

TEACHING CHILDREN MONEY MANAGEMENT

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Parental Stewardship

Parents have the God-given responsibility of being stewards (caretakers; managers) of their children. They have been entrusted to meet their physical, mental, social, and, above all, spiritual needs. Deut. 6:7 instructs parents to teach God's commandments: "Impress them on your children. Talk about them when you sit at home and when you walk along the road, when you lie down and when you get up."

Money Management Neglected

Many parents are likely to talk about good manners, grades, drugs and alcohol, good health and study habits, going to Church, etc., but sometimes neglect instruction regarding money management. A survey by the American Institute of Certified Public Accountants indicated: "The average allowance given some children is \$65 a month or \$780 a year. Most are spending it irresponsibly. Many parents are failing to teach their children about the value and wise use of money." According to a national survey, only about 34% of college students know anything about budgeting or basics like a balancing a checkbook. Less than 30% are educated about credit cards.

Parental Guidance

Danny Kofke and his wife, Tracy, (living debt free on \$40,000 per year) began teaching their daughter, Ava, money management at the age of three. Doing simple chores, she received a weekly allowance of \$1.00. She was taught to handle her money via three jars titled: (1) "Give Away" (2) "Save" (3) "Spend". Ken Robinson of Practical Financial Planning writes: "The best reason to give an allowance is that kids get a chance to learn how to manage cash flow by themselves." Establishing chores in connection with an allowance will effectively demonstrate that "money does not grow on trees". Parents who are overindulgent are making a big mistake. They should learn to say, "No!" when necessary and be firmly consistent about it. Teenagers, likely to be earning money at odd jobs, should be guided into establishing a budget. Warnings should be given about the pitfalls of being "tightwads" or "spendthrifts".

Things to Tell Children

- > **God's Word** - "The earth is the Lord's and everything in it." (Ps. 24:1) "Honor the Lord with your wealth." (Prov.3:9)
- > **Have a Money Plan** - By planning you will accomplish more with the money God has given you. If you fail to plan, you plan to fail.
- > **Be a Smart Spender** - Know that you can't have everything you want. Make good choices on how much you spend and on what you buy.
- > **Follow a "10-10-80" Money Plan** - Out of every dollar give God 10¢. Save 10¢ for the future. Spend 80¢.



Setting an Example

Teaching by example is more effective than simply telling. Lessons for life are better caught than taught. Parents should practice good Christian money management. What children observe, they are prone to imitate. In a credit card culture it's so easy to lose control of money by spending more on a life style than is affordable. Parents should show their children how they are living within their means by letting them see their debt free credit card and healthy bank statements. They should openly share why they didn't purchase some things. A personal bank account handled by children helps them learn to manage money on a first hand basis. Congregations should provide Sunday School children with offering envelopes. Parents should encourage their children to tithe (10% giving) by being tithers themselves.

ADDITIONAL RESOURCES

www.practicalmoneyskills.com/index.php

"Personal Finance"

www.selc.lcms.org

(Stewardship - Personal Stewardship)

"Parental Stewardship" - "Budgeting"

"Tithing? - Why Not?"