

Cyprus Credit Union Finances for Kids



The sooner you are able to introduce basic financial concepts into your child's life, the better prepared they will be for their future. In this guide, we'll show you ways to teach your child the importance of earning money, saving, spending responsibly, and giving back.



EARNING



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EARNING



Ways to Earn Money

While there are tasks around the house that are just expected because your child lives there, you can still find ways for them to make money by doing a little extra work. For example, rank chores, outside of the expected ones, by the amount of effort you believe they require on a scale of 1 to 5. When your child comes to you for money, point them towards the chore chart and have them pick whatever they want to earn the money.

Chores by Age

Here are some examples of chores your child can take on as they get older:

Ages 2 – 3

- Make bed with help
- Put away toys with help



Ages 4 – 5

- Help with dinner
- Set table for dinner
- Fill pet bowls



Ages 6 – 7

- Choose own clothes
- Vacuum rooms
- Put own laundry away
- Clean bedroom



Ages 8 – 10

- Manage own homework
- Wash dishes/Load Dishwasher
- Take out trash

Ages 11 – 12

- Mow the lawn/yard work
- Babysitting
- Change bedsheets





Budgeting for Kids



Make Goals

Just like with your own budget, it's important to know what you kids want to achieve with their money. Sit down together and come up with three goals: one short-term, one mid-term, and one long-term. Once you know what they want, you can start planning on how to reach them.

Wants & Needs

A good way to teach kids how to prioritize their money is by teaching them the difference between their wants and needs. While you as the parent are most likely to take care of most of the needs (food, water, shelter, clothing, etc.), your kids can decide what 'wants' are most important to them. This may also help them understand why different families buy different things.



GOALS

Make it Visual

Kids respond to visual process towards their goals. Something like a thermometer that shows them how much they need to earn towards whatever they want to buy is going to stick with them more than numbers written down. Physically moving towards their goal can provide more incentive to save.

SAVING



Ways to Save

Make it Fun

Making smart money choices doesn't have to be boring. If there's something specific that your child wants to buy, create a savings chart for them. Every time they hit a savings milestone, there can be some sort of reward. This could be as simple as a sticker all the way to matching the amount they have saved. If your child is new to saving, start with smaller, more attainable goals to prevent discouragement and then work your way up.

See Their Money

When your child is still little, having their savings outside of the home may not be the most effective way to teach about saving, as it is often 'out of sight, out of mind.' During these early years, keep the money where they can see it. Using jars to organize their money by saving, spending, and sharing is not only a great visual, but may help them save quicker when they can see it grow before their eyes.

Make Goals Together

Sit down as a family and come up with your savings goals together. This could be for a vacation, cutting down on the electricity bill, or a new TV for the living room. Make sure the goals are realistic for your budget.

Teach About Interest

Reward their Savings

Before their money is in the bank, create your own system of interest. For example, if they have at least \$10 in their savings at the end of the month, give them \$1.

Debt Interest

As they get older and may need to borrow money, this is a good opportunity to teach them about the interest associated with debt. Create a payment plan that includes interest for late or missed payments that both sides agree to before the money is loaned.





Dollar Dog Accounts

Cyprus Credit Union's Dollar Dog Kids Club is the perfect way to teach kids aged 12 and under the value of saving money and the power of interest.

Joining is easy. Simply bring your child to any Cyprus Credit Union location, along with a \$5 initial deposit and their social security card, and open a Dollar Dog Kids Club account. Upon joining, your child will receive a free plush toy.

Other benefits of a Dollar Dog Kids Club account include:

- Prize with every deposit
- Official club membership card
- Games & contests
- Dollar Dog website
- Financial tools for kids



SPENDING



Value of Money

Teach Money Basics

Start teaching your kids the basics of money from a young age. This includes how to differentiate between coins and bills and their values. Try exchange exercises, such as trading in four quarters for a dollar. Play store and assign values to items in your home to help them learning the 'buying' process.



