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Financial Ed for Children
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From Tots to Teens: A Timeline for Parents to Teach Financial Responsibility

It's never too early to begin teaching your child about financial responsibility. Basic money management skills learned early in life provide a strong foundation on which to build lifetime financial success.

Ages 3 to 5: Build a Basic Understanding
You can begin talking about money with your child as early as pre-school age. When you take your child to the grocery store or out to buy clothing, explain that you work to earn money to buy the things you need. Give your child a small amount of money and let him or her buy something.

Ages 6 to 11: Teach the Value of Earning and Saving
Age 6 is a milestone year – it's the first year of "real school". It's also a good time to begin giving your child small chores to do around the home and paying a weekly allowance in return.

Set guidelines for your child on spending and saving this allowance and any monetary gifts on birthdays and other special occasions. You can also select an annual date, such as a birthday or holiday, on which to raise your child's allowance as he or she gets older. Stay the course by making sure your child earns the allowance. This approach teaches the child that money has to be earned and it is not simply "handed out".

How much should you give your child for an allowance? Consider the child's age and your family's financial situation. You can also ask other parents in your area what they typically give their children as an allowance.

To promote regular saving, take your child to a bank to open a child's savings account. These accounts can be opened as early as age 6. You will need to get your child his or her own Social Security Number. The child should be able to sign his or her name. Ask your child to take a month's total allowance and deposit 10% to the savings account each month. At the end of each quarter, show your child how the savings is growing.

As your child develops an understanding of how saving works, begin to show him or her the value of setting and sticking to a budget. Once the money allocated for saving is deducted from the allowance, show your child how to budget the money that is left over. Children usually have a list of things on which they plan to spend their allowance. Encourage your child to prioritize this list, based on what the child wants most and how much the item costs. If there's not enough money for an item, encourage your child to keep saving until there is enough money to purchase the item.

Alternatively, the child may choose something more affordable that can be purchased sooner. Make time to go over this budget with your child periodically.

Ages 11 to 15: Begin Discussing "Real Life" Financials and Longer-Term Goals

Around age 11, you can begin to introduce your child to "real life" household budgeting. Show your child your household budget. Explain what a checkbook is and how you balance it each month. If you have Online Banking, teach your child how it works. Show your child various bills associated with household expenses and explain how they fit into the budget.

The middle school and early high school years are a great time to begin discussing long-term goals with your child, such as saving for college or a car. Explain how you are saving for these goals. Encourage your child to do his or her part to earn extra money to help save for these goals. Your child can offer to mow neighbors' lawns, shovel snow or run errands for them.

Ages 16 to 18 and Beyond: Financials Get Real

Age 16 is another banner year – many teens have learned to drive, are working part time and are preparing for college. If you haven't begun earlier, now is the time to discuss the financials around attending college or buying a car. Encourage your teen to get a part-time job to help save for these goals. Further encourage the work/save ethic by offering to match each deposit your teenager makes to a savings account.

When your son or daughter enters college, agree on a budget and determine what expenses you will pay for and what the teen is expected to pay for. Explain the differences between paying in cash and using a credit card. Discuss how a credit card works. If you are considering giving your college-age teen a credit card, establish guidelines for responsible use. Clearly communicate what will happen if your teenager overspends or fails to pay the credit card bill. If you co-sign a credit card for your teen, ask for email notifications to make sure he or she makes payments on time. Once your son or daughter's credit has been appropriately established, you may choose to have your name removed from his or her credit card.

Apple Bank Can Help

Ask an Apple banker about our Youth Savings Account, designed for children ages 6 through 17, and our ClassValue Checking® Account, for high school and college students ages 17 through 25. Visit one of our convenient branches in greater New York to get started. For branch locations, visit www.applebank.com.

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