Raising A Money Smart Child

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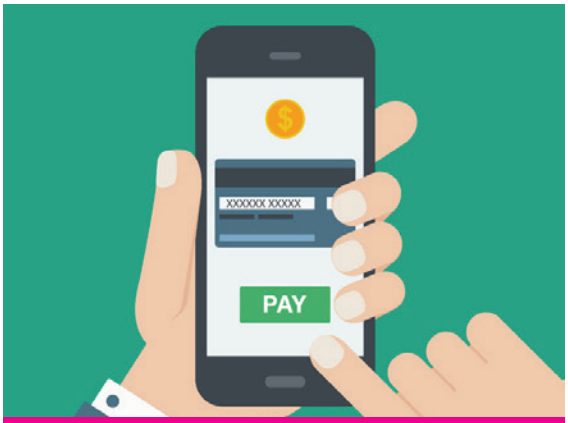

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Starting with the Right Attitude

INTERVIEW WITH WEALTH MANAGEMENT ADVISOR,

JOVIN TAN

- What is your own attitude towards money?
- Necessity VS Want

1: Starting With The Right Attitude

When does a child start to form financial habits?

A study by Cambridge University suggests that most children are able to grasp basic money concepts and form "core behaviours" by age seven. It theorised that a child's ability to manage complex financial and other issues were greatly influenced by their early experiences provided by their parents. Experiences such as learning how to plan ahead, how to reflect, and how to regulate their emotions; these played a major role in encouraging constructive financial behaviour as children grow up.

"Do not underestimate the effects of your money habits on your children," adds Jovin Tan, a Wealth Management Advisor and mother of two young children from Singapore. Jovin, 29, who is married to a guitar trainer, believes every parent can influence their children about money in a positive manner.

"Our view and beliefs on money *can* and *will* influence our child's view of money as they grow older. Through their day-to-day interactions with us and other adults, through their observations of adults interacting with each other; these experiences are subconsciously ingrained into their minds."

But before we can influence our children, parents have to be clear of their own values and attitudes. With eight years of experience in helping individuals manage their wealth, Jovin shares her insights.

We have to be aware of our own view, speech and actions

Do not underestimate your child's ability to learn and imitate. Children from as young as 3-years-old can grasp money concepts such as saving and spending. By observing you and adults around them, they can pick up how money is handled within the family, and learn what adults consider as important. Regardless of whether you consciously teach your child about these values, they will come to their own conclusions based on their observations and experiences. Gradually, they will start to form their own money value system.

There is no benchmark or one right view

Every individual's upbringing is different, so it's hard to pinpoint or set a benchmark on what is considered a healthy view towards money. Money empowers individuals, it can also disempower others. I believe in exercising a level of contentment; to be happy and satisfied with what I currently have and making the most out of it.

Your childhood and upbringing

Generally, we impart values based on what our own parents have taught us, and from our environment. Recall your childhood days. How did your parents teach you about money? Were you taught to save your pocket money, spend it, or share part of it?

Then think about the environment you grew up in. Were there times when your parents had money problems and you often heard them argue about it? Were they open about their financial struggles, or did they hide it? Or did they pamper and shower you with toys and overseas holiday travels?

As a Wealth Management Advisor, many parents share with me they want to give their child a better life than they had, due to poverty they experienced as a child. So they lavish their children with material goods and experiences. Although the intention is out of love, doing so may impart another set of values.

This can hinder a child's experience to be financially responsible and savvy. For example, by giving your child whatever he or she desires with-

FOOD FOR THOUGHT:
What values or attitudes did you gain from your upbringing? Has it benefitted you as your grew up? Would you want to continue imparting them to your children?

out teaching them the value of money, may give them an impression that what they want is always easily obtainable.

Rich VS Poor, Necessity VS Luxury

To me, the definition of 'rich' goes beyond dollars and cents. Being 'rich' is to have enough to get by healthily and happily, and to see the smiles of people I care and love. My definition of 'poor' is not being able to afford the basic necessities of life.

