



## PIGGY BARNs FOR PARENTS

Adapted with permission from “First Things First”, a resource of Abundance Canada

Children learn by watching and imitating. Parents with good financial habits and practices are in an excellent position to pass these positive values on to their children.<sup>1</sup> Though young children may not yet understand money, they will pick up on values and attitudes around money. In keeping with their level of understanding, explain to your children how money is earned and how it works (e.g., work done is rewarded with money, which in turn can be traded for items such as food, clothing and toys).

Whether they receive an allowance (see reverse) or gifts, there are at least three important concepts that our children need to learn about money: sharing; saving; and spending.

Piggy barns are a great tool for parents to teach their children about the importance of all three concepts. Starting good money management habits early will help children to manage larger sums of money as they get older.

**Here are examples of how each concept can be nurtured:**

### Sharing

10 per cent (or more) is set aside for giving to the church and/or other charitable causes of your child’s choosing.<sup>2,3</sup> This act of giving can be connected to the teaching of first fruits giving/worship and our desire to share. Sharing doesn’t come naturally to all children, and therefore needs to be modelled and taught deliberately early in life.

### Saving

40 per cent is placed into longer-term savings to be used for larger purchases. This fund will not only provide money for those purchases, it will also help children understand that sometimes we need to wait (save) to get what we want – a very important life lesson for children as well as adults. While children will need help in planning for the future and waiting to get things,

– continued on reverse

## Saving continued...

eventually, as they get older, they will begin to understand.

Opening an account for your child at Kindred Credit Union, and then depositing the savings portion, perhaps once a month, is a good practice. Having your child physically make the deposit will help them connect deposits and withdrawals from the account.



*Keep in mind your goal is to prepare your child to manage money well after they leave home!*

### A note about allowances

In addition to gifts your child might receive, with some planning, allowances can be an excellent way to help parents teach the three concepts of sharing, saving, and spending. Outline the allowance system clearly to your child as soon as they understand something about the value of money – generally around the age of six.

### Suggested Guidelines

- Keep the system simple, straightforward, and consistent. Try to give the money on the same day every week.
- Allow children to make mistakes and to learn from them. Better to make mistakes now, when the stakes are still small.
- Consider a base amount linked to the age of the child (e.g., 50 cents to \$1 a week per year of the child's age, or \$3.50 to \$7 per week for a seven-year-old)
- An additional allowance could be earned (beyond the set base amount) for doing extra work around the house or yard. This can help children make the connection between work performed and income, something they will face as soon as they have their first job.



**Spending** – 50 per cent is given to the children to spend (mostly) as they wish. Spending comes fairly easily to most children; however, they will need guidance. They see things they want and they know that money is the tool to get them. Teach children that there are choices with tradeoffs. Instead of unduly criticizing poor choices, reinforce good decisions.<sup>4</sup> As a child gets older, amounts may increase through allowances or part-time jobs. You can add age-appropriate categories (e.g., gifts, clothes, school lunches, outings) that the child is expected to pay for with their own money. This teaches the child to plan and to make wise choices.

### Suggested Bible Verses

<sup>1</sup>*Direct your children onto the right path, and when they are older, they will not leave it.*  
Proverbs 22:6 NLT

<sup>2</sup>*Tell them to use their money to do good. They should be rich in good works and generous to those in need, always being ready to share with others.*  
1 Timothy 6:18 New Living Translation (NLT)

<sup>3</sup>*Give generously to the poor, not grudgingly, for the Lord your God will bless you in everything you do.*  
Deuteronomy 15:10 NLT

<sup>4</sup>*Parents, do not provoke your children to anger by the way you treat them. Rather, bring them up with the discipline and instruction that comes from the Lord.*  
Ephesians 6:4 NLT



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