



02 Teach the children the correct "Concept of Money"

It is believed that many parents have been worrying about their children's squandering of money. In fact, should children acquire the bad habit of spending at random, it is not easy at all to rectify it when they grow older. Therefore parents need to set for their offspring a "Money Education Plan" to allow them to understand the importance of money management. They can take into consideration their past experience and through the pocket money they give to their children, teach them the fundamental concept of money management at different phases of their life time.

Children of pre-school age do not understand any concept of money and parents may help them to learn how to deal with money, spend money, receive money, lending and borrowing money practices through games of role play (e.g. supermarket business, library services, etc). Furthermore, parents may allow their kids to participate in daily shopping and payment of the articles they would like to buy to enable them to understand the meaning of payment, to comprehend the important principle of "shopping is an open option" and at the same time, explain to them the basis of their choice.

When the children enter the junior primary education stage, they have already learned some fundamental knowledge of money. In this period, the parents may calculate a child's daily expenditure and allow him/her to keep some pocket money. It is appropriate to help the child to set a simple plan and show him/her how to make the best of the money as well as help him/her to record the situation of the money spent for further guidance. Shopping List is a fine teaching material. Parents may discuss the price of the objects with their children to nurture the concept of "open option for shopping". Furthermore, we can encourage the children to save money. As their endurance is quite limited, we first help them to set a short-term (one to two days) policy.

When they reach the senior primary section, their money concept is getting clearer and clearer and there will be an obvious change in the "open option for shopping" practice as they know how to make their choice and are able to dispose their money, as well as to design a simple plan of expenditure. In this phase, they begin to crave for more expensive or complicated articles and are willing to work for their cost. Now, the parents may open a savings account in the bank for them to encourage a longer-term (two to three months) money saving. At the same time, let them see the situation of the family expenditure to help them to understand how much is spent on them, or even try to lend them some money to see how they handle the amount. At this age, some of them may have already understood the loan and cost policy (interest) and the parents should give them the appropriate education.

The children may seek a total freedom of spending money when they enter the junior secondary period. The parents may then share with them the financial situation of the family, the budget, etc. to let them know that it is impossible to practise unrestrained offering of money and they too have the obligation to be responsible for the family and for themselves. Here they may begin to get in touch with credit cards and this an important time to exert precaution. Parents have to impart to them the correct concept of money to avoid keeping the habit of "spending the future money". Should it be so unfortunate as to find their act of "money stealing", the parents need to instil again the appropriate concept of money and check also if their pocket money is enough for their expenses. In addition, the children should shoulder the consequences also. Give to them the due penalty for the purpose of educating them on the mistake they made.

When they arrive at the senior secondary stage, they begin to share the simple investment philosophy (open a fixed deposit account in the bank). The parents may let them do so but provide them with sufficient guidance. Now, they are willing to take a part-time job with the aim of making a long-term saving policy in order to buy an expensive article. They may take loans in order to satisfy their immediate desire of buying and the amount is usually quite big. They may even wish to own a credit card. At this, the parents have to reinforce the proper counselling.

Please note that the purpose of doing all these is to "teach" and "guide". Therefore let them hold considerate autonomy (in accordance with their age), allow them the chance to participate and try to make their own decision while guiding them to the right path but never give too much control or just set a plan for them. Should they make any mistake, help them to analyse the cause and lead them to recognize their error in time.

On the other hand, "consequence" is also a good teacher. When a child has set a plan, the parents may help them to foresee the "consequence", or let them meet the "consequence". For example: a child has meant to spend all his/her money to buy an object. The parents may examine the situation with the kid and let them know that this choice will leave him/her no money at all. This is the "consequence". Then permit the child to see if he/she should proceed with the plan. Should the child be persistent to his/her choice, the parents should be firm enough to let them experience the taste of having "no money to spend" and they have to shoulder the disastrous effect of being a "spendthrift".

Allowing the children to understand the financial situation of the family and letting them participate in the family expenditure, bear the meaning of permitting them to learn to undertake (e.g. housework) and to share (e.g. pocket money) the financial situation of the family. However, the most important point to note is, obligation to the family and reward are too different things which should be properly distinguished. Never let the children sprout the greedy thought of "doing the housework is a means to make money".

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