

## Wish List

June 11, 2010



Have you ever dreamt of owning a really fast car – or taking a month-long vacation – or buying season tickets to the ballet? As adults, we have savings goals that often require some pretty big sums of money to fulfill our wishes. We have learned to save to buy a home, maybe start our own business, or be ready for a long retirement. It turns out that those who are successful in meeting financial goals are really good at saving money. And we're willing to bet these folks got into the habit of saving money early on. Like, when they were kids!



So where do you begin with your kids? Unless they were born with frugal genes, they probably prefer spending money to saving it. Now, there's nothing inherently wrong with wanting material things. Having a goal serves as incentive for achieving it. So let your kids dream of things they want, as long as they understand that it's up to them to make it happen.

### When To Do It

Some evening after homework is done

### What To Do

Your kids can learn to become more determined savers by having their own savings goals. The key is to set and reach short-term goals so your kids develop the savings habit.

1. Compile a wish list – aka a set of savings goals – with a second column for costs. The wish list is just another way of writing down financial goals on paper.
  - a) Help your kids write a list of the things they want, today. Tip: include some small, inexpensive items for early successes (see step 2).
  - b) Help your kids rank their items in order of importance, from high to low.
  - c) Help them come up with a ballpark cost for each item and write it in the cost column next to the item.
  - d) Post the wish list on the fridge or some other very visible spot, so you and your kids stay focused on the goals
2. Chart a course to make those wishes come true – help your kids map out a plan to save up the money.
  - a) Start with the least expensive goal on the list, because it will take the shortest amount of time to reach – ideally, just one or two weeks. Early success is key to starting the savings habit.
  - b) If your kids get an allowance, determine how much of it you will let them use toward their savings goal – this will set the length of time to reach the goal. Optional: offer to match their savings to help shorten the time it takes to reach a goal.
  - c) If your kids do not get an allowance, consider giving them a small amount of money each week, earmarked for helping them practice saving and reaching their goal. They need money in some form to practice building the saving habit.
  - d) Have your kids track their progress on the wish list each week until they reach the goal.
  - e) Once they reach the goal, take them shopping to get their wished-for item. And celebrate the accomplishment of reaching the goal!
3. Set the next goal, and continue to support your kids as they reach more and more short-term savings goals.
  - a) When you get home from buying the first item, or soon afterward, take out the list again and select the next goal to begin saving for.
  - b) You know your kids best, so keep the length of savings time appropriate for their ability and patience. One- or two-week goals for a five-year-old may be just fine. This may be the right level for your kid for an entire year. Be patient; the rewards will outweigh any of the small frustrations of the early habit-setting period.

### What You Will Need

Paper/pencil  
Magazines for ideas

Calculator  
Patience

### Talk About It

Did your kids find it easy to come up with things they wanted? Did they find it hard to wait until they had enough money to go shopping for their coveted item? Did they think of other ways they could get more money, like doing extra work to help out around the house?