



## Teaching your child good money habits

Teaching children good money habits at an early age can have a positive lasting affect for their future.

They are never too young to start learning about money. Children as young as 3 can understand the concept of spending and saving - and according to a study by the University of Cambridge, money habits are typically set by the age of 7. There are many different aids to help with the process from books to apps and games. Due to the advent of technology dads are now twice as likely as mums to involve their children in digital money lessons through online and mobile banking activities!

The study also revealed that parents have the biggest influence on their children's money management habits. Nearly half of UK parents talk to their children regularly about saving money but the percentage needs to be increased. Children tend to copy what their parents do so they should be shown positive financial practice on a regular basis.

Pocket money tends to be the starting point, with children being given money in exchange for doing household chores. For younger children it is important to give them the money straight after completing the task so that they understand the link between work and reward. For older children who have the capacity to understand cause and effect – a bank account is ideal so that they can experience the real-world effect of balances, statements and so on.

The concept of saving to build a successful foundation is common, but it can be difficult to implement as children become attracted to the latest toy, game or gadget on offer. Even if you believe that your child is about to waste their money on a purchase that they will soon tire of - let them buy the item - because it might just teach them a lasting lesson. So, let them do the work themselves, make mistakes now and have fun in the process.

Everyday tasks – for example the supermarket shop - can help enable children to think about money more seriously. Letting them help to write the shopping list can be a valuable lesson in planning and budgeting. When they then go shopping with you it can encourage them to choose the best value products, keep to the list and understand that those little 'treats' that they want to add to the shopping trolley cost money and aren't in the budget!

This 'budgeting' will also help them to understand that if they want to buy something they have to wait and save for it. This can be the hardest lesson for any age to learn but by teaching your child good money habits now, it will hopefully stop them making major financial mistakes further down the line.

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