



## "MONEY NIGHT" WITH KIDS INSTILLS SMART FINANCIAL HABITS

ENGLEWOOD, COLORADO—Despite spring weather beckoning many Americans outside, there's one good reason to stay indoors with your kids and start a new tradition—family finance night. The idea is for families to get together on a regular basis to talk about how money is earned, saved and spent. The financial topic *du jour* is up to you, but the goal is always the same: to give your children the invaluable gift of a financial education.

"We all want the best for our children, including the best education; and learning how to manage money is part of that," says William L. Anthes, Ph.D., president and CEO of the Colorado-based National Endowment for Financial Education ® (NEFE ®). NEFE is an independent foundation whose mission is to educate Americans about personal finance.

"Parents often are the best teachers when it comes to money matters," Anthes continues. "Family finance nights are simply one way to make learning about money a regular part of their development."

### **Kid-Friendly Tips**

Anthes offers the following suggestions to get started and make sure that family finance nights are useful for both you and your children.

- **Make it fun.** Present the idea to your kids as something exciting the family can do together. Choose a night when everyone usually is home and there's no conflict with a favorite TV show or other activity. Parents also may tie family finance night into something the kids will look forward to, such as pizza night. Anthes suggests parents come prepared with props, such as a flipchart and markers for writing down ideas, which make financial concepts tangible. Remember, keep it relatively short—you can cover a lot of ground in half an hour without overwhelming your youngsters.
- **Keep it real.** Tie the agenda to what's important to your family. For example, if you give your children an allowance, make family finance night their payday. If your child has been begging for an expensive video game, hold off on discussing it until the meeting. If you want to buy a new car or are concerned about a credit card bill, use the time to share your thinking with the family and ask for their input.

- **Be consistent.** A regular meeting time makes it easier for everyone to plan to be there. It's also helpful if children have some idea of what to expect. For example, you might agree on a simple agenda, such as: 1) paying allowances; 2) asking for a comment or question related to money from each family member; 3) discussing the hot item of the month (buying that car) and 4) concluding by playing a money-related game.
- **Stay flexible.** Give your children plenty of opportunities to direct the conversation, and keep the discussion relevant, despite the fact that your kids might be of different ages. For example, your 6-year-old may ask questions about how to make change for a \$10 bill, while a high schooler may voice an interest in figuring out how to pay for college. "It's especially important to be flexible with the conversation as young people grow and discover new needs and desires," Anthes says. Give each child ample time to express his or her financial concerns and insist that other members of the family listen respectfully. In addition, teenagers' schedules sometimes may make it difficult for them to attend every family finance night, and you don't want them to feel like you're forcing them to be there. Anthes suggests, "If you meet with resistance, entice teens with a message they might want to hear. For example, say 'You will be grown and on your own soon, and learning about money will help you become independent that much quicker.'"
- **Be a role model.** Use family finance nights to show how you think through an important spending decision, pay bills and decide where to save or invest your money. "As parents, we sometimes are hesitant to teach budgeting, investing and other essential money skills, because we don't do these things perfectly ourselves," Anthes says. "Try to think of yourself as a coach, not a financial expert." Talk with your kids about what money-management skills you think you do well, and where you think you could do better. If you've made mistakes in the past, share the ones you feel comfortable talking about. Let them learn from both your successes and your missteps.

### Activities to Try

To keep family finance nights lively, vary what you do within the established agenda. Here are a few ideas from Anthes, who notes that the ages of your children and their interests will dictate what you choose to try.

- **Set a savings goal.** The attention span of preschool children is short, so choose an item that is inexpensive and can be attained quickly, such as a box of crayons. You may want to tape a picture of crayons on a jar to make the goal seem more tangible, and give your child a few coins to deposit each day. With older children, choose a more expensive item, such as a CD player, and help them brainstorm ways to earn enough money for the purchase. Some parents encourage their kids' savings habits

by making a matching contribution—for each dollar the child saves, the parent adds 50 cents or a dollar. In both cases, discuss your children's progress at family finance nights.

- **Separate wants and needs.** Help your children distinguish between spending money on the things they need and the things they want. Bring a bulletin board and some old magazines to your next family finance night. Together, cut out pictures of items and paste them on the board under a "want" label (DVD player) and a "need" label (winter coat).
- **Pay bills.** Allow your children to participate in the decisions that accompany bill paying. One parent cashed her paycheck, brought the money to family finance night, laid out all the bills due that month and asked her family to help her dole out the money to each creditor. Older children can help you pay bills by writing out checks for your signature, entering the amount in your checkbook register and subtracting the money from the balance. Or, if you bought something for your child with a credit card, bring the statement to the meeting and show that you now have to pay for it.
- **Have an economic efficiency contest.** Challenge each family member to make a list of as many ways to cut back on spending as they can think of. Vote on the winner and award a prize. Then, let each family member choose a favorite savings idea, and decide how you will accomplish it together. Another strategy to get kids thinking about saving is to let a different family member do the grocery shopping each week, and after everyone has finished, compare who was able to save the most money.
- **Plan a garage sale.** Use the family finance night to search the house for items you and your children no longer need, clean or repair them and price them for sale. Let the children keep the money they earn from selling their own things.
- **Do some investing.** If you invest in the stock market, show your children how to read stock quotations in the newspaper. Or, show them how you go online to research investments. Some families even go further and set up a family investment club, with each member of the family contributing a certain amount and voting on which stock to purchase.
- **Play a money-related board game.** A few old favorites: *The Game of Life*, *Monopoly* and *Payday*.
- **Support a charity.** Use family finance night to talk about charitable giving and brainstorm different kinds of donations, both monetary and in-kind. Together, decide on an organization that the family will give to by allowing children to express their support for particular causes, and have them accompany you as you mail or drop off the donation.

- **Take a walk.** Move family finance night outside. Go for a walk through the neighborhood and challenge your kids to name all the things they see that cost money and all the ways they see to earn money. "Don't forget to talk about the precious things that money can't buy, too, such as sunshine, laughter and people enjoying each other's company," Anthes says.

For more ideas about money activities to do with children, read ["Simple Steps to Raising a Money-Smart Child: From Toddlers to Teens."](#)

© 2005 National Endowment for Financial Education. All rights reserved.