

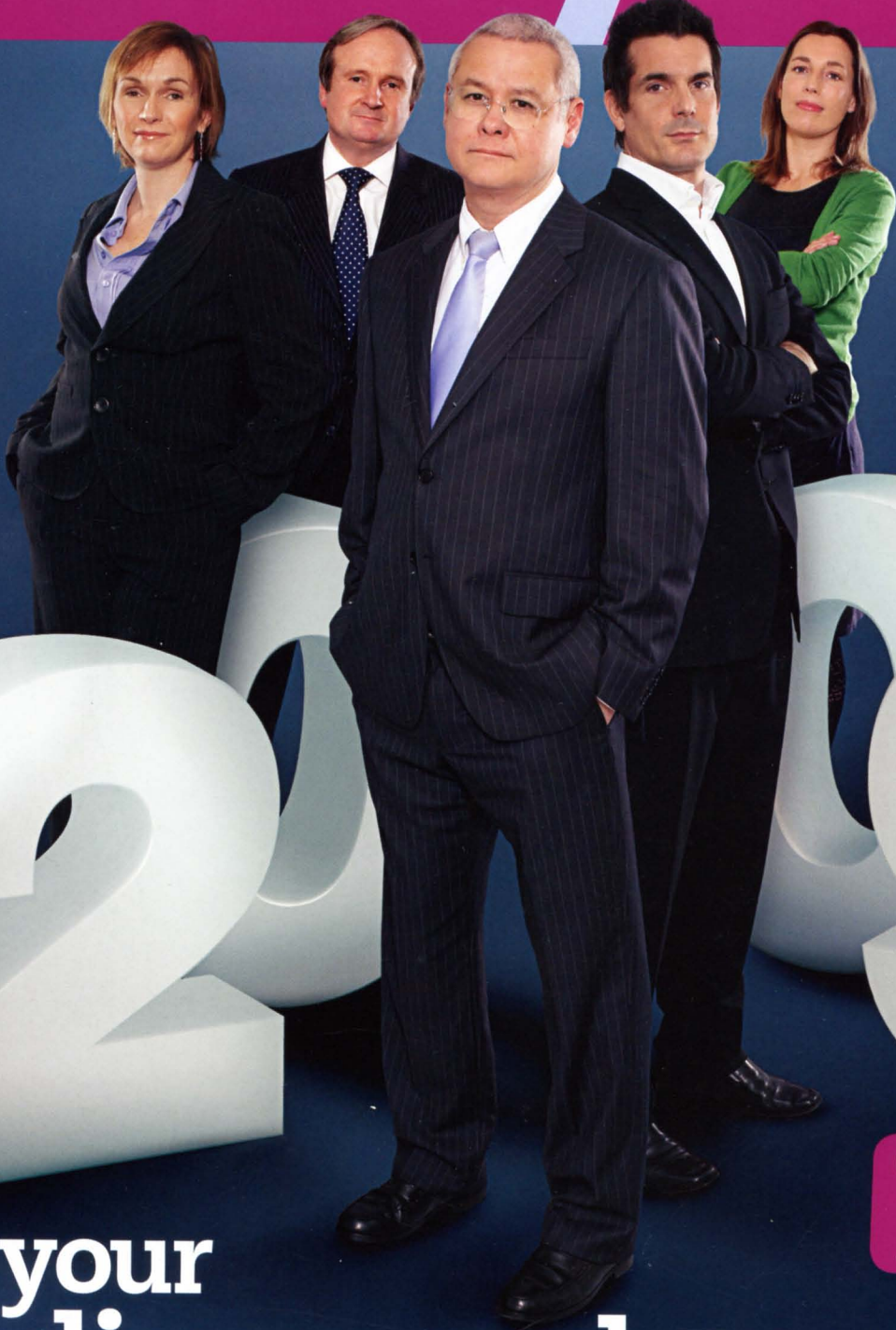
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Step 3: Teach your kids the true value of money

Alvin Hall – financial guru, broadcaster and author

THE BEST TIME TO TEACH your children about money is when they are young, curious about money, and have yet to develop a self-serving sense of entitlement to the Bank of Mum and Dad. If parents wait until their children become teenagers or young adults to teach them lessons about the value of money, the process can be especially frustrating and financially draining. This will certainly prove true if parents have never set limits on their children's financial behaviour, or have repeatedly bailed them out of bad financial straits without letting them learn the real consequences of their actions.

Teaching a teenager or young adult the value of money often has to involve tough love. However, the combination of older children (especially teenagers), money and tough love is an especially difficult one for a parent to negotiate. It's particularly challenging if you have avoided dealing with the issue, or thought your children would learn the skills magically as they grew up. It doesn't happen that way, unfortunately. Here are six golden rules that will help you help your older children start to think about money more responsibly.

1 Decide what your strategy will be and stick to it. Both parents must agree to the approach and hold to it, or it will not work. Remember that children, of all ages, are very skilful at exploiting parents' protective generosity.