What do I consider as a necessity? It is something that keeps me alive, while a want is something that is good to have. For example, the purpose of pocket money is so that our children have some money to buy food in school to ease their hunger. Unfortunately, many children I know would spend their pocket money at the school's stationary shop instead.

FOOD FOR THOUGHT:
What is your definition of necessity and wants? How do you differentiate the two? Do you share this concept with your children? Although they may be able to count and understand basic money concepts, they may not fully understand the difference between a want and necessity.

Indulge in your personal interest, but within your means

Think about your own views of money and financial practices before imparting them to your little one. Do you practice what you preach? Has you view towards money changed after becoming a parent? Perhaps the only change for me is my spending, which is now catered to the needs of my children. But even though my status in life has changed (from single, to being married, to becoming a mother), I still have a life to live.

Every individual deserves the right to indulge in their life's pleasure. But this has to be done within their means, coupled with proper allocation of their funds and budgeting. I manage my monthly income by dividing them into six money jars - Financial Freedom Jar, Education Jar, Play Jar, Necessity Jar, Long-term Savings and Giving Jar. You can read more about my money jar allocation here: www.jopezacademy.com/money-jars-system.

Be on the same page with your spouse

It will be tough to bring the same message to your child if you and your spouse are not aligned. Speak to your spouse about your financial values attitudes. Do you both agree or share the same core values and attitudes?

My husband and I talked about ours even before our eldest child was born as we were both brought up very differently. My husband's parents took on the supporting approach; where they provided financial aid for him as far as their ability permits. For myself, my parents took the approach of teaching me how to fish, rather than giving me the fish.

Both of us discussed and felt that each approach has its pro and cons. We came to a comprise by adapting and including practices from both sides which we feel would work best for our family.

We are our children's number one role models

Be mindful and watchful of your speech and behaviour because our children are always watching and listening. Often, it is the subconscious things we do that they see and hear. There is no right or wrong, or the best approach when it comes to teaching your children about money. Adopt what you and your spouse feel is best and most importantly, never compare your child with others. Each child is a precious gift with their own unique qualities.

Teach your kids about money management today!
Receive a free set of money jars at http://www.jopezacademy.com/mjars (only available to the first 50 sign-ups)

THE NEW AGE PARENTS E-BOOK SERIES

Baby Bonus Boosters

OPTIMISE YOUR PARENTHOOD BENEFITS

JOANNE LAI, CFP

2. Baby Bonus Boosters

When I spoke at a workshop for first-time parents, I addressed a crowd of pregnant ladies and their husbands. But there was a lady who did not look pregnant. Curious, I asked her if her baby was at home. She replied, "I am here to find out how expensive it is for me to have a baby. If it's too expensive then I will reconsider."

The truth is, having a baby can be expensive. And some parents do think twice before having one. But most parents too, will come to realise that the joy of having a baby greatly outweighs the pains of bearing the financial costs. Having a child is an emotional asset, not a financial burden.

In this chapter, I will address the following concerns:

- What are the initial costs involved when you have a baby?
- Are you fully optimising your parenthood benefits?

Know Your Priorities

All parents want to provide the best for their baby. Some of the parents I have spoken to did not believe in insurance. However, after their baby was born, they saw the need for family financial protection. Here are important factors to note.

PRIORITY #1:
Are Both Parents Covered?

We all dislike to think of the unthinkable. But the future is uncertain. One of the first things to calculate is the sum needed for you or your spouse to tide through the growing up years of your child and yourself, should your spouse be no longer around.

