



BABY STEPS

By age seven, kids' attitudes to money have started to form. Whether we consider it a great evil or not, ask yourself whether you'd rather teach the littl'uns about money or wait and let a payday loans company get in there first. So what can we teach them in those first formative years? *Quids in!* explores



“My son often pays for my coffee. He's only two. “I already talk to him about money because I want to teach Dillon the things I wasn't taught and prevent the mistakes I made!” *Quids in!* reader Clare is perhaps a not-so-regular mum. She is determined to ensure he understand money as early as possible.

“He will know what a credit card is, what an overdraft is, and that getting a free mobile phone is not the right reason to open a new bank account.” Clare speaks from bitter experience.

According to the Money Advice Service, children have formed opinions about money by their seventh birthday. It is never too early to start helping kids to form good habits around cash... or even cards.

It is fine to want to protect the innocence of childhood but learning about money is learning about life. Ask yourself, though, whether you'd rather do it yourself while they're young or leave it and risk that their first education comes from a payday loans company.

There are countless books on the subject of bringing up baby with good financial habits but most agree it is not rocket science. There are key lessons to teach and these mainly need to respond to the child's interests and ability to reason. We can also appeal to the different ways children learn through play, through showing how we manage money and by helping them do it for themselves.

According to Forbes magazine there are two lessons to consider by age ten: You sometimes have to wait for what you want. And sometimes you have to choose.

Having a piggy bank is a great way to make kids familiar with the idea of saving. To start, it might just seem like a game and even toddlers can play. They might want to draw round different shapes and start to learn which coin is which. Use a transparent coin holder, whether it's a proper money box or not, this way they see their savings grow.

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TALK, LEARN, DO

The Money Advice Service told us about a pilot they led along with Big Lottery and the Welsh Government to give parents across Wales the skills to introduce money to their kids from as young as three. "How you manage your money as an adult is shaped by what you experience in the family home. Talk, Learn, Do answered questions like: 'How can I stop my kids having tantrums in the supermarket?' and 'Should I give pocket money?' Many of the best ideas came from the parents themselves. Parents appreciated being able to talk about money in a fun, non-judgemental, group setting."

When the time is right, introduce some goals and help them pick out something they might like to buy. Make sure it is achievable over a period of time before they lose interest and consider matching their savings if they're a bit over-ambitious. Making a visual of the target is a good motivator, like having a picture of us in our slimming days stuck to the fridge, so cut out a photo of the object of their desire from a catalogue or print it off Amazon. Stick it somewhere they go regularly, so it's a constant reminder.

It's up to people's own parenting style, and the money they have available, but think about how the child will get hold of money to save. Will it be a bit of pocket money? Will you ask them to help out around the house? Will relatives top them up with gifts of coins? Or a mix? There's no need to spoil them, the point is just to get them to see how money comes in and money goes out. Ideally, you want them to understand money is not an infinite supply from the bank.

Some parents get kids to split their cash into three but this might depend on how much they are receiving. The three pots then turn into ready cash to spend on little treats now, savings for the future and then a pot for giving to someone else like a charity or a friend who needs a favour and might repay them later. (One-time City Minister, Andrea Leadsom MP, once told a conference in London her children had a fourth pot – one for taxation!)

As children learn to count, it's time to help them tot up their savings. Writing down how much they have, what their target is and how far they have left to go are great ways to repeat the message about waiting and working towards a goal. Chances are they will soon start laying down schemes for making extra money or working out how long things will take. They might even change their goals to match the level of their patience. These are all lessons many of us learned the hard way, often once it was too late and the debt we ran up was real.

When it comes to learning about waiting and choosing, the tough bit for parents is when they've done everything right but they still cannot afford what they want. This is when they start to see things can take time and that the choice to buy something they want a little now might mean waiting even longer for something they really want. It's hard. It takes discipline – yours, not theirs. Maybe there's a way they could 'earn' a little extra but don't make it too easy, life does not work that way.

Remember the point of this exercise. Believing it's okay to always buy now and pay later is a fast track to credit or store card debt, or worse, owing money to payday loans companies or loan sharks. There will be a time to learn about how to borrow within their means but probably not by age seven.

Once frustration and disappointment become a factor, driving bargains and shopping around should become an appealing option.

As well as putting youngsters through their paces with their personal finance, parents can carry this through to real life examples.

For example, comparing prices in a supermarket, backs up the idea of shopping around. Like most of us, if there's a well-known brand available that's usually more attractive than the store's own brand but what if it's the difference between affording something else as well or not? Like a sweet treat? How do offers work and are they really the value they seem to be? All these things are lessons and kids soak up learning like sponges.

