



Your QuickStart Guide to Teaching Your Kids About Money

Nick Elkins

www.teachmykidsmoney.com

Thank you!

When I started TeachMyKidsMoney, it was an accountability partner for myself to make sure I followed through on teaching my boys what the school system never taught me. Just a few months later, I'm extremely proud and humbled that the site is helping to change the next generation.

I want to express my gratitude to you for trusting me with such an important part of your kids' education and life. My hope is that you'll share the lessons you learn here with your kids and will begin having meaningful conversations that will change their lives.

Nick Elkins

nick@nickelkins.com

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Step 1: Get Clear, Be Intentional

Why do you want to teach your kids about money? If you've downloaded this QuickStart Guide, I'm betting you have a pretty strong reason for doing so.

Could it be that you struggle with money yourself? Or maybe money has always come really easily to you and you're not sure how to have the conversations with your kids? Or maybe you're just overwhelmed?

Whatever your reason, I want you to write it down somewhere you're going to see it every day. Put it on a sticky note in the kitchen, on a card in your wallet, write it on your mirror with lipstick, or write it right here if you've printed this document out.

When I talk to young adults (or even old adults!), so many of them are quick to point out that no one ever taught them about personal finance. No one ever gave them the building blocks to be successful. No one ever even told them why they should care.

We want to avoid that. At TeachMyKidsMoney.com, our mission is to arm you with the tools to have these conversations with your kids, and to make them easy and fun.

Whether you choose to digest this entire document in one sitting (wow!) or over the next few weeks, it's not what you read that matters. It's what you do with it. My actionable advice to you in step 1 is this:

Set aside at least 10 minutes every day for the next week to skim through this document and take action. Put it in your schedule right now, and follow through on it for one week. I think you'll find it to be the most impactful 10 minutes of your day, and the lessons could last a lifetime.

Step 2: Understand the BASICS Yourself, Prepare to Teach

Personal finance is one of those topics you can easily get stuck down the proverbial rabbit hole. There's so much information out there that it doesn't take long to feel overwhelmed.

Through all my years helping people understand their finances, I've developed a five-part system to cut that overwhelm and focus on what matters. The BASICS of personal finance isn't everything there is to know, but if you focus on teaching these five principles to your kids day in and day out, they WILL win with money!

The five BASIC principles are:

- **B**udget Everything
- **A**void Debt
- **S**ave More than you Spend
- **I**vest for the Future
- **C**are for Others

That's it. That's all you need to focus on teaching your kids right now. If you can get them to master these five things, they will be in the top 99% of children when it comes to financial literacy, a skill that separates success and failure in the real world!

Over the next several steps, we'll dive into how to teach each of these five principles. The actionable step here is:

Take an inventory of your own personal finances. Do you follow these five BASIC steps? Where can you put more emphasis on your own financial life that could rub off on your kids?

For more information on teaching kids money through your own everyday habits, visit <http://teachmykidsmoney.com/teach-habits/>.

Step 3: Budget Everything

“My kids are only 3 and 5 years old. Do you think I should be teaching them budgeting?”

In a way, yes. The recommendation here isn't to teach them how to jump into [YNAB*](#) or Mint or Excel. The recommendation is to get them comfortable allocating their money into different “buckets” now so that it just seems normal as they get older.

The days of looking at a “budget” as something restrictive don't need to continue. We have an opportunity here to teach kids that a budget is nothing more than identifying your priorities and then allocating your money to those priorities. It's aligning your money to your values instead of wondering where it went.

To help your kids learn to budget, let's start with the simplest and least expensive system possible. Three cheap jars or boxes, an adhesive nametag or sticky note, and a marker or crayon is all you need.

On one jar, write “Save.” On another, write “Share.” And on the last one, write “Spend.”

If you want to get really into this, do what we did. Buy [three cans of tennis balls](#), a [pack of nametag stickers](#), and some [washable markers](#). These links will take you to Walmart.com where you can get free two-day shipping or you can order online and then pick up in-store later the same day. This shouldn't cost more than \$15, and your kid can design their own Save, Share, and Spend Jars.

Now when your child gets money - either for allowance, chores, holidays, birthdays, or any other occasion - they will divide that money among the three jars. Set a minimum for the Save and Share portions, such as 40 percent into Save and 10 percent into Share, but tell them they can put more in those jars if they like!

Actionable step:

Get the supplies and involve your kids! Tell them you're going to start teaching them about money, and the first step is creating these three jars to help them learn how to use money as a tool. Share your kids' designs with us on social media! We're on Facebook, Instagram, and Twitter.

For more information on teaching budgeting, visit: <http://teachmykidsmoney.com/budget/>

Step 5: Avoid Debt

OK, why in the world do we need to even teach kids about debt? It's not like the credit card companies are setting up shop outside elementary schools!

While true, it's so much easier for them to understand debt (and why they should avoid it) when the time comes if they have a frame of reference.

In this step, we're going to shift our focus away from AVOID DEBT and towards teaching your kids delayed gratification.

