

Managing Money for your Elementary Age Children

Let's talk about the **BUCKETS OF MONEY** method to help
your children learn to save

by Denis Waitley

919 words | 4 pages



Money management is one of the least talked about issues of family life. Children's lifelong attitudes toward money are based on what they learn at home, so when do our children start to learn about money?

When a child begins to count, you can begin to teach them to distinguish one coin from another. Then, how many coins equal another.

An allowance will show your child how to handle money and when she is ready for school, she is ready for an allowance.

When parents decide to give an allowance, they should strive for a system that makes them and their child feel good. If one method doesn't work, then be flexible enough to try another. Discuss with your child what he/she will do with the money and what should be done with it. Obviously, what your child spends the allowance on will change and become more expensive as he/she grows older.

It takes time and patience for children to learn to manage money wisely, and a big question for parents is how much allowance to give. There are no general rules, but a suggestion is give your child one-half of his/her age per month until more is needed. For instance, a five year old would get \$2.50 per month or about \$.60 per week. When parents are in doubt, they can find out how much other children are receiving by asking friends or parents of close friends. Experts disagree on whether the allowance should be tied to chores. Some say that you run a great risk of power struggles and mutiny when it is in payment for chores that should be part of family or personal responsibility. Others say that free money defeats the worth and does not teach responsibility.

Personal responsibilities like cleaning their room and picking up their things and family responsibilities like doing dishes and taking out the trash would not be paid for. Perhaps, lawn care, shoveling sidewalks, or painting the fence could involve extra pay.

The point is that as a family, you decide what extra work will involve extra pay. Money should not be an incentive for either good grades or good behavior.

Let's talk about the **BUCKETS OF MONEY** method to help your children learn to save. The BUCKETS you set aside for your, soon to be, financial wizard might be labeled:

#1: "SPEND" BUCKET – The spend bucket gets the money they want to use to buy little things. Take your children to the store with you and let them handle the transaction themselves. This should be 35% of their allowance.

#2: "SAVE" BUCKET – The save bucket gets the money that goes for the power ranger or the game with the batteries. This teaches your children patience and perseverance and shows them that delayed gratification can be rewarding. The "save" bucket should get 55% and should pay interest. You decide. Some parents like to match the savings. Some parents pay a percent and add a bonus at birthdays. This bucket encourages savings.

#3: "SHARE" BUCKET – Your child takes money out and puts some in the Sunday collection at church or in the Salvation Army pot at Christmas time. This bucket gets 10%. This presents a good opportunity to talk about helping others and volunteering. Take your child with you when you are doing your volunteering. Remember, example is the greatest teacher.

When your child wants something is a good time to discuss what it costs. Look on line or go to a store that has the item. Does it look the same? Is there something similar that is more affordable? Check the bucket marked "save" and start saving. You might make a deal with your child depending on the cost of the item. Because you don't want too much time to pass during the saving, you might suggest that when he/she saves half you'll put in the other half.

We like a fourth bucket for the family. Name it whatever you like, but it should be the **"FUN" BUCKET**. It's where the loose change goes, and every once in a while that money can go to buy a pizza or something for fun.

Keeping a ledger helps your child see where the money is going, how much is available, and when a certain amount will be reached. This combined with a budget helps with the total understanding of money.

Start with these basics, and help ground your child in a solid financially responsible foundation!



Denis Waitley is one of America's most respected and beloved authors, keynote lecturers and productivity consultants on high performance human achievement. He has inspired, informed, challenged and entertained audiences for over 25 years from the boardrooms of multi-national corporations to the control rooms of NASA's space program. Denis has been voted business speaker of the year by the Sales and Marketing Executives' Association

and by Toastmasters' International and inducted into the International Speakers' Hall of Fame.

With over 10 million audio programs sold in 14 languages, Denis Waitley's CD album, *The Psychology of Winning*, is still the all-time best selling program on self-mastery. To order this Best-Seller or his newest release, *The Platinum Collection* and to subscribe to the free Denis Waitley Weekly E-zine visit his website here: DeniWaitley.com
