THE INDIANAPOLIS STAR MARCH 23, 2007

How do I teach my kids the importance of saving?

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The best way to help kids save is to do what parents do best: teach.

Don't just open a savings or investment account and put the kids' money into it and hope they'll make good decisions later. Teaching kids as young as possible good money-management skills will give them a sound start with their financial future.

The four intertwined foundational areas are earning, saving, spending and sharing.

Give them a small allowance for doing chores, from $2 to $15 a week depending on age. Supplemental money needs to be earned via additional chore responsibility.

Make them save 20 percent and share 10 percent. Hold them accountable when irresponsible (just like the real world).

Show them how to save for a goal, and go with them to the credit union or bank as they open a savings account and make deposits.

Have them witness your good spending habits such as preparing a shopping list or spending budget, paying with cash, and talking yourself out of impulse buys.

Teach them to share by having them participate with your tithing, charitable donations or volunteer efforts.

With younger children, keep it simple by starting with a piggy bank or glass jar.

Let them see the physical dollars and cents accumulate toward the goal. When they reach the goal, let them spend and enjoy it.

As they get older or start accumulating more than pocket money, move their money to a custodial savings account. Then progress by teaching them how to diversify their accumulating assets through other investment and savings vehicles.

◆ Bob Fredrikson is a certified financial planner.