

# IF YOU WON'T TEACH YOUR KIDS ABOUT MONEY, WHO WILL?

## PARENTS SHARE THEIR MONEY TRICKS

"We had started giving pocket money to our son when he was 5. He is now 13, and financially savvy. He understands the importance of budgeting and saving. Our son has to buy a pair of Nike shoes every year, so he plans and budgets for it; does his ins and outs to ascertain how much he needs to save each month. Moreover, we talk about his birthday gifts, too. If it is something as expensive as a PlayStation, I tell him what my budget is and how much he needs to contribute so that he can plan. These are our little ways to teach him, and we can see it work."

Shalini Dhawan, mum of two

"We do not give our six-year-old pocket money, but we do have a goal based saving plan in place. She wants a bicycle, which will cost around five grand. So we had a deal: for every day that she doesn't watch television, she earns 250 bucks. This is a 21-day plan. This has allowed us to divert her attention from TV to more creative avenues like Karate, painting, etc., and also teach her some money making skills - the fact that you have to put in effort to make money. I am not a big fan of giving pocket money to kids early, instead I feel they should be taught how to earn it."

Deepak Garg, dad to a six-year old

## WHEN TO START AND HOW MUCH TO GIVE?

The age of 5 could be a good start, says financial advisor Vishal Dhawan, adding that the quantum can keep changing as the child gets older. "Whilst the allowance can vary by age group, for younger children, we ideally suggest it should be an amount that enables some purchases to be made that are discretionary. For instance, a movie a month, or a meal at a quick service restaurant, purchase a book,

etc." So in the UAE, parents can consider, say Dhs50 a month for younger kids, wherein the child is encouraged to buy a book for Dhs30 or so, and encouraged to save Dhs20 each month to enable a slightly larger purchase after a year or so.

Mouna Naccache, Canadian national, mother of two, agrees. "You cannot teach children about money by lecturing them. Children should be allowed to handle

money. But moderation is the key. I disagree with parents who hand over big sums at an early age. We pay about Dhs40 a week to our son, 11. I think my daughter, 8 years, is still too young for this. She will start getting pocket money on her 10th birthday." It is crucial that parents keep a tab on where the child is spending money, and also discuss and explain how money should be managed, adds Mouna.



POCKET MONEY, FUN MONEY GAMES AND ASSIGNMENTS ARE JUST SOME OF THE WAYS THROUGH WHICH YOU CAN ALLOW CHILDREN TO BECOME BETTER MONEY MANAGERS AND NURTURE THEIR ENTREPRENEURIAL SPIRIT

By Suneeti Ahuja-Kohli

On William's eighth birthday, his grandmothers decided that the time had come for the boy to learn the value of money. They allocated him one dollar a week as pocket money, and insisted that he maintained an inventory accounting for every cent he spent. William, his granies insisted, could invest 50 cents, spend 20 cents, give 10 cents to charity and keep 20 cents in reserve.

That's a vital advice from Jeffrey Archer's *Kane and Abel* published in 1979, amplifying the importance of introducing money management skills to children early on and nurturing a spirit of entrepreneurship in them. Yet, surprisingly, many

parents and caregivers often cringe at initiating money talk with their children. Schools, too, haven't done their bit in introducing money management lessons as part of their basic curriculum.

Teaching children about money as early as possible is as valuable a lesson as teaching them the importance of education, social skills or basic mannerisms. Introducing pocket money could be a good start. "A monthly or a weekly allowance to children enables them to prioritise between more important spends and less important spends; expenses and savings. It helps them understand that money is a finite resource that needs to be budgeted," says Vishal Dhawan, CEO, Plan Ahead advisory services.



## OTHER FUN WAYS TO TEACH THEM

Mundane activities can be turned into a fun family time with children



Kids can be encouraged to do household chores to earn for treats



Get them to help out with gardening in return for some pocket money



Little ones can be engaged in many ways. Himanshu and Smriti Gupta, Indian nationals, do not pay a monthly allowance to their children, aged 11 and 5. Instead they have a point-based system. "Whenever our kids make extra efforts to help us around or do something good, we award them points. 100 for one good deed, which on accumulation can be redeemed as cash. 5,000 points make for Rs5000. We are their bank. They give us all the cash they receive as gifts, and through our point system. And they maintain a record through a passbook with debit and credit columns. In fact we have also introduced the concept of loaning and interest to our daughter, Saachi, 11, this way. She lends money to me and makes interest on it. Thankfully it is simple interest, not compound, as yet," says Himanshu.

Auf Al-Aufi, Oman national, feels it is important for children to learn that money is earned and isn't always residing in ATMs. He has four children aged 10, 8, 4 and 3. "We try not to spoil them and instead help them understand the value of money by allowing them to earn it through household chores. This way they'll learn the financial benefits that come from hard work. They will understand that the money is earned, not granted. It's important that children get some sort of an income while they're young so they can also learn to manage their money."

In our world where borrowing is no longer a stigma and credit is freely available, it is important to teach children the value of saving and investing early. Debt, for whatever valid reason it may be, should not always be seen as an enabler. Plastic money and ATMs are ubiquitous, but they aren't limitless sources of cash, and children should be made to understand that.

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