

Kidpreneurs: 10 Tips for Kids and Money

The bright, sugary cereal box is just at eye level. The bold blue, red, orange, pink and yellow jump out and grab the eyes. The free DVD inside puts the situation over the top and immediately the box is off the shelf and in the hands of your child. And then the most feared words in history are spoken, "Mom, can I have this?"

We live in a "Want, Therefore-I-Get" society. Our children completely understand that concept. Just zip the plastic card through any machine and you get what you want! From a bag of fries at McDonalds to an ipod at Macy's, anything is possible with THE CARD. But, what are we really teaching our kids? We know that actions speak louder than words. We are teaching them to buy with credit, that everything comes easily and that you can have anything you want.

We must assume that those thoughts are a direct reflection of our economy today. In the last 15 years credit card debt has risen from \$3,000 per household to almost \$10,000 per household. According to "BusinessWeek," there are 64.6 people per credit card in India, but five credit cards per person in the United States! Home equity is at its lowest point since 1950 (below 50 percent), and, for the first time since the great depression, the savings rate is in the negative. So, the next time your kids say "I want," try these 10 tips to teach your kids about money:

1. **Just say no!** If you have young children, just say no! They don't have to have everything they see! We live in a society of instant gratification. Teach children how to wait and earn what they want.
2. **Teach them to procrastinate on purchases.** Half the things we want are impulse desires. Make your child wait a week and see if they still "have to have it." This will teach them to think rationally about purchases and consider each decision thoroughly.
3. **Create jobs for your children at an early age.** Make them EARN an allowance. This is a good habit to start and can last a lifetime.
4. **Create a budget.** You can't get ahead in the money game if you don't know where the money is going! Save first, give to others second, spend third. Allowing your children in on this process will also help them appreciate where money goes and what it takes to run a household.
5. **Make them question their spending.** Do you really need that purse? Or those concert tickets? Or that new video game? Have them weigh the pros and cons of the purchase versus the money that could be saved and used towards something in the long run.
6. **Help them to pay themselves first.** Be an automatic saver. Make them immediately save a portion of their income. Open a savings account for them with a small minimum and take them to the bank with you. Have them put part of their allowance or earnings away each month. They will see how compound can interest work FOR you, not AGAINST you!
7. **Teach them to understand the power of compound interest.** It is "the most powerful force in the universe," according to Albert Einstein. Compound interest is how you can become a millionaire by only investing \$25 a month over the course of a lifetime. The goal: get higher interest rates, and double your money faster! This creates great incentive to save that money instead of spending it right away.
8. **Explain how compound interest can work AGAINST them.** Have them pay back "loans" from friends or family quickly. Explain how banks charge a fee called "interest" on money they lend. Pay off your debt to those who've lent money so that you aren't paying unnecessary fees.
9. **Have them read about the rules of money.** Education is the key. There are thousands of great books for learning about what to do with money. Instead of playing with video games, educate!

10. Give back. Teaching children to give back is so important. Be an example and donate money and share this experience with your kids. Help them research different organizations so they can find a cause that they truly have interest in. Giving is what truly makes you happy anyway, not money!

Now you know! Imagine our society as a place where we show our next generation that hard work pays off. This doesn't mean they can't have fun. It just means we show them how to work hard, save, and be responsible with money. Money and time are valuable assets, way too valuable to neglect, just like our children!

Geoff and Kristin Gembala are the parents of four children, the co-founders of Appreciate the World, Inc., a faith-based company, and the authors of *Couples Chat*. Geoff is a national sales director for Primerica Financial Services, a subsidiary of Citi. A former middle-school teacher, Kristin is the co-author of *Kid's Chat God's Spirit*, the first book in the *Chat* series. Married for 16 years, the Gembalas live in St. Louis, Mo., with their four children and dog, CoCo Chenille. For information, please visit appreciatetheworld.com.