



Consumer Credit Counseling Service
of Maryland and Delaware, Inc.

Helping people help themselves through Education, Financial Counseling and Debt Repayment

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Do You Want to Teach Your Children Financial Skills?

Show Them the Money!

WILMINGTON, DE - The lack of awareness and poor fiscal decisions that helped ignite the current economic downswing underscore how important it is for all of us to be financially informed and to make sound money management decisions. Consumers acquire their initial financial knowledge, attitudes, and habits from their parents, and they generally carry whatever they learn into adulthood. According to a 2008 Charles Schwab report, only one third of parents (34%) has taught their teen how to balance a checkbook, and even fewer parents (29%) have explained how credit cards and fees work. When children are not adequately prepared to make sound financial decisions, it can lead to disastrous results once they leave home: In a 2008 NFCC/MSN *Money* poll, only 59% of young adults age 18-29 said they pay their bills on time each month, and according to a joint NFCC/MSN *Money* survey, one in 10 Americans with a mortgage were late or missed making a house payment last year. If you are a parent or guardian, here are six ideas that may help you give your children the personal finance knowledge and skills to succeed in life:

- 1. Start Early.** Even very young children can learn age-appropriate financial lessons: If your kids ask you to buy them candy or toys, use this opportunity to discuss the difference between wants and needs. As soon as children are old enough to have money of their own, provide a place, such as a piggy bank, where they can store it. Help them learn to set long and short-term goals for saving and spending the money they accrue.
- 2. Use Your Child's Allowance as a Teaching Tool.** When children are 6-8 years of age, start giving them an allowance and show them how to use it. Begin by establishing clear ground rules: How often will the allowance be given? How much will you pay? Will the amount paid be tied to specific family chores? Encourage your child to set goals and save a certain amount. Young children's goals can be simple: For example, they may be expected to save for toys or other purchases that cost more than a week's allowance. The key is to teach them delayed gratification. That way, they will be prepared to save for larger things, such as a car or college, down the road.
- 3. Talk Openly and Often.** Many of us remember receiving the old "money doesn't grow on trees" speech from our parents. During dinner time, trips together in the car, and leisure activities hold relaxed discussions about related personal finance topics. During these

conversations, encourage questions, avoid using sophisticated economic jargon, and offer age-appropriate examples.

- 4. Make the World Your Classroom.** Children are more likely to retain and apply the money management lessons that they learn in real life. Treat every setting as a personal finance laboratory. At the store, show your kids how to compare the price and quality of similar products. To teach the value of compounded interest, help them open a savings account at a local bank and encourage them to make regular deposits. When they visit the Web on a computer at home, use this as a chance to discuss identity theft and practices that help insure online privacy and security. Include them in family budget planning discussions and allow older children to sit in when you review pay monthly bills.
- 5. Teach by Example.** You are your children's primary role model and they are likely to inherit your financial attitudes and habits. Learn as much as you can about saving, spending, borrowing, investing, and ID theft. If you are behind on your bills, set up and stick to a budget, cut back on expenses, and contact your creditors to discuss a plan for getting back on track. If you are in serious debt or face foreclosure, seek reputable credit counseling or HUD-approved housing counseling immediately. Nonprofit agencies like CCCS of MD & DE provide these services at no cost. To learn more, visit www.cccs-inc.org; to schedule a CCCS counseling appointment, call **1-800-642-2227**. If your family is having financial troubles due to job loss or overspending, don't hide: Hold a calm, frank discussion with your kids. Parents who share their thoughts in situations like these help their children feel more secure and learn valuable life lessons from the experience.
- 6. Become a Financial Literacy Advocate.** When it comes to financial awareness, our children can use all of the help that they can get, including instruction at school. Ask how money management lessons are taught at your child's school and if personal finance education is a mandatory high school graduation requirement. Some school districts have already adopted this standard. If your community hasn't, ask your local PTA to place financial literacy on the agenda for its next meeting and contact those who decide what's included in course content for your area. Whether children learn lessons at home or at school, the money management knowledge and skills they acquire now will benefit them for the rest of their lives.

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Consumer Credit Counseling Service of MD & DE, Inc. (CCCS) is an accredited 501(c)(3) nonprofit agency that has served the local community since 1966. CCCS helps individuals and families resolve their financial and housing issues and gain economic self sufficiency through education and counseling. For further information about our vision, values, and services, please visit our website at cccs-inc.org. Maryland State License #14-01, Delaware State License #07-01.