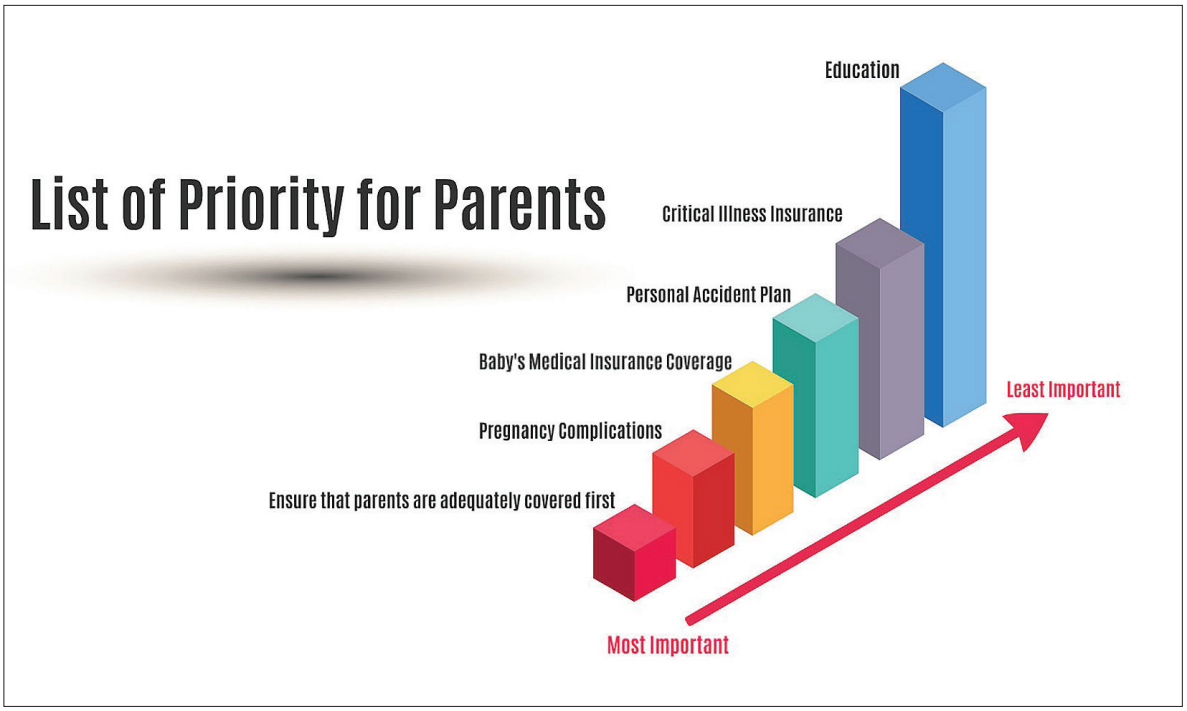
One way of calculating this is to use the monthly expenses of your household as a gauge.

TO CALCULATE FAMILY DEPENDENCY NEED (FDN)

Your monthly household expenses x 12 months x Number of years that your child is dependent on you

Typically the no. of years of dependency is 25 years assuming your child is just born and he/she requires 25 years of your financial support before he/she starts working

Most families spend approximately $1000/month for their baby's expenses. Typically, a household will spend approximately $3,500/



month for expenses, so $3,500 x 12 x 25 years= $1,050,000. A term plan that can give you the most value for money would be a good consideration.

If you are in your 20s or 30s, you can get a $1 million term plan at approximately $50/month. You can also get a critical illness plan which covers critical illnesses like cancer, stroke, heart attack and many others. I have witnessed how money has helped many families tide through the toughest periods.

The rule of thumb for critical illness coverage would be $100K + 2-3 years of your annual income. This is in the event that you lose your income and need at least 2 to 3 years to fully recover. Ideally, the payment period should be before you stop work, instead of paying for a lifetime as most people will not work throughout their lifetime.

Another important point to note is that your insurance premiums should not exceed more than 10% of your income. This is to ensure you have enough to save and invest for your kids' education, and for your retirement.

PRIORITY #2:
Pregnancy Complications

Next, you will need to think of protecting yourself, or your wife, against pregnancy complications and protecting your baby against different types of congenital conditions.

