

Banking on the Future: Raising \$mart Kids - Part 3

by vcmorris - Thursday, April 22, 2010

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How do you teach your child to become a smart consumer? The answer to that question is: start early!

I suggest you begin giving your child money lessons the first time they say “I want.” The statement may be made as early as 3 years old so you need to be ready.

When my 3 year old niece first spoke ‘ I want that’, I remember I was very happy. But just today morning, she drove me mad saying she wanted to wear a blue hairpin that belongs to her mom. I like your advice, but I am not sure how to talk to a young child who’s at her nagging best about needs and wants. ~Saika~ Submitted on [2010/04/09 at 12:41am](#)

When they say it – how about responding with an age appropriate reply – such as: “You *want* to get that toy? You already have one of those. Do you know how much it costs? It costs \$3 dollars. Hold up three fingers. That’s how old you are.”

Wait for their response or reply. Will it be a question or statement? Will it be a meltdown chant – “**I want** this toy!” Regardless their reaction or your decision at that moment, know that you’ve begun a planned approach to teaching your child the fundamentals of personal money.

You can re-introduce the concept any time. When getting your toddler ready for the day - ask questions that allow you to use want versus need, such as: “Do you *want* to go outside and play?” Then ask: “But first do you *need* to go to the bathroom?” Explain that going outside to play is what they *want* to do but going to the bathroom right now is what they *need* to do.

As your child grows – so will his or her memory of the things they’ve heard that are *needs* versus the things that are *wants*. Then you’re ready to up the ante and provide them with more concrete ways of understanding the difference and how the choice between *needs* and *wants* really matters.

Gradually as they get older you introduce the concept of saving for something special rather than always buying *something* when they’re out with you. And this opens the door for you making a point of explaining why you don’t/won’t buy things for them on impulse. This conversation is one that leads to a much bigger concept: the benefits of delayed rather than instant gratification.

Now they’re beginning to appreciate the fact that it’s *their money* – which allows you to respond: “Yes it is. IT’S YOUR MONEY SO TAKE IT PERSONALLY™. Good job!”

Here's to your health and wealth.

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