

## Saving For The Future

Are your children savers or spenders? According to a recent survey by the American Savings Education Council, ninety-four percent of students look to their parents as a financial information source. The study also found that fifty-four percent of the students surveyed view saving some of their money as important.

Have you ever heard a child ask a parent to buy them something only to have the parent respond, "I don't have the money," and the child saying, "Just write a check." Children often have no concept of earning money, much less saving it.

Does your local school district offer courses in money management? While sixty-one percent of parents say that parents and schools should teach children about financial education, only twenty-one percent of students participating in a Youth and Money Survey have taken a personal finance course at school. Many community banks across the state have worked with local school districts to create savings programs within the schools. Bank personnel volunteer their time to go to the school and help with these school savings programs. Children set up personal savings accounts and student "tellers" accept deposits at the "bank", all in an effort to teach children the value of saving money.

Sixty-eight percent of parents think it is important to save money on a regular basis. However, only forty-five percent of the parents surveyed report that they make a monthly budget and stick to it and only thirty-eight percent of parents say they pay off credit cards completely each cycle.

Here are some ideas to teach your children to save money

### **Open a Savings Account.**

While your children are very young, take them to the bank and open a savings account for them. Many local community banks have special savings accounts specifically designed for children. Ask bank personnel to give them a tour of the bank so they will have an



### *Tips from your Community Banker*

understanding of how the bank works as well as feel comfortable about leaving their money there.

### **Teach Children to Save.**

Thirty-eight percent of the students in the survey said their parents require them to save some of the money they receive. Most children receive an allowance and as they get older, many work part-time mowing lawns, babysitting or working at the grocery store. Parents should require children to set aside part of those earnings in a savings account for their future.

**Include Children in Financial Discussions.** Thirty-one percent of the students surveyed responded that their parents rarely or never discuss setting financial goals with them. While you may not want to share the entire family budget with your children, include them in some of the family budget discussions. Show them on paper how much it costs to buy a car, costs of auto insurance, auto maintenance and gasoline for the car. Write down the cost of a college education and again show them the costs of tuition, fees, books, housing, not to mention entertainment and clothes.

### **Use Credit Cards Responsibly.**

With so many adults drowning in credit card debt, many children begin to think all of their spending problems can be solved with a credit card or two or three. Teach your children to use credit cards wisely and the importance of paying credit card accounts promptly to avoid expensive revolving interest fees. For more information on teaching your children about credit cards, log

on to the Federal Trade Commission web site at [www.ftc.gov](http://www.ftc.gov). There is a booklet entitled "Ready, Set...Credit" which will provide information to children about credit and credit cards.

It is never too late to begin saving money, but the earlier children learn about savings and financial goals, the more secure their financial outlook will be for the future.

*Provided as a public service by the Independent Bankers Association of Texas (IBAT)*