2 Make a list of the money faults or flaws you want to correct, prioritise them from the most important to least important, and tackle them one at a time. Don't

ever think you can change a person's financial behaviour all at once. Improving one or two frustrating traits may be enough to turn things around.

3 Tell your children clearly, frankly and firmly what aspects of their behaviour must be improved. Make it clear that your approach is designed to both help them understand the value of money by correcting a specific fault, and reduce your frustration with the way they behave.

4 Encourage your teenagers to get a holiday job. You'll be surprised how quickly they come to understand how money works when they have to earn it. To be frank, there is no better way to learn about money than actually handling the real thing. Your child will remember the smell of the real notes in their hands, and recall it after the money is gone and their hands are empty. Therein lies a potential for one of life's important epiphanies about the importance of handling money responsibly.

5 Don't feel guilty. Part of good parenting is giving your child the survival skills, and in today's

world, handling money responsibly is one of them. Learning how to live within the limits of one's income and dealing realistically with the consequence of one's financial actions are key components of financial well-being.

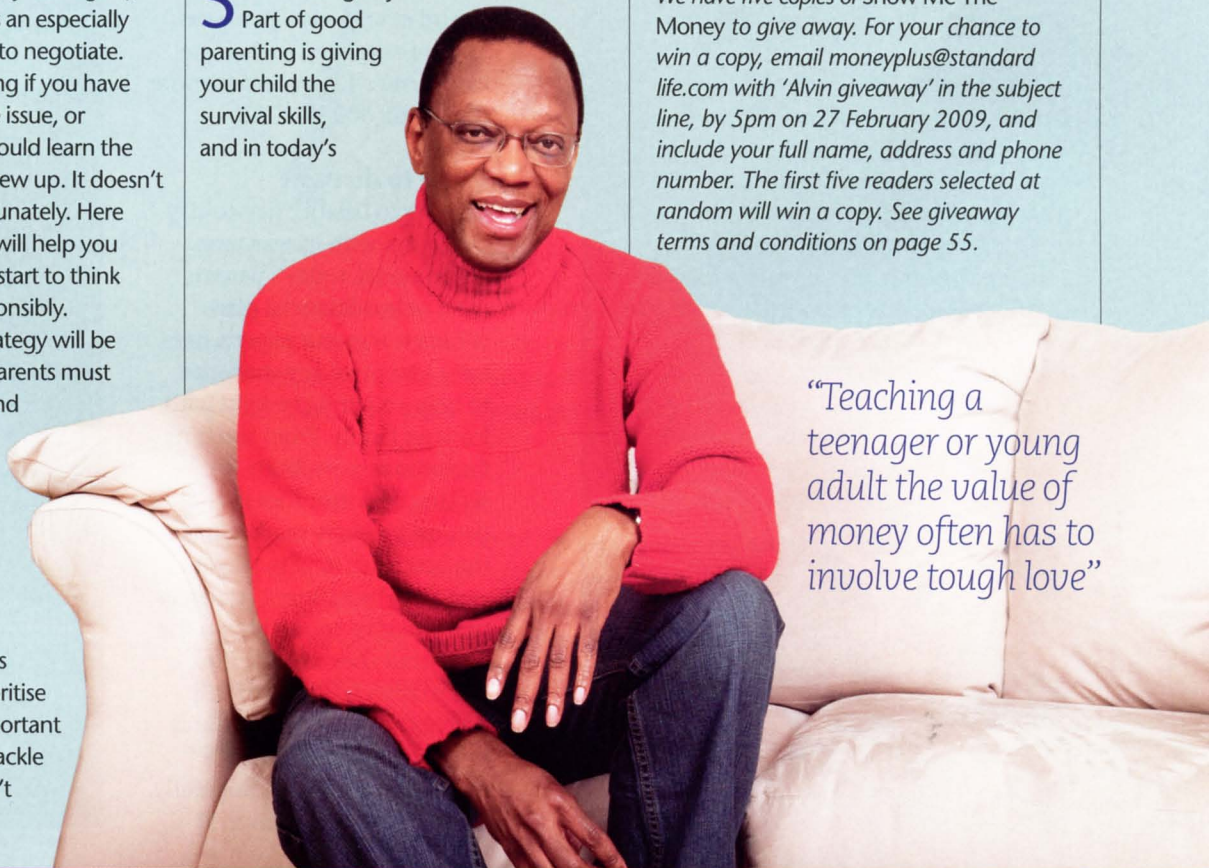
6 Don't be afraid to let your child fail. Sometimes tough love involves letting your children fail and then dig themselves out of the financial problem. It may be difficult for you to watch as a loving parent, but the skills gained by your child will teach them a lesson that will be invaluable throughout their lives.



Alvin Hall is the author of Show Me The Money (Dorling Kindersley, £9.99), which guides children through the world of finance.

* Reader giveaway

We have five copies of Show Me The Money to give away. For your chance to win a copy, email moneyplus@standardlife.com with 'Alvin giveaway' in the subject line, by 5pm on 27 February 2009, and include your full name, address and phone number. The first five readers selected at random will win a copy. See giveaway terms and conditions on page 55.



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