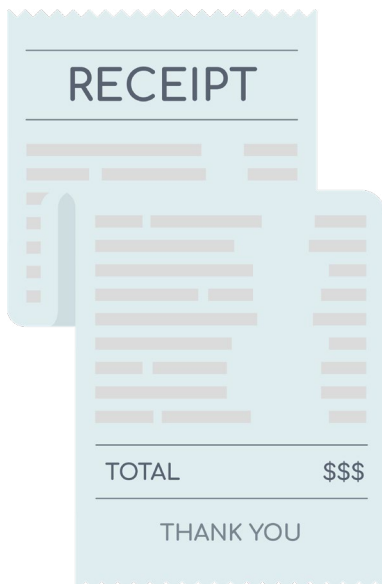
Associate Money with Work

It can be easy for kids to think that buying something is as simple as the push of the button on an ATM or the swipe of a credit card. Put money into terms they can understand. For example, say they want to purchase a video game that is \$40 and every time they mow the lawn, they earn \$5. This means they will need to mow the lawn 8 times to earn the money they need. If it still seems worth it to them, then let them go for it.

Include in Shopping

Include your kids in the list making process and show them how you save money on certain products with coupons. When you take them shopping, stick to your list and compare & contrast the prices on certain items. With as much detail as you're comfortable with sharing, explain to your kids the thought process behind your spending decisions.

Responsible Spending



Let Mistakes Happen

As a parent, that last thing you want when your child makes a purchase is to watch their hard-earned money go down the drain. However, learning this lesson now, when the stakes are much lower, can help prevent larger mistakes in the future.

Post Purchase Checkup

After your child makes a purchase, save the receipt. After a couple of weeks, go over it together. If they spent their money on something temporary, such as a treat instead of a toy they wanted, they may have buyer's remorse that they didn't wait.



Difficult Money Conversations

A great way to start teaching your children about the importance of money is having open, honest conversations. However, there can be some topics that are a bit tougher to approach than others. Here are some tips for money talks with kids.

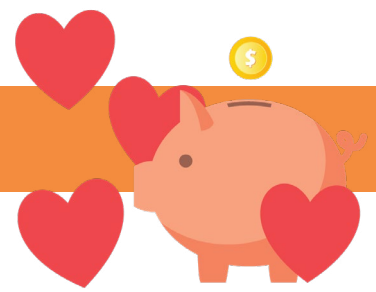
Start Early

As soon as your child is able to understand the concept of money, you should start talking about it. A good place to start is earning money for doing simple chores around the house to enforce the idea that their parents work hard to earn money to take care of them. Take them to your financial institution to open a savings account for their money.

Be Honest

You obviously don't want to unnecessarily overwhelm your kids with any financial issues you may be dealing with, but it's also a helpful lesson to be transparent. Maybe your child doesn't understand why their friend gets to go places or gets things that they don't. Talk about how everyone has different priorities when it comes to their spending choices and this is what your family does.





Importance of Giving Back

Teaching your child about empathy and the importance of helping others while they're young has several benefits including:

- Increased empathy
- Better appreciation
- Stronger sense of security
- More tolerance for others



Teaching Kids About Charity

Clean Up

Have your kids take inventory of the things they already own and items they no longer play with or wear should be set aside to be donated to charity. These items should be in good condition and not contain anything that could be a potential danger to the next child that owns them. Take the time as a family to clean them up before you donate.

Be an Example

When your children witness you performing acts of charity, they are more likely to adopt these habits into their own life. So, when they are cleaning out their rooms to find donations, do the same in yours. Gently used clothing and other household items are greatly appreciated by those in need.

Volunteer Your Time

Get involved with your local community. Have your family volunteer at your local homeless shelter or food bank. Contact your local nursing homes or assisted living to see if there are ways you can help. Many elderly people can feel forgotten or lonely and this is a great way to contribute to the community.

Let Kids Lead

Try to find causes that align with your children's interests or issues for which they've expressed concern. Kids are born with an inherent sense of compassion, so use opportunities of charity to nurture these instincts.