

# Teach Your Kids to Fish

Submitted by Allen Gunter, Endowment Committee

**G**ive a man a fish, and you feed him for a day; teach a man to fish, and you feed him for a lifetime.”

While equally true of money, the most frequent lesson most of us give our kids seems to be “Money doesn’t grow on trees.” Unfortunately, that just doesn’t equip them to deal with the daily barrage of “buy, buy, buy,” “you need this to be cool,” and “only \$10 a month.”

Our kids need a regular double dose of “vitamin E” - Experience and Example.

*That includes letting them get into trouble and work their own way out of it!* And they need to see us “walking the talk” as we manage the family’s money.

Here’s how you can give your children the tools they need to successfully manage their money for the rest of their lives. The process can and should be started fairly young, gradually growing along with your children. But if you have young adults that are about to leave home, you’ll have to go for the crash course centered on the spending plan in Step 3.

Did you know that more kids drop out of college for financial reasons than academic? As parents, we know it’s our responsibility to teach our kids about the “facts of life;” otherwise, they’ll learn it “on the streets.” The same is true of managing money, but there we are failing.

This article outlines the steps you can take to give your children money management skills. For a list of resources with more detail and ideas, or a college spending plan form, just ask the Budget Guy (see box below).

*Train up a child in the way he should go and when his is old he will not depart from it.*

— Proverbs 22:6

1. Give your child an income/allowance.
2. Give your child some expenses.

For very young children, this may be nothing more than paying for their own “I-want-its” when they go shopping with you. As they get older, they can begin to be responsible for their school lunches, presents for others, clothing, etc.

3. Help your child set up a spending plan for their income.

A child’s first spending plan will be very simple - just four items: Income, church contributions, long term savings, and “free choice.” No pencil or paper is required - just three jars.

Whenever the child gets income, it gets divvied up between the jars according to the spending plan.

As your child gets older, other categories (school lunches, for example) get added to the spending plan, and it’s tracked on paper.

Here’s the key to the spending plan: *Don’t bail your kid out when*

*he or she screws up.* If you do, they’ll miss the best lesson of all. Yes, it will be tough when your daughter spends some of her lunch money on the latest CD. But missing a lunch or two won’t hurt her (and her friends will probably share

# Ask the Budget Guy

their lunches with her).

4. Get your child a checking account and have them balance it each month.
5. Get your child a secured credit card.

With a secured card, the total amount of debt your son can get into is limited. Make him responsible for paying the bill each month as part of his spending plan. Review the bill with him periodically. If he is carrying a balance or has gone over his limit, don’t lecture. Just point out how the finance charges and fees eat up his spending plan and how long it’s going to take him to get the latest whatever that will make him the king of cool.

6. Walk the talk.

Let your kids see you balancing your checkbook and paying your bills. Don’t carry a balance on your credit cards. Share how you make decisions on major purchases. In other words, let them see how it all works in “real life.” And if you’re not the example you’d like to be, that’s okay. Just start taking the steps to get to where you need to be, and let your kids see you taking those steps. They know you’re not perfect - just ask them!

Want some help with your finances? SHPC’s Financial Ministry can help. You can get personal help from the Budget Guy, Allen Gunter (892-3580, ext. 122 or BudgetGuy@SHPC.org). Or try one of the Crown Financial Ministries Small Study Groups or Sunday School classes. Call Ron Miller at 892-1862 for more information