There are currently five insurers providing these plans. The coverage provided is usually approximately $5,000 or $10,000. Some parents feel that it may not be sufficient but it helps to offset some of the expenses incurred in the event of such complications.

The cost of pregnancy complications plans are usually $400 for a single premium. Some of them come with an investment-linked plan, and costs approximately $100/month. It covers the baby for life insurance which can be transferred to your baby, after he or she is born.

A breakdown of hospitalisation costs

MEDISHIELD LIFE BENEFIT AT A GLANCE		
	Previous: MEDISHIELD BENEFITS	Enhanced: MEDISHIELD LIFE BENEFITS
Inpatient Treatment/Day Surgery Claim Limits		
Daily Ward and Treatment Charges - Normal Ward	$450 per day	$700 per day
- Intensive Care Unit Ward	$900 per day	$1,200 per day
- Community Hospital	$250 per day	$350 per day
- Psychiatric	$100 per day	$100 per day
Surgical Procedures	$150 - $1,100	$200 - $2,000
Implants	$7,000 per treatment	$7,000 per treatment
Radiosurgery	$4,800 per procedure	$4,800 per procedure
Outpatient Treatment Claim Limits		
Chemotherapy for Cancer	$1,240 per 21/28-day cycle	$3,000 per month
Radiotherapy for Cancer - External for Superficial - Brachytherapy	$80 per session $160 per session	$140 per session $500 per session
Kidney Dialysis	$1,000 per month	$1,000 per month
Immunosuppressants for Organ Transplant	$200 per month	$200 per month
Erythropoietin for Chronic Kidney Failure	$200 per month	$200 per month
Maximum Claim Limits		
Per Policy Year	$70,000	$100,000
Lifetime	$300,000	No Limit

Source: https://actsadvisorygroup.com/articles/medishield-life-benefits/

A premature baby is considered as one of the congenital conditions. Sometimes, babies have to be warded at least 20 to 40 days in the hospital after they are born. The hospitalisation cost* for premature babies range from about $6,000 (government hospital) to $30,000 (private hospitals). The plans usually do not cover pre-existing conditions but they can help premature babies get a life insurance immediately for critical illness coverage.

*You can only ward your premature baby into a B2 or C ward at a government hospital if you have financial constraints.

PRIORITY #3

Is Your Baby Covered?

One of the most urgent plans you need to implement for your baby would be the "as-charged" medical plan which covers hospitalisation and surgical benefits. There are currently six insurers which can cover the medical costs of your baby for inpatient coverage which allows you to use your CPF Medisave and cash for the coverage.

Medishield Life covers your baby for some congenital and neonatal conditions. But Medishield Life alone is not sufficient for your ongoing baby's hospitalisation, especially for conditions like fever in Government A wards and private hospitals. This is because Medishield is for B2 and C wards coverage only.

Based on experience, a 1 to 2 day stay at a hospital will approximately add up to $2,000 to $3,000 for Singaporeans. For foreigners, the cost can be even higher. For parents who are concerned about outpatient medical bills for your child, you can consider getting an outpatient plan to pay for your outpatient General Practioner, Specialist and Paediatrician bills. I have met couples who spent more than $10,000 in the first 3 years of the child's life on outpatient bills.

If you are a Singaporean or a PR, you can use the CPF Medisave of your baby to pay for the "as-charged" plan. The cost is approximately $150/yr for the CPF Medisave component for private hospitalisation. The coverage ranges from $500,000 to $2 million. If you are a foreigner, you can pay using cash for a similar plan but the premiums will be higher depending on which ward you choose.

PRIORITY #4

What Happens When Your Child Gets Into An Accident?

Young children love to explore. And they should.

But sometimes, their sense of adventure can also cause them to get into accidents. Consider a personal accident and infectious diseases plan for your baby, especially when they go into childcare as the risk of getting Hand, Foot and Mouth Disease is higher.

