Is there ever a day that goes by when you spend absolutely no money? It's possible that you may not use any cash on a particular day, nor your debit or credit card. You could argue that a day like that happens on occasion, but I would venture to say it is rare. Even if you aren't spending available cash, you are using electricity, your cell phone, or other resources that you will have to pay for.

Every day we have to use money management to determine how our wants and needs are met. Money management is a skill we use to meet our needs, but also a skill that is critical to fulfilling dreams and reaching goals. It is a skill that is essential to personal financial security.

You would think that a skill as important as this would be a significant part of the learning experience of every school-aged child. However, for a variety of reasons personal finance is rarely a required course for young people in school. If it's available, it is usually offered as an elective class for high school students. Unfortunately, by the time they reach high school, students have usually already established their spending and saving habits, as well as their overall understanding of how to manage money, albeit a limited understanding for many.

Parents may not see the importance of teaching about money to their young children – opting to wait until the child begins to struggle in handling money responsibly or until they are ready to launch out on their own. Research shows that the best time to begin teaching children about money and positive money management skills is during the early formative years. Children need to learn good money management approaches before they begin to establish habits and attitudes that can get them in financial trouble later in life. Additionally, young children are more receptive to guidance when it comes to money than teenagers are.

It has been 10 years since the Institute of Medicine conducted research on the impact of marketing to children. Although the focus of their research was on food marketing as it relates to children, their broad findings on the purchasing power of children is eye-opening. They found that youth, age 2 – 14 years have tremendous purchasing influence on their family – to the tune of $500 billion a year! Marketing to youth is big business. All the more reason to start early in helping children know how to make wise financial decisions.

When should a parent start teaching their children about money? Right now! Beth Kobliner, author of *Get a Financial Life,* shares children as young as three can understand the basic principles behind spending and saving. "You really can't start too early," says Kobliner.

Parents have the ability to provide their children with tools to be mindful and successful financial managers. Parents are the number one influence on their children's financial behaviors, so it's up to us to raise a generation of mindful consumers, investors, savers, and givers," Kobliner says. So, as a parent, where do you start? Believe it or not, with the toughest lesson we all struggle with, regardless of our age.

You must wait to buy the things you want. Don't boo and hiss me, yet. You know it's a real challenge for all of us. Immediate gratification is the cause of most of our financial derailments. Kids (of ALL ages) need to learn that if you really want something, you need to delay the gratification and find satisfaction in buying with money they have saved for that purpose.

Planning for your own purchases will model to your children how to manage the consumer decisions we make every day. You can plan for the big purchases by setting money aside in savings until there is enough to cover the cost. You can plan for your daily and weekly spending with the use of a list. For example, using a list when you go to the store is a simple way to show children how to plan for spending. Sticking to the list is another lesson we can teach them. (Now you can boo and hiss!)

In today's world of ATMs and card readers at the register, teaching your children that *a plastic card doesn't mean unlimited financial resources* is important. This goes along with the delayed gratification I spoke to earlier. We may not have the money in our checking account, but we really want something, so we charge it. Americans owe over $845 billion dollars in credit card debt. The average credit card company charges 18% interest on purchases and 24% on cash advances which does not include the 3 – 5% service charge. Children need to learn the true cost of products purchased on credit which is the cost of the item plus any interest incurred.

You have to make choices about how you are going to spend your money. When we go on vacation, my kids have to wrestle with this decision almost daily. Do they want to spend their vacation money on consumables (single use items) or do they want to spend their money on things they can take home with them (keepsakes)? Teaching the children the value of what they use their money for helps them make better financial decisions.

These are just a few of the many money management lessons we can teach our children. You have to start with those things that apply to everyday living in age-appropriate ways. Parents can find age-appropriate lessons and activities at http://www.moneyasyougrow.org/.

You can also call me at the Geary County K-State Research and Extension office to find out more about other financial management resources at: 785-238-4161. Until next time, keep living resourcefully!