some future use. Teaching children to save part of their money at an early age sets the stage for future money habits. Preschoolers need to actually be able to see their money to understand saving; to them, money at the bank has just disappeared. For young children, the "three jar" method helps them see where their money is going. Gather three jars, then label one jar for saving, one for sharing and the third for spending. All money the child earns or receives as a gift is split among the jars. Help your child decide what they will save for. Preschoolers need to have a short-term goal for a specific want; saving for college is too far off at this age. As a preschooler, my son saved diligently for a fishing pole decorated with the Disney character Taz. All those weeks of

saving just made it more treasured when he was finally able to buy it. Help your child make a plan for their savings, and let them know how long it will take to save the needed amount. For example: "If you save \$1 each week for 10 weeks, you will have enough money to buy" whatever they are saving for. This helps children learn to plan and wait for things that are important to them. Occasionally, you'll find that after your child saves enough money for a desired item, they are no longer interested in purchasing it.

Elementary kids should open a savings account in a bank or financial institution. This helps them learn about earning interest, and how banks work. Many banks have special accounts for children that can be opened with a small amount of money. Bring your children to the bank to set up an account in their own name and deposit their money. This age group can begin to save for longer-term goals. Have them write down their savings goal, then post the goal where the child can see it. Seeing the goal frequently helps motivate the child to continue to save. If your budget allows, encourage saving by matching part or all of the amount saved.

Talk to your children about things you are saving for. It's good for children to know that adults have to prioritize and often wait for some of our purchases. Anytime you earn, move, spend, donate, borrow or save money, you have an opportunity to teach your children how the money world works.

When you are teaching children about money, use the same parenting techniques as for other life skills:

- Guide and advise rather than direct and dictate. Let children have responsibility for their decisions.
- Encourage and praise rather than criticize and rebuke.
- Allow children to make and learn from successes and mistakes.
- Explain up front what children can and cannot do, and any limits and consequences.

Children learn lessons when they are allowed to make mistakes. When they impulsively spend their savings on something other than their goal, don't rescue them. Allow them to learn that savings take time to build. When children spend all their money on candy and have to miss out on something else, they learn to spend their money differently in the future.

Teaching your children how to save, along with other money management skills, is a very important parenting task. You'll be glad you took time to teach your children!