

## **Tips to Boost Your Child's Financial Discipline**

In today's disruptive and changing world, building a financially confident generation is key. Financial discipline is an important skill for people of all ages, but it is particularly important for kids to learn about early on in life. One of the key reasons why financial discipline is important for kids is that it can help them to develop good financial habits including setting and sticking to a budget, saving, and avoiding debt. All these factors can have a big impact on their financial well-being throughout their lives.

Below are some key financial skills to boost your child's financial discipline:

### **Start early**

There is no better time to start instilling financial knowledge in your child than now. The earlier you start teaching your kids about financial discipline, the better. This will give them more time to develop good financial habits and it will also help to ensure that they have a solid foundation for their financial future.

### **Encourage savings**

Let your kids learn to save every part of any amount that comes through their hands, no matter how small. Teaching children to save is an integral part of helping them understand the concept of delayed gratification. They can save for the future or simply towards a desired gift or toy. Helping children define a savings goal and how long it would take to achieve that can be a better way to get them motivated. If they know what it is they want to save for, guide them on breaking down their goals into manageable bites. After identifying their goal for saving as a parent you can provide a piggy bank or jar where they could stash their money.

### **Be a good role model**

As a parent, you are your child's primary role model when it comes to financial matters. It is therefore important that you set a good example by managing your own money responsibly. This can include setting and sticking to a budget, saving and investing in a money market fund, and avoiding unnecessary debt.

### **Provide them with an allowance**

One way to give your kids a hands-on lesson in financial discipline is to provide them with an allowance. Although optional, this can help them to understand the concept of earning money, and it can also give them the opportunity to practice making spending and saving decisions. Be sure to provide clear guidelines for how the allowance should be used and be prepared to offer guidance and support as needed.

### **Distinguish needs vs. wants**

As a parent, teach your children the difference between needs and wants from early in life. By doing this you would have taught them to spend their money on the most important things in life first. For example, if your children get an allowance, having them write down their purchases each day and add them up at the end of the week can be an eye-opening experience. Encourage them to think about how they are spending and how much faster they could reach their savings goal if they were to change and monitor their spending patterns.

### **Discuss debt**

While borrowing can be a useful tool in some cases, it can also be a source of financial stress and instability if not managed carefully. Explain to your children how debt works and the risks of borrowing and encourage them to avoid taking on unnecessary debt.

Financial discipline is key in all aspects of life, and when instilled much earlier in life, it can go a long way in helping children be financially stable and understand financial management.