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# How to teach kids the value of money?

Use online money management games to make your child understand the value of money

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**Mimi Partha Sarathy**

Children and financial planning may sound like two opposite things but there is a trend that is increasingly bringing the two together. Yes, you read that right. More and more parents are involving their children in financial planning that has two distinct advantages - making the child understand the value of money and also aid in succession planning. In fact several leading schools today have financial planning as a module that is being inculcated and assessed to ensure that children realize what money is all about.

An increasing number of High Networth Individuals (HNI's) today are involving their children at an early stage of their lives in financial planning, to develop in them the maturity to handle their own finances smartly and become prudent in spotting investment opportunities suitable to them.

Anita Sharma\* says that she rewards her child for helping in chores at home and thereby own their own pocket money. "I have explained my son that he must earn his money by getting involved in tasks at home." Likewise Sunita Shastri\*, mother of teenage children says that she gets her children to plan family picnics within a budget. "I help them make a list of all things needed and what their cost is and it is their job to ensure that they plan all the activities around the said budget. This not just helps them to learn how to manage finances but also trains them to manage household finances as they grow older." In fact there are many instances where HNI's have gone as far as developing a separate portfolio for their children to manage funds and even learn from their mistakes.

This also helps children develop the skills of independent thinking and build confidence to make investment decisions after carefully considering the pros and cons of their different options. Start with simple things like operating a joint bank account with your children. It is also important to educate children on savings and investment products like mutual funds, stocks and shares, fixed deposits and bonds, savings plans and other investments from a young age. Additionally, they must be introduced to the role of insurance, investment concepts like portfolio diversification and risk-reward decisions to develop the inclination towards exploring these avenues at a future date.

With Xbox and Playstations becoming the main entertainment of children, parents are also using videogames to teach their kids financial skills. Neetu Khanna\*, mother to a 12 year old says, "We play online money management games like Road Trip to Savings, Financial Football and Money Metropolis together." In fact classic board games like monopoly are still considered one of the best to impart valuable financial lessons by making simple money transactions and manage limited money best. Education is an important aspect where children and parents can work together and understand the importance of financial planning. Like Ananya\* and Harish Sen\* parents to Yash Sen\*, 15 who decided which course he would pursue. "Yash was keen to study something in the field of biomedical so we shortlisted colleges and their fee structure and took a joint decision."

It is important to introduce children to understanding financial planning and investments as early as possible. It therefore becomes imperative to involve them while taking financial decisions for the family, especially the ones that affects them. Most HNIs start to involve their kids in financial planning at the age of 13 to 14 when they begin to appreciate the value of money. This is perhaps the right age to instill in them the values of respecting the importance of secure finances for the well being of themselves and their family.

\*All names have been changed to protect their identity.

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