

Budgeting

Budgeting teaches the basics of money management: keeping track of money, saving, planning for spending and living within your means. Introduce your child to budgeting as soon as they start using money.



★ START A BUDGET

When your child starts budgeting, make it simple. Have them track the money they earn and spend for a week using the *Youth budget sheet* in the **EXTRAS** section. At the end of the week, review their budget and talk about how they might improve next month. Ask:

- ▶ What did you enjoy spending your money on?
- ▶ What did you regret spending your money on?
- ▶ How can you reduce your spending and save more?
- ▶ How can you make more money?

★ BUILD ON WHAT THEY LEARNED

Once your child has gotten used to tracking their spending, take it to the next level. Have them estimate how much they could earn in a week or month, and make a plan for how they would like to spend their money the following week or month. This plan should also include money for saving. Ask:

- ▶ What do you plan to spend your money on (for example, clothing, entertainment, cellphone, etc.)?
- ▶ How much do you plan to spend on each category?
- ▶ Which categories are more important to you? Why?
- ▶ Did you build saving into your budget? What are you saving for?

TIPS FOR TEACHING BY EXAMPLE

Giving allowance – Before giving your child an allowance, talk about how it should be managed. Encourage them to “pay themselves first” by saving a portion of their allowance before spending. Next, decide what portion of the remainder should be spent, shared and invested.



