

# Pointers For Parents

## Teaching Big Kids Dollars And Sense

by Lawrence Kutner, Ph.D.

(NAPSA)—I'll let you in on a little secret. The real purpose of giving young children an allowance isn't to teach them to save. It's to let them make mistakes. In fact, making mistakes with money at a young age is probably more important than either saving it or spending it wisely.



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That's because the stakes are low. If you learn about borrowing and repaying small loans from your parents when you're nine, you're less likely to get into trouble by maxing out a credit card at college when you're 19.

Sure, children should learn to save some of their money. They should also learn, as they grow older, how to plan ahead for a purchase that costs more than a week's allowance. It's the less-obvious money skills and financial insights that matter the most. If parents need more strategies for discussing issues with children and pre-teens, Tony's pizza offers a practical guide for them at [www.tonystime.com](http://www.tonystime.com). *Tony's Time: Recipes to Work it Out* is a free program developed by experts to help caregivers effectively deal with everyday learning situations.

Here are a few other tips that will give your children a lasting advantage:

- Bills have priorities. Involve your children when you pay your monthly bills. For example, they can sort the bills and add them up. Help them see that certain

accounts (rent, food, savings) have to be paid before you see how much is available for a computer game or a vacation.

- Loans have due dates. When you advance your child a week's allowance so that he can buy those new skateboard wheels, write up a simple contract—nothing fancy, just a sentence or two—that states when and how much you expect to be paid back. Include a penalty if he misses the payment. When he pays you, sign a receipt. Many kids like this type of formality because it makes them feel grown up.

- The pants are not the logo. If you think a particular brand name product isn't worth the money, but your daughter disagrees, offer to pay the price of the generic version and ask her to pay the difference for the brand name. Having to spend some of her own money will force her to consider the value she's getting for the logo.

- Provide guidance, but let them recover from their own money mistakes. While they'll complain at first, in the long run they'll be proud of their accomplishment. Besides, if you bail them out of small financial problems when they're in middle school, they'll expect you to do the same with larger problems when they're in college.

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