



ABA News to Use

Keeping banking's frontline personnel informed

Encouraging Kids to Save Instead of Spend

If you're a parent, grandparent, aunt or uncle, you're probably well aware that kids are terrific at spending money. Where they need help is in saving it.

With fewer than 20 states requiring a personal finance course for graduation and many parents too busy or ill-equipped to teach their kids, the ABA Education Foundation offers these quick tips to help make every day "Savings Day":

-- *Help kids open their own bank savings account and make deposits regularly.*

Your child can earn their first deposit by doing neighborhood chores or selling old toys at a community garage sale.

-- *Start a 401(Kids) program.* Match 25 cents or 50 cents for every dollar that your child saves.

-- *Break the money taboo.* Talk to your kids about the family budget and include a discussion on wants versus needs. Reinforce this by budgeting for a family outing or purchase.

-- *Take advantage of teachable moments.* While children know that money doesn't grow on trees, they may think it comes out of a wall. Show them how an ATM machine works and explain that to take money out of a bank, you must first put it in.

-- *Give your kids positive feedback.* As children get older, give them responsibility over how they spend their money.

Research shows that a lack of financial education can have serious long-term effects. According to the National Foundation for Credit Counseling, 66.7 percent of people obtaining pre-bankruptcy credit counseling cited poor money management as their reason for seeking bankruptcy protection. And a recent study from the Consumer Federation of America showed that only 40 percent of adult Americans have separate emergency savings funds.

"Whether you're dreaming about owning a home or facing the reality of a medical crisis, you cannot overestimate the importance of saving," said ABA Education Foundation Director Laura Fisher.

For information about ABA News to Use, or to suggest subjects for future articles, please contact ABA's [Brian Nixon](#).