Delayed gratification is simply the process where you resist the temptation of an immediate reward in preference for a later reward. It's saying, "Do I want to eat a marshmallow now, or do I want two marshmallows a few hours from now?" [Check out this amazing video about the importance of Delayed Gratification.](#)

So how do we teach delayed gratification when it comes to money? It's simpler than you'd expect. We teach them to make goals for future expenses and then to save for them. The best goals are SMART goals. SMART goals are Specific, Measurable, Attainable, Relevant, and Time-Bound.

Specific: Get as specific as possible. "I want to save for the new NFL video game." "I want money to buy souvenirs at Disneyworld." "I want a giant dollhouse."

Measurable: In this case, how much will it cost?

Attainable: Is it a reasonable goal? For example, your 16-year-old may want a \$120,000 sports car, but his income may only allow for a \$1,200 Toyota.

Relevant: Is the goal something that truly matches with your child's priorities, or is it a fleeting desire?

Time-Bound: What is the timeframe in which to achieve the savings goal? Is it realistic?

You'll want to require your kids to create a goal for any money to come out of the Save jar.

Actionable step:

Work with your kids to find something they REALLY want that costs more than they receive in allowance/pay every week. Find it in a store or on the internet and have them create a SMART goal to save up and buy this item.

For more information about delayed gratification, visit:
<http://teachmykidsmoney.com/delayed-gratification/>

Step 6: Save More Than You Spend

OK, what? This one is a foreign concept even for a ton of adults. In fact, the vast majority of Americans barely save 5% of every paycheck. And here I am telling you to save 40% or more of your paycheck? Why in the world would we do that?

While our goal here isn't about teaching early retirement, financial independence, or any other abstract idea, we still want to instill this idea with our kids that saving is important, it's fun, and it can do some amazing things for you.

So many of us grew up being told to save our money but never being allowed to do anything with it. Where's the fun in that? That's why we're going to allow our kids to actually use their Save jar money in the previous step. Seems counterintuitive, right? We want to teach them to save by allowing them to spend.

The whole point is to teach them that delayed gratification means they can have more fun later if they don't blow all their money now. When we save more than we spend, it lets us reach our goals and priorities faster. This is true of both kids AND adults.

Actionable advice:

Talk to your kids about what you're saving for. If you're not saving for anything, do this together. Share with them what you'll do to encourage them to save more. For example, any time they decide to put \$2 from their Spend jar into their Save jar instead, we pay them an extra \$1. Reward their good behavior!

For more information on saving more than you spend, visit:
<http://teachmykidsmoney.com/savetheraise/>

Step 7: Invest for the Future

OK, this one is a doozie, right? How do we talk to kids about investing?

Honestly, if you're just starting out (which is why you're reading this QuickStart guide!), the answer is easy. You don't!

Investing is extremely important, yes. It's powerful, yes. It's fantastic, yes.

But it's really difficult for a kid to understand, and the whole point of this QuickStart Guide is to give you the building blocks to start teaching your kids about money. If you bite off more than you can chew, you're going to end up in overwhelm and the habit of teaching your kids about money is simply going to fade away.

What's the point in that?

Actionable step:

If you're just starting out with teaching your kids about money, resist the urge to talk about investing. Just don't do it, yet.

Step 8: Care for Others

Why does Care for Others belong in a QuickStart guide about teaching your kids about money? It's a bit of a stretch, no?

Maybe. But in our family, caring for others is extremely important. Our goal isn't just to raise money smart kids. We want to raise assertive, empathetic, passionate, loving adults.

In part, this is where the Share jars come in. Encourage your kids to give that money freely. If they give freely to people or causes that align with their values, with no expectation of 'getting' something in return, it's impossible for them to feel taken advantage of. Ideally, this will also help them see the abundance they have in their own lives and how they can use that abundance to make a difference. Don't we want to raise kids who love to give?

The other way this 'Care for Others' principle comes into play is by sharing their financial literacy with their siblings, friends, and classmates. As they grow up, they're going to be some of the most prepared kids for the real world. Why? Because you're being intentional with teaching them the things that make them successful. If they understand these principles, they have great power. And with great power comes great responsibility.

Actionable step:

My humble request to you is that if you've found value in this QuickStart guide, you recommend to your friends, family, and colleagues that they check out www.teachmykidsmoney.com and download this QuickStart guide. Send them a blog post that really resonated with you. Share with them your own kids' lessons, and tag us in the social media posts if you do it publicly!

Thank you!

If you'd like more content around teaching your kids money, please comment on the blog or [send me an email](#) to let me know what you'd like to hear about.

If you'd like to talk about your own personal finances, please [schedule a free 15 minute consultation with me](#). Your questions or concerns will ALWAYS remain anonymous, and my goal is to provide you with whatever value YOU are looking for.

Thank you again for trusting me, and I hope you'll choose to remain a part of our TeachMyKidsMoney community by interacting with our blog and social media channels.

Remember, the best things in life are free!

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nick@nickelkins.com

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