

# This is MONEY

A daily guide to your Personal Finance

- Savings
- Travel
- Debt & Borrowing
- Utilities
- Managing your Tax

Money Matters  
with Nimi...

## Raising money-savvy kids



become the norm and sets some wrong messages to money matters. If you are extravagant and wasteful, your children will learn these lessons.

Take them shopping

The early shopping experiences teach so much about comparing prices, what is expensive and what is cheap, prioritising, paying the cashier and collecting the change etc. This helps children weigh up decisions. All these are practical lessons are far more lasting than a short lecture.

**Allowances or commissions?**

An allowance or pocket money is usually the introduction to money for many children. This provides parents with an opportunity to teach budgeting. Children should understand that they have a finite amount of money, which they need to manage in order to be able to afford the things that they want.

Some parents feel that giving an allowance for doing nothing just breeds a sense of entitlement while others think paying commissions for chores, helps them understand that money ought to be earned. Some parents tip children for diligence

in their chores; penalties and fines may also be imposed where work is neglected or done shabbily.

Be cautious in paying for chores as every family member should have some obligations and responsibilities at home that they should perform without expecting any cash reward. Commissions work best for activities that are outside the usual tasks; tidying a bedroom, sweeping, and generally being helpful around the house shouldn't be paid for.

Children should be taught to distinguish between "wants" and "needs". If your child has been eyeing a new device or gadget, don't just "help" them out by paying for everything that they want, as this sends the wrong signal. You can agree on a target amount that they should save themselves, after which you might consider matching the amount as appropriate; this will give them a sense of fulfillment as their "sacrifice" has brought about a direct benefit.

**Learning to Earn**

Part time jobs and vacation jobs also give children a practical understanding of the effort and time that is needed

to earn an income. Some children display entrepreneurial skills very early. If your child is showing significant skill in a particular area you might encourage them to start a small business. Apart from earning income it will begin to instill a solid work ethic they will benefit from throughout their lives.

**Board Games**

You can make the subject of money fun and engaging by introducing board games. The world famous Monopoly board game is a great tool to teach children about the important concepts of Banking, Real Estate, Saving, Taxes, Budgeting and Personal Income. This provides a great opportunity for family members to spend quality time together, as well as learn invaluable practical life lessons at the same time.

There are many "invisible expenses" that children should be made aware of that do not involve physically handing over cash. All these everyday actions such as using electricity or water bills, data usage will run up bills that they may ignore if you don't point them out. Talk about money saving habits like turning off lights or air-conditioners when not in use; if they actually see the bills, these will become practical real life lessons that will help them to make better money-saving decisions.

As soon as children have access to money from pocket money, chores, vacation jobs, they can begin to save. They should try to save at least 10% of all their pocket money in a piggy bank; subsequently a savings account should be opened for them at a reputable bank. A savings account with some restricted access will help to teach them the discipline of saving. Birthday money and any other income they may have should be deposited. Without regular withdrawals, they will quickly

learn the concept of compound interest. As their balance grows, this will be an incentive to save more as they can see the direct benefit over time.

The "buy now, pay later" mentality is endemic and can plunge young adults into a cycle of debt. The sooner your teenager understands the concept of debt, its advantages and its pitfalls, the better.

One of the greatest lessons you can teach your child about money is that they can make a positive impact on their community and that is where they will be most fulfilled. Teach them that giving is as important as receiving. Discuss with them a cause which they would like to support and make it possible for them to visit and understand what impact their donations of either money, time or some of their belongings can have.

Financially literate children have a much better chance of becoming financially independent adults. Give your children the best shot at this.

Money Matters with Nimi is organizing a Children's Finance Fair on Children's Day, Saturday, 27th May 2017 at the Lagos Preparatory School, Ikoyi at 9AM.

*Nimi Akinkugbe has extensive experience in private wealth management. She seeks to empower people regarding their finances and offers frank, practical insights to create a greater awareness and understanding of personal finance.*

For more personal finance tips, contact Nimi:

Email: [info@money matterswithnimi.com](mailto:info@money matterswithnimi.com)  
Website: [www.money matterswithnimi.com](http://www.money matterswithnimi.com)  
Twitter: @MMWITHNIMI  
Instagram: @MMWITHNIMI  
Facebook: MoneyMatterswithNimi

**D**o you ever look back at your childhood and wish that you had been given at least some basic lessons about money? Perhaps many of the money issues you face would never have happened if only you understood some basic principles of financial management.

Do your children a favour; get them started on the right footing so they don't make the same money mistakes. With money management not taught in schools, it is important for parents and guardians to ensure that their children are equipped with at least the basic concepts of personal finance before they step out into the world. Sadly, most parents don't deal with their children's money issues until the children are adults. By then, any money problems tend to be both costly and emotionally charged as parents are forced to continue to fund adult children even as they must aggressively face their own retirement plans which they have left late. Bad money habits once established are hard to shake off and can last a lifetime.

Young children provide parents with the best opportunity to encourage good financial habits. A research report from Cambridge University revealed that money

habits are formed by the age of 7. This means that the earlier we start to introduce our children to money matters, the better. Children will typically develop their attitudes and habits through their parents' behavior that will have a long-lasting impact on how they spend, save, invest, borrow, and give.

**Set the right example**

If you are always borrowing from friends and family and they always have to hound you to pay them back, your children are watching and listening. If you and your spouse are always having money fights, this will

