

# How to become a money-smart kid

Ages 6–13



Wealth  
Management

Would you like to learn more about money? Read on for the facts to learn more about where money comes from, how to earn it, how to make it grow—and how to save for the things you want today or for bigger items in the future.

## Where to get money

So you're all set to become a money superhero, but where is your money coming from? If you aren't already getting an allowance, you might want to talk with your parents about it. An allowance is money your parents or grandparents give you, usually once a week. If they think you should get an allowance, they will decide with you how much you will get and how often. Your mom and dad might want you to earn your allowance by doing chores around the house or by doing special jobs. Helping with special jobs around the house or for friends and family who live nearby can also help you earn extra money. You might also receive money gifts from time to time, maybe on your birthday or another special occasion. You might want to put that money in your bank account to save for something bigger down the road.

## Become a kid entrepreneur

What's an entrepreneur? It's a big word for a big idea—being the owner of a business. Here are a few ideas to help you earn some extra money from your family or neighbors.

## What could your business be?

- Running a lemonade stand
- Washing the car
- Doing garden cleanup in the spring and summer
- Raking leaves or shoveling snow in the fall and winter

## Learning about money is as easy as 1-2-3!

To get started, you will need three jars or piggybanks. (See box to the right to learn how to make your own.) Then, whenever you get money, you might want to divide it up between the three banks, labeled:

### 1. Save

This is where you keep money you're saving for big things, like a new bike.

### 2. Spend

This is where you keep the money you'll use for stuff like new video games, toys, treats and fees for clubs.

### 3. Share

This is where you keep money that you might want to use to help others. For example, it could be given to the charities that your school raises money for.

## Make your own awesome money jars for free!

Follow these easy steps to make your own piggybanks from stuff you have at home (tip: they don't have to look like pigs):

1. Raid the recycling bin for jars, plastic yogurt containers or coffee cans (you'll need three). Make sure each one has a lid that fits.
2. Wash and dry your containers.
3. Ask an adult to cut a slot in each lid for dropping money through. Make the slot big enough for a \$1 coin, which is the biggest coin.
4. Decorate your containers using paint, stickers, magazine cut-outs and anything else you can find around the house.
5. Label one container Save, one Spend and one Share.

So how much money do you put into each bank? Some people save 10%, share 10% and spend the rest. (If you get a \$5 allowance that would mean 50 cents goes into your saving jar, 50 cents into your sharing jar and \$4 into your spending jar.) Others

might divide their money up evenly between all three banks. Decide with your parents how you will divide up your money, and follow that guideline with all the money you get, whether it's allowance, birthday money or money you've earned from your job or business.

### Smart saving

When you start putting your money in your saving jar every week, an amazing thing happens: the jar starts to fill up! You might never spend your savings or you might be saving for something really amazing, like a trip to Disney World or a great bike or even your first car when you're older.

Once your savings bank starts to fill up, it's a good idea to keep that money in a safe place, like the bank. If you don't already have a bank account, ask your mom or dad about opening one. Most banks have special accounts just for kids, to help them get started. You'll get your own debit card, and the bank will pay you extra money, called interest, just for keeping your money there. Ask your mom or dad to see if they will set up an account for you.

There are other ways to make your savings grow, called investments. You can ask your parents about investments and how you can use them to make your savings grow even faster.

### What to spend your money on

The biggest problem for most kids is that there are too many things they really, really want! First, remember the things you need to spend money on every week. When it comes to spending money, it can help to make a list of the big things you want, along with how much they cost. Then maybe you won't use up all of your spending money on candy every week and run out of money for some of the bigger items you want. (Or maybe you will.) The point is, sometimes you'll want to save for a really awesome item and sometimes you'll want to spend your money at the movies. It's your money and your decision.

### Helping others

Your sharing jar is an important part of being money smart. Money can buy cool things like video games and scooters, but it can also buy food for someone who really needs it. What may seem like a little bit of money to you could mean a lot to someone else. You might already know of some charities you can support through your school, community group or your sports team. You can talk with your parents for other ideas and you can do your own research as well. You might use your money to buy food for a food bank or toys for a holiday toy drive; or you might give it to a group that helps people in your community or in another part of the world. Big bonus: giving to others makes you feel great, too!

### How the experts can help you

Money can be complicated. Your mom and dad, or maybe even your grandparents, are there to help you learn all about how to earn it, save it, share it and spend it wisely. Don't be afraid to ask questions.

You might also want to visit the bank to talk to the person who looks after your parents' money. They'll have good ideas on how to spend and save your money wisely. It's a good idea to write down questions as you think of them, and then bring them with you when you meet. Before you know it, you'll have learned lots of ways to manage your money!

### Parents' corner: Information for your parents to read

Your involvement is critical to starting your child on the right path to financial literacy and responsible wealth management. At this early age (6 to 13 years old), your child can understand the basic principles of saving and spending money and can learn the importance of saving for longer-term goals. You can help by providing a regular allowance along with budgeting and saving strategies to help your child save for a special purchase.

### Can I have a pet?

Many kids ask to have a pet, but there are a lot of responsibilities and costs that come with being a pet owner. Before getting a cat, dog or even a fish, it's important to understand how much time—and money—will be needed to keep your newest family member healthy and happy.

| Pet     | Supplies (leash, collar, litter box, aquarium, crate/cage, carrier) | Health care (shots, medicine and other care) | Food and treats     | Training | Spay/neuter |
|---------|---|--|---------------------|----------|-------------|
| Dog     | 200   | \$235 per year                               | \$300 per year      | \$110    | \$200       |
| Cat     | \$255   | \$160 per year                               | \$200 per year      | \$0      | \$0         |
| Fish    | \$200   | \$0 per year                                 | \$10–\$100 per year | \$0      | \$0         |
| Hamster | \$40  | \$0 per year                                 | \$100 per year      | \$0      | \$0         |

Source: ASPCA.org