

# Financial Education for Keiki makes “Cents”

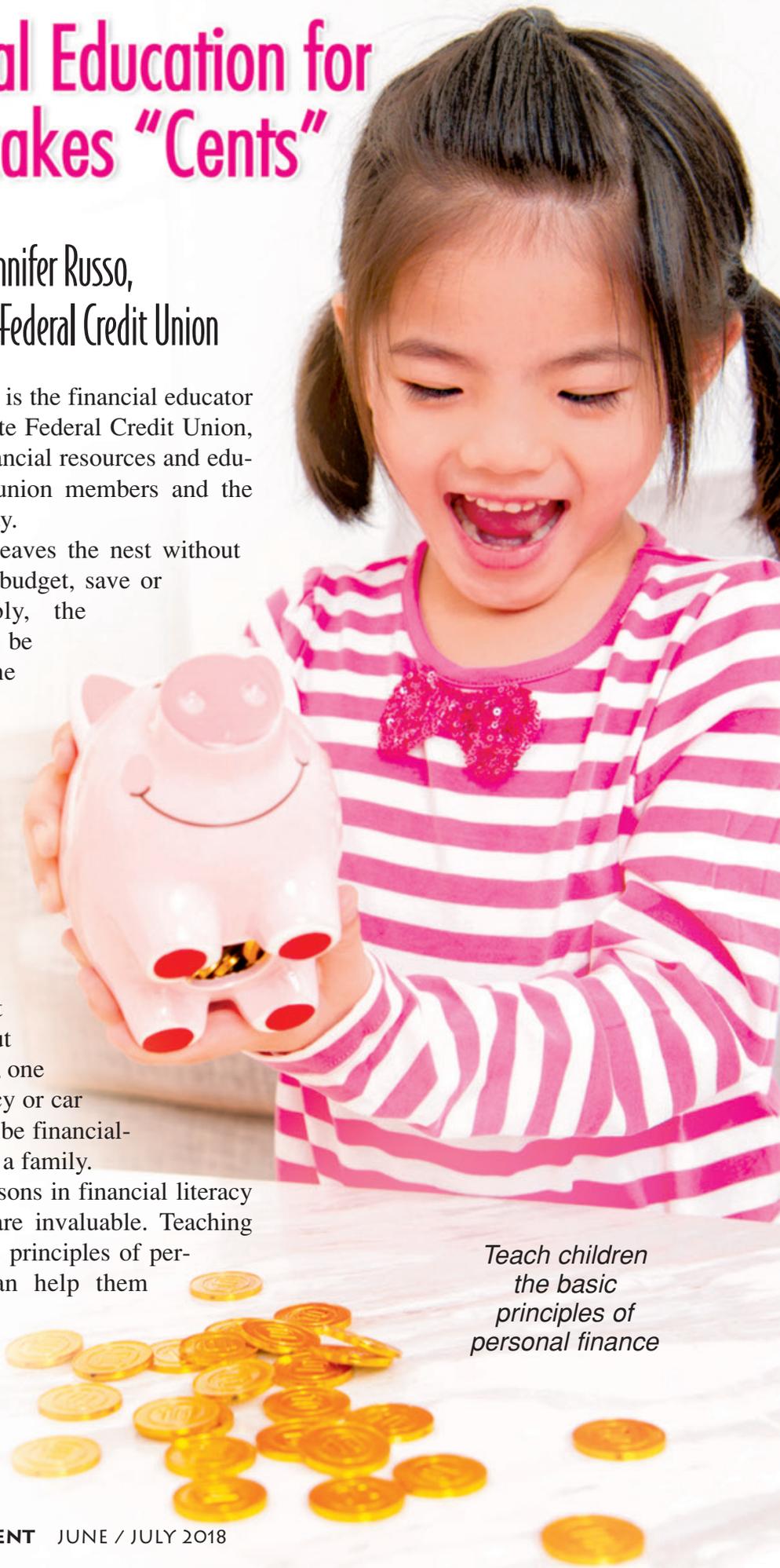
by Jennifer Russo,  
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If your child leaves the nest without knowing how to budget, save or spend responsibly, the consequences can be costly. Take the financial outlook of Hawaii residents today. Nearly half of Hawaii households live paycheck to paycheck, and residents have an average of \$6,000 in credit card debt. Without the ability to save, one medical emergency or car breakdown could be financially devastating for a family.

That’s why lessons in financial literacy at a young age are invaluable. Teaching children the basic principles of personal finance can help them avoid financial hardship, and instill healthy habits that will pay dividends for the rest of their lives.

*Teach children  
the basic  
principles of  
personal finance*





*Budgeting is the key to financial success.*

It can even help parents be more conscious about their own spending habits.

Since financial education isn't taught in schools, parents need to take charge when it comes to improving their kids' financial literacy. Try these age-appropriate lessons to give your children a strong foundation for making wise financial choices.

### **CREATING A BUDGET**

Budgeting is the key to financial success. Basic budgeting concepts of earning, spending and saving are an appropriate first lesson for young children.

Teach your child that money is earned by giving him a small allowance for chores. Provide jars for spending and saving, and have him deposit his allowance equally between the two.

Talk with your child about different options for budgeting the money in his

"spend" jar every month. Help him count the money in his jar and discuss how he can prioritize his spending goals. He could allocate different amounts toward toys, treats, and activities. He could put off buying a toy to participate in an activity with friends. Turn this activity into a math game to figure out the best solution.

### **SAVING FOR THE FUTURE**

Take your child to a bank or credit union and open a joint account in his name. Encourage him to save half of his birthday

or holiday money and watch his balance grow.

Remember to recognize your child's patience and perseverance by rewarding financial milestones such as his first \$100 with a special treat.

Make this a habit early on, and when he gets older, he'll be accustomed to setting aside part of his paycheck for saving.

*"Instill healthy habits that will pay dividends for the rest of their lives."*

## SETTING FINANCIAL GOALS

Teach your child patience by saving for a bigger-ticket item. Help her set a goal, like a new gadget she's been eyeing, and have her calculate how long it'll take to earn it by putting away a certain amount every week. Create a chart to track her progress visually.

Your child will probably be tempted to buy other items instead of putting her money aside every week. Talk about the consequences of giving in to every temptation and calculate how much longer it'll take her to save for that bigger purchase.

## UNDERSTANDING DEBT

Talk with your teen about how debt works. Children see us paying with credit cards frequently, but they aren't often

privity to what happens when the bill comes.

Discuss the dangers of high-interest debt and spending money you don't have. Explain that anything you charge to a credit card must be paid back eventually, so it's best to pay off your balance at the end of every month.

Look for teachable moments to talk with your children about money. When it comes time to manage their own finances, they'll have a wealth of knowledge and good financial habits to fall back on.

Hawaii State FCU is committed to educating its members and the community on ways to improve their financial well-being. Find free financial education resources including seminars, interactive online learning courses, and more at [www.HawaiiStateFCU.com](http://www.HawaiiStateFCU.com). 🇺🇸

*"Talk with your teen about how debt works."*



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