four quarter$

I have a dollar. Teach me. Show me. Watch me.

www.fourquartersfinance.com

604-535-2918

Give Your Children a Confidence Boost - Teach Them to Save.

Children learn by doing. They gain confidence by practicing and acquiring skills. Teaching them successful saving strategies helps them learn the fundamentals of sound money management. By following these steps they will be well on their way to becoming successful savers.

Teach them. Teach them how to save. Saving is a skill that can be learned. Here is a simple yet effective strategy to help young people develop the habit of saving. We call it the Pay Yourself First Account or PYFA for short and it's the first step in building wealth.

Strategy: Help them set aside 10% of the money that comes to them, from gifts, or part time work. Have them set up a separate savings account, one that gives them a high rate of interest, this becomes their PYFA. Each month have them deposit the 10% they have set aside from all the money that has come their way for that month.

Benefits: Creates and allows them to practice the saving habit. This account gets the money out of their hands as they learn this new skill thus avoiding temptation to spend.

Show them. Show them how saving some of their money will benefit them. They still have the other 90% of their money to spend and interest is now being earned on the 10% they set aside, the money is now working for them.

Strategy: Go over the bank statement with them and show them how much interest they have made.

Benefits: They are introduced to a fundamental money management tool and term, interest, and how it works. As they learn the "vocabulary of money," they are becoming financially literate.

TFSA

March 2010

Promoting financial literacy one $tep at a time

Watch them. Give them an incentive to keep going and see what they do. Remember you want them to practice saving on a regular basis in order to make it a life long habit. There will come a time when they are tempted to dip into their PYFA give them an incentive not to.

Strategy: Help them set up another regular savings account to hold the money for their short term goals. Offer to double the interest earned for one year in both accounts if they leave their PYFA to grow.

Benefits: They learn the benefit of delayed gratification. As a parent you get to see how they handle money.

By following these strategies you are giving your children the opportunity to become successful money managers and savers.

As your children become young adults it's time to let the government support your efforts in teaching them to save by introducing them to the **Tax Free Savings Account** or **TFSA**. This is where they can put their savings skills to work and let this powerhouse of a savings account build their wealth.

For more information visit:

www.tfsa.gc.ca

Teach Them to Save.

Teaching financial literacy to children one $tep at a time.

Simple. Effective. Invaluable.

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