

Tips for Teaching Your Grandkids to be Financially Aware

While many people are on a good path to retire comfortably, others wish they would have started saving earlier or saved more throughout the years. People's relationship with money is often something developed at a young age, and grandparents are uniquely positioned to teach grandchildren some of these important lessons.

Grandparents as Financial Teachers

Regardless of your own personal financial situation, grandparents can help educate the generations that follow them to be financially prepared for the future. Understanding money is one of the most important life skills a person can develop, but yet it is often not talked about at the dinner table, and most schools don't have a curriculum on money topics. As a grandparent, you've likely learned many financial lessons, and it's important to pass them along.

Communication is key when it comes to educating children. While grandparents often get to spoil their grandkids with fun activities, they can also take advantage of these outings to teach children about financial topics. Consider sharing some of your personal experiences of good or poor financial decisions you have made over the years and how it impacted your future. Below are a handful of topics to consider having conversations about with your grandchildren.

Needs Versus Wants

Does your grandchild seem to think everything is a need? Marketing campaigns are designed to teach children that the latest products or services are must-haves. Take the time to teach your grandchildren about needs versus wants.

Earning Money

As your grandchildren grow, think of projects they can help you with and provide a monetary reward. When you pay them for completing projects, occasionally use that as an opportunity to ask how they will spend the money. These can be important teaching lessons around spending it now, saving for a future purchase or donating a portion of the money.

Saving for the Future

Many children at younger ages have a piggybank to save for future purchases. While this is an important concept, eventually the conversation may shift to saving for a car or college, so it's important to teach children about bank accounts and investing.



Credit Cards

A major problem in today's society is credit card debt. As your grandchildren approach an age of being able to apply for a credit card, it's important to teach them the basics about how these products work and the associated interest.

Financial Lessons for Grandchildren

- **Birthday Gift** – Purchase a book that explains saving, investing and managing debt.
- **Comparison Shopping** – Are you personally shopping for a new car, homeowners' insurance or a new household appliance? Ask your grandchild to help with the process of comparing products.
- **Helping a Charity** – Similar to comparison shopping, consider giving your grandchild a small amount of money for a donation to a charity. Have them research charities and provide a quick summary of how their donation could impact others. Taking your grandchild to visit the local charity and possibly volunteer could also be beneficial.
- **College Savings** – College expenses continue to rise and saving early for college is important. Consider a matching program for your grandchild's college account, such as a 529 plan, similar to that of a 401(k) savings match.

For example, set up a program where you will match 50% or 100% of what your grandchild deposits into the account up to \$100 or \$250 per year.

- **Budgeting Fun** – Are you watching the grandkids while the parents are out of town? If so, give your grandchildren a certain amount of money for a day of fun and help them budget for it.
- **Stock Market Challenge** – Allocate an amount in “play” money to be invested in various stocks. Help your grandchild look up various stocks of companies and have him or her allocate the “play” money to a handful of stocks.



More Resources:

For more on this topic, visit www.americancentury.com/kids. Through this website, you can download “Raising Financially Aware Kids” for free.

For more information visit: marinerwealthadvisors.com

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