

Raising Financially Independent Kids

Teaching our kids how to be good with money needs to start from a young age. Setting the right example, and teaching them age-appropriate lessons is one of the best ways to get them on the right track.

Here are the lessons, the conversations, and the goals you can set with your kids based on their age.

Ages 5-9

The best financial foundation you can give your child is that money isn't to be feared or revered, it just needs to be mastered.

Learning Goals

- Know where money comes from, and that there isn't a never-ending supply
- Understand that money is earned
- Know what it means to spend consciously
- Begin to practice delayed gratification
- Understand the concept of giving to others
- That with money we must think about today, the future, as well as other people

Key conversations to have

- Money is not magic. Talk about how it's earned and where it comes from
- Options with our money. To share, save, and spend (jam jars appropriate in this early stage)
- We don't just save money, we also save clothes, toys, books etc.

Key milestones

- Determine value-based jobs where kids can earn money
- Start paying pocket money for regular [being part of the family] jobs

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Ages 10 -13 years – The Tweens

This is the age where you can begin to take the theory of money and put it into real-world scenarios.

Learning Goals

- Understand why we need a plan for what we do with our money
- Why we set spending limits
- Understand the concept of compounding interest
- Understand the concept of credit and paying interest
- Have a sense of what entrepreneurial spirit means

Key conversations to have

- Why we earn money
- Why thinking about and planning for the future is important
- Different money personalities (spender, saver, shopper)
- What is credit (credit cards, store cards, afterpay, payday loans) and interest
- Difference between debit and credit cards

Key milestones

- Have a short-term savings goal
- Introduce spending limits. Get them to take over the family grocery budget for a few weeks
- Start receiving a living allowance, not linked to jobs, which will cover expenses like clothes or other discretionary spending

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Ages 14-16 years – older teenagers

If your kids can create positive attitudes and behaviours toward money early on, these will stick with them throughout their life.

Learning Goals

- Connect money with the role it plays for future you.
- Understand the relationship between time and money
- Have a basic understanding of investment and building wealth
- Understand the opportunity cost of spending
- Be able to read and understand a bank statement
- Understand where their talents lie
- Know life costs for their current lifestyle and how much money is spent on the family
- Link what life costs to what you need to earn

Key conversations to have

- Money gives you choices and you need to plan for those choices
- Money doesn't make you happy, but money and happiness are linked
- Parent's money story – explain where your lessons about money came from
- Talk about your biggest money regret
- Calling out the difference between a hobby and a career
- How advertising and marketing tactics encourage unconscious spending
- Wealth-creation strategies you are using and why having a wealth creation plan is important
- Talk about any trade-offs you are making to grow wealth

Key milestones

- Get a part-time job
- Create a spending plan
- Have a savings goal
- Manage an allowance that covers haircuts, phone bills, and clothes.
- Negotiated a better deal on one of the family bills
- Take over the holiday budget for a short family holiday

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Ages 17-19 years – young adults

Give your kids the tools they need to survive the financial landscape they are entering. Empower them to get in control of their money so they can design the life they want and have a strong sense of control.

Learning Goals

- Know the key paths to growing wealth
- Understand what to think about before investing
- Understand KiwiSaver basics
- Understand taxes and what they pay for
- Introduce property and leverage
- Know the difference between good and bad debt
- Know everyone has failures, and that's ok
- Understand implications of student debt

Key conversations to have

- Your financial situation - how much you earn, how quickly you got there and how much money is leftover each month
- Credit cards and how to use them
- Why women are more exposed financially than men
- Talk about the differences of working for someone else or yourself
- Discuss the habits of successful and effective people
- Talk about time vs money and how it impacts debt
- Financial cost for further study and options of how they will cover this

Key milestones

- Have a long-term savings goal
- Decide if they are going to complete tertiary study after school.
- Have a reference from their job
- Have a plan for costs of further study
- Researched different jobs and their pay