These plans are offered free by certain insurance companies for only 6 months as the chances of having a personal accident claim in the first 6 months are not as high. The amount that you can set aside for the personal accident plan would be around $100-$200/year. Some companies have family package coverage where there is free coverage for children.

PRIORITY #5

Critical Illness And Child Related Illnesses

A common question I get asked from parents is, "Should you buy your child's plan now? Or wait till they are old enough to buy for themselves?" My answer is, the younger your child is when you buy the plan, the cheaper the plan will be.

Babies can be born with cancer, and cancer can develop in children during their infancy. The KK Hospital website states that 90 to 100 new cases of childhood cancers are detected in children less than 15 years old in Singapore each year. Common cancers among children include: Leukaemia 35%, Brain tumour 20%, Lymphoma 10%, Eye tumour 7% and Kidney tumour 6%.

A friend was diagnosed with cancer at the age of 16, had a relapse at 18, and a third relapse while in university. Her parents did not get any insurance for her and she chalked up a lot of medical bills. After she started working, she had to spend all her savings on paying the bills for 5 years after her graduation, before she could start saving her own money.

If you have budget constraints, a term plan would be more affordable for the next 20 years or until the child starts working. If you can afford approximately $100+/month and above for a $200 - $250K coverage, a limited

whole life plan would be ideal as the payment term is only 20-25 years and coverage is for lifetime.

For parents concerned about child related illnesses, there are insurers who can cover the following conditions within the life insurance plans for a greater peace of mind.

- Severe Juvenile Rheumatoid Arthritis (Stills Disease)
- Severe Haemophilia
- Rheumatic Fever with Valvular Impairment
- Osteogenesis Imperfecta
- Insulin Dependent Diabetes Mellitus
- Kawasaki Disease
- Glomerulonephritis with Nephrotic Syndrome
- Type 1 Juvenile Spinal Amyotrophy

PRIORITY #6

Your Child's Education

Once the health and protection concerns are addressed, the next thing parents would be most anxious about is their education.

One of my clients was diagnosed with cancer and all the savings plans for her daughter's education were fully waived so she could focus on her recovery. Her daughter would still be able to have her education fees.

For people who prefer guaranteed returns, an option to consider for your child's education is an endowment plan. Generally, the returns would be 3 - 4% per annum and there are plans that only require payment for 5 to 15 years. The plan is fully paid until the child enters university at age 21 for boys and 19 for girls. If you prefer investments for your child's education, you can get typical returns of 6 - 9%.

During my growing up years, my mother was most concerned about whether I could do well enough get into a local university. She started an endowment plan as she was very risk averse and wanted to set aside a portion of her monthly income for our education fees in the university.

If you know how to invest well, your returns could be 15% per annum or more. Some of the investments would be collective investments such as funds, ETFs, stocks and shares or even properties.

To determine which investments are most suitable for you, you need to consider your own risk profile, time frame, liquidity, together with your acumen in investing. If you prefer more passive investing, then you can go for indices or dollar cost averaging into collective investments.

If you prefer active management, there are portfolios to help you monitor your investments for you using a trusted and proven system or you can do your own research and picking a basket of undervalued stocks.

Estimated costs University tuition fees

Tuition Fee Comparison Among Top Universities	Arts / Architecture / Law	Business / Accountancy	Engineering / Science / Computing	Annual Estimated Accomodation / Living Cost (on-campus)	Total Cost of Candidature (Tuition Fees & Cost of Living)
National University of Singapore	S$29,350 - S$38,450	S$31,800	S$37,500 - S$37,550	S$10,386	S$39,736 - S$48,836
National University of Singapore (With MOE Tuition Grant Subsidy, carrying a 3-year bond)	S$17,100 - S$18,500	S$20,100	S$17,100 - S$18,950	S$10,386	S$27,486 - S$30,486
Australia Universities	S$34,135 - S$45,398	S$37,851 - S$40,108	S$37,851 - S$43,866	S$18,987	S$53,122 - S$64,385
Hong Kong Universities	S$21,121 - S$25,693	S$21,121 - S$25,693	S$21,121 - S$25,693	S$14,236	S$35,357 - S$39,929
UK Universities	S$33,186 - S$41,657	S$33,186 - S$45,848	S$45,848 - S$55,068	S$16,463	S$49,649 - S$71,531
US Universities	S$56,086 - S$66,134	S$56,086 - S$66,134	S$56,086 - S$66,134	S$35,283	S$91,369 - S$101,417

