

Savings Made Clear

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Waiting is hard, no matter how old you are! We don't like waiting for the traffic light to change. We get impatient if the person in front of us takes too long to unload groceries onto the checkout counter. We buy something we want right now, rather than pausing to consider the tradeoffs of getting it now versus waiting until later.

If our kids see us using our money this way — buying on impulse, without much consideration of the potential impact — how can we ever teach them to save money? And how can we instill in them a regular, lifelong saving habit?

Kids need incentives, first to learn how to save, then to make it a part of their money management behavior. What's the most effective way to motivate them? Make it very simple and very clear, and be a model yourself. Let's take a look at some smart kid-motivating strategies.



When To Do

Once each week or every other week

What To Do

Try one or more of the following activities to help your kids get started as savers or become more regular savers.

1. **Double or Triple Their Savings.** For every dollar your kids can save, match all or part of their contribution — like a mini 401(k) plan. Once the habit is in place, you can reduce or drop the incentives. We suggest these starting match amounts:
 - For very young kids (under 9), 100% or 200%
 - For kids ages 9 to 12, 25% or 50%
2. **Set Saving Goals:** Set short-term goals so your kids can easily save, reach a goal, and then start saving for another goal. You know your kids' ability to wait — set a goal they can achieve without getting bored. For some kids, one week is long enough. For others, a goal of a month or two might be fine. Early victories are key!
 - a. Help your kids brainstorm a wish list of things they want.
 - b. Have them draw or cut out pictures of the items on their wish list. You can use the images when you track their progress toward saving money for the items.
3. **Make Saving Progress Visible:** Kids, particularly the very young, need to see and touch things for them to be real. Make tracking progress fun; get the whole family involved in monitoring how they are doing.
 - a. Put a drawing of an empty thermometer or a basic graph on the fridge or a bedroom door to show the savings amount growing, week-by-week.
 - b. Paste a picture of the item being saved for on the thermometer or graph to remind your kids of their current goal.
 - c. Have your kids color in the next increment in the thermometer or fill out the graph each week with the new total. If they're still math beginners, help them add up the new figure.
 - d. If possible, schedule the same time each week for a savings update, so your kids look forward to it. And don't be surprised if they remind you!
 - e. When they reach the savings goal, set a time to shop for the item. Remind them to bring their savings to the store, and let them pay for the item.
 - f. Congratulate them on their success — then set a new goal and start the tracking over again. Use a different tracking symbol (thermometer or graph) each time so they don't get bored.
4. **Give Non-monetary Savings Rewards:** Instead of matching savings dollar for dollar, consider rewarding your kids with something special to them: toys, games, stickers, a special outing to the zoo. Be sure to pick something highly motivating to your kids.
5. **Model Saving Money:** Your kids probably don't know that you save money yourself. Make your act of saving money more visible.
 - a. Set a goal and track your progress, just as they are doing.
 - b. Set up your own savings thermometer, or use a savings jar and put it on the kitchen counter for all to see.

What You'll Need

- Paper
- Color-illustrated magazines or advertising inserts
- Scissors
- Tape
- Calculator

Talk About It

When your kids reach a savings goal, ask them: was saving up the money hard, easy, or just cool? Did they change their minds about the savings goal? If so, can they share why? What do they think of your saving and reaching goals?