Back home kids love role play. It's the essence of playtime and why toy kitchens, DIY workstations and doctors' kits are so popular. Many have a shop till and this is another opportunity to get them thinking money. How much do things cost? What change is due? How much can they get with a set amount of money? It's another way of getting consistent messages across about money.

Try to think of how money works in the real world but keep it fun. Many adults do not even understand interest but the idea

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that when you save someone might top it up a little is worth knowing. Parents can agree that if the kids keep a certain amount in their savings for a period of time, they'll add something. Keep off percentages, especially if you're a bit woolly on them yourself, but maybe keep it to an agreed '5p for every pound' kept in the jar for, say, six weeks. Remember, not too long or they'll lose interest... and chances are, you'll forget what you promised.

There have been improvements to how schools teach money and it became part of the curriculum a few years ago but it is not good everywhere. Managing money is not just a maths issue, for example. We need to understand put needs and wants in order and that is more than a question of 'Do I have enough?' Understanding the end result of poor budgeting is a lesson in its own right, surely, and the moral dilemmas around when to borrow, when to save and attitudes to making money might be just as well done at home.

It is never too young to start helping children understand money and, for that matter, you're never too old to stop learning. The trick is to start with making it familiar and never a taboo subject. Match what you teach about money with where they are in their education, learning to count, for example. Align the lessons with what happens in the real world and remember that being told 'no' sometimes is about as real-life as it gets. Nurture kids' interest in how money works and balance the excitement they might find with some understanding that not everyone is as good or as fortunate with money.

Here are Quids In's top tips on raising baby right on finance.

Quids in! says

While we want to protect the innocence of childhood, play is also about preparing for adulthood. If parents don't lead on this, imagine how we'd feel if the first people who offer help is a payday loan company...

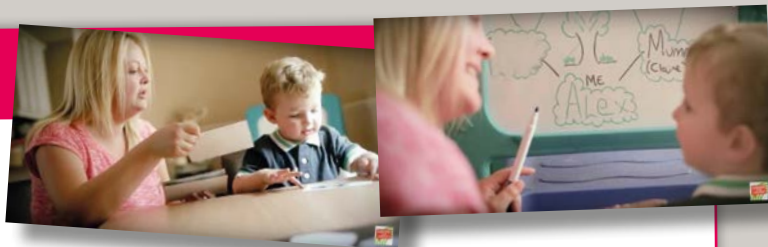
- 1 MAKING FINANCE FUN:** For the youngest children, introduce them to money and the idea of collecting things with a clear plastic piggy bank, so they can actively add coins and watch their savings grow
- 2 WHY, MUMMY?:** Encourage questions but remember kids soak up ideas like sponges, so explain fully and be consistent
- 3 HELPING HANDS:** We could all do with being more open about money, especially when we need help. The little ones' earning power is limited so think about a little regular pocket money that will still teach a lot. Could they top it up if they offer to do a bit around the house?
- 4 THEY SHOOT, THEY SCORE:** As soon as they are old enough, teach them how to set goals and work to them. Reach for the Argos catalogue and help them find something they might be able to afford within six weeks
- 5 PICK A PIC:** Goals are always more powerful when written down and said out loud. Help them cut out a picture of what they are saving for, along with the price, and put it up where they'll keep seeing it
- 6 KEEP 'EM KEEN:** Goals are not reached over night to try to talk to them every week about how they're getting on with their goals. A trip to the store to spend those savings is the reward
- 7 REAL WORLD LESSONS:** The point of all this is to teach kids what to expect from the real world. Be disciplined about shortcuts and handouts – they will ask for top ups but ask yourself, what would happen for us? Do we want them to learn about how to borrow or earn more? Or wait or even go without?

GET THE PICTURE

The Money Advice Service says two in three adults struggle with financial commitments, so it turned to child behaviour expert Dr Elizabeth Kilbey to put together a few short videos to help parents ensure their kids know how to stay on top of their money as they grow up.

The clips talk through steps to guide children from toddlers through to teenage years. Dr Kilbey's key lessons are: 'When it's gone, it's gone' and 'Save, spend, then save again', which she says will help us all as we go through life.

They show children starting to get familiar with money before they can even count. Then later, playing shop and



learning that sometimes you cannot always have all you want.

One parent helps her son buy a computer game by taking him and the money he gives her from his piggy bank into the real bank before showing him how she then can pay for it online.

"We want them to learn to look after it and keep it safe" says Dr Kilbey.

See more at: qimag.uk/qimaskids