** 2016 Annual Tuition Fees
Source: https://actsadvisorygroup.com/articles/tuition-fee-comparison-among-top-universities-2016/

Summary of Baby Bonus

1) Cash Gift ** Born on or after 1 Jan 2015 (for each child)		2) CDA ** Born on or after 24 Mar 2016 (for each child)		3) CPF Medisave ** Born after 1 Jan 2015 (each child)	4) Medishield Life
Birth Order	Government's Contribution	Your Contribution	Government's Contribution	Government's Contribution	Government's Contribution
1st and 2nd	$8,000	$3,000	$6,000	$4,000	All Singapore Citizen babies are automatically covered by MediShield Life from birth, including those with congenital and neonatal conditions, for life.
3rd and 4th	$10,000	$9,000	$12,000\	$4,000	
5th and subsequent	$10,000	$15,000	$18,000	$4,000	

Summary of Baby Bonus

One major complaint of the cash gift is that it is barely sufficient to cover the costs and responsibilities of being a parent. Even though the amount offered may not cover all the costs involved, you can still make full use of the money to compound it to something meaningful.

To help first-time parents have a better idea of the costs involved, I designed a "First-Year Baby Costs Calculator" which helps parents to understand one-time costs as well as possible ongoing costs. You can download the baby cost calculator here.

Child Development Account

I noticed most parents are confused about the Cash Gift with the Child Development Account (CDA). Cash Gift is a sum of money given to you by the government that does not require your contribution while the CDA is a matching contribution by the government for the amount that you save in the account.

After you register your baby's birth, you can open your child's Child Development Account (CDA) online with either DBS, OCBC or UOB within 3 to 5 working days. You have up to 12 years to save in your child's CDA and the government will match your savings within 2 weeks.

How you can use your CDA

Most parents use the CDA for child care, kindergarten fees, and Medisave approved plans. It can also be used for special education schools, providers of early intervention programmes, providers of assistive technology devices, hospitals, clinics, pharmacies and optical shops. Most families will use up their CDA within 1 to 2 years, especially if they use it mainly for child care fees.

Summary of Child Development Account

		Monthly Fees	Registration	Annual Insurance	Uniform(4 sets)	Mattress Cover (2 sets)
Infant	Singaporean	$1,342.85 - $1,364.25	85.6	5.35	107	17.12
	Permanent Residents	1678.56				
	Foreigners	2014.28				
Toddler Playgroup Nursery Kindergarten	Singaporean	$678.31 - $770.40	85.6	5.35	107	17.12
	Permanent Residents	$874.88 - $926.89				
	Foreigners	$1,017.45 - $1,112.27				

Source: https://actsadvisorygroup.com/articles/childcare-fees-table-for-year-2017/ and http://www.babybonus.msf.gov.sg/

THE NEW AGE PARENTS E-BOOK SERIES

Empowering Your Child
TO BE MONEY-SAVVY

What are the three most important money lessons to teach your kids?

3. Empowering Your Child To Be Money-Savvy

As a parent, do you have the mindset, habits and skills to raise your child to be money-savvy?

You can start by teaching three important concepts, says Ernest Tan, Founder and Director of Jopez Academy and author of 'Raising Financially Savvy Kids'.

LESSON #1: SPENDING
Parents need to be proactive when it comes to the topic of teaching money.

