

Teach Kids To Set Savings Goals

Your child wants a new longboard (\$200) or the latest basketball shoes (\$120), but it's just not in the budget this month — or for the next three months. Rather than a flat-out **no**, work with your child to set a savings goal and then help her reach it. Here's how:

Identify the goal.

If your child has an item she'd like to purchase, the goal amount would be the purchase price. If the item is exceptionally pricey, offer to match her savings once she gets halfway there. Setting a reasonable goal amount will help her see when the end is in sight and provide more motivation to reach the goal.

Make a plan.

What will she do to reach the goal? Sit down with your child and discuss ways to earn the money. Does she have a part-time job? Babysit? Are there additional chores she can do around the house to earn more money? Get creative! Together, figure out how much money she can save each week or month and how long it will take to reach her goal.

Set money aside.

Make sure your child has a savings account or another method for savings. Spending can often be quite tempting if the cash is easily accessible. If your child is serious about saving, make sure she has a place to put the money away.

Follow through.

Once your child has reached her savings goal, follow through and allow her to purchase what she saved for. If you agreed to match her savings, make sure you're ready to do so, too.

Giving your child the knowledge and help to reach a savings goal is a life lesson she will carry with her throughout her adult life. You might even be surprised. Once your child has reached her savings goal, she may decide that the item she originally wanted to purchase isn't worth the work she put into it and use those savings even more wisely.