

FINANCIAL LIFE SKILLS.

Financial life skills for parents and children

- \$ Split your income or allowance into four categories: save, spend, give and invest. This helps to teach children that they must plan for their savings and expenses.
- \$ Don't waste money. Shop with a list and go shopping only for necessary items. Having a list will help you avoid impulse purchases.
- \$ Plan your spending and keep track of everything you spend. Make sure your children help you do this. It will help them appreciate the value of money.

How budgets work:

Earnings = money comes IN

Expenses = money goes OUT

Good financial understanding starts with knowing how much money comes in and how much money goes out.

- \$ There are usually more ways to spend money than ways to earn money – be careful!
- \$ If you spend more money than you earn, you will have debt.
- \$ Borrowed money (also known as credit) in any form, is not part of earnings!
- \$ Increasing your earnings does not mean your expenses will decrease. You always need to make sure your expenses and earnings are balanced.
- \$ If you can maintain your current expenses and increase your earnings, you'll be in a good spot!
- \$ If you cannot increase your earnings, then you should decrease your expenses!

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