From as young as 2 years old, children learn almost everything from mimicking their parents, and this includes how you manage your money.

There are many moments in your daily lives that you can explore. A trip to the supermarket to buy groceries shows your kids how you spend and handle cash.

Give your child an idea of your thought process before you decide to buy something. You can do this by talking aloud and asking questions as you're shopping. "Is this something we really, really need? Is this cheaper if we buy it from the market?"

It's also important to talk with your child on the difference between a need and a want. Is buying a set of erasers from the bookshop a need or a want? This will help them in their decisions on what to spend on.

DO THIS!
Bring them with you to the supermarket when you go grocery shopping. Give them $2 and let them decide what items to buy. Talk about the items your child has selected; are those items needs or wants?

LESSON #2: SAVING
Saving instils patience and responsibility.

Encourage your child to save by setting goals. Ask them to set a goal (i.e. to buy a toy), but make sure it's also something affordable within their range, because it may get frustrating if they can't afford it for months.

As they grow older, you can inspire them to set long term spending goals for something more expensive.

The concept of delayed gratification is enforced when children go through the process of thinking about what they have to give up in obtain a bigger ticket item. For example, if your child has a habit of buying a snack after school every day, he may decide if he would rather save all that money on snacks to buy that toy he is eyeing instead.

LESSON #3: SHARING

Giving or sharing is often neglected. But this is an equally important habit to instil at a young age. It builds a sense of gratitude and generosity.

According to developmental psychologist Marilyn Price Mitchell, children who perform acts of kindness experience increased wellbeing, popularity and acceptance among peers, which led to better classroom behaviour and higher academic achievement.

Have discussions and talk about charity work with your child. Bring them to do voluntary work or when you make a donation. The more you expose your child to acts of generosity, the more this practice of giving and sharing becomes familiar to them.

WHEN CAN I START?

AGE 3 – 4 YEARS OLD: Children are able to start grasping the concept of money. Read stories with themes of sharing, spending or saving. Learning also needs to be visual, hands-on and fun. You may introduce the concept of Money Jars at this age.

AGE 5 – 10 YEARS OLD: You can start to teach more complex money concepts. It is also the best time to teach them how to manage their allowance money when they go to Primary School.

LEARN THROUGH PLAY!

Kids learn best when topics or subject matters are fun, colorful, engaging, challenging and rewarding. **MONEY JUNIOR**, a preschool financial literacy program, is developed for children 5 and above. This 2 to 4 player educational game helps players to reflect on their money attitudes.

You can order the Money Junior board game here.
Enjoy a $20 discount when you use the coupon code TNAP.

THE NEW AGE PARENTS E-BOOK SERIES

The Money Jar Method For Kids

USING MONEY JARS TO INTRODUCE YOUR KIDS TO FINANCIAL PLANNING

4. The Money Jar Method For Kids

Ernest Tan, Founder and Director of Jopez Academy and author of 'Raising Financially Savvy Kids' show parents how to use Money Jars effectively to instil healthy money habits in children.

1. *Create Your Own Money Jars*

As soon as your children are given an allowance, give each of them a set of the money jars. You can make your own, using recycled glass food jars or cardboard.

Set aside three 'jars'. Label the first jar as 'Spend', the second jar as 'Save', and the last jar as 'Share'. Make the labels big and obvious, so your child know where to allocate the money. To motivate and inspire them, create a set of money jar for yourself and do it together with them.

2. *Show them*

Show your children how to portion part of their allowance into their money jars whenever they receive their allowance. Allocate 70% to spending, 20% to savings and 10% to sharing. Give their allowance in loose change so money can be easily divided and allocated to each jar.

For example, if their allowance is $2 per day, give them in denominations (e.g. $1 - 50 cents, 20 cents, 10 cents, 10 cents) so they can start to put their money in the jars immediately after receiving their allowance.

3. *Count with them*

Every time your child adds money to the savings jar, count with them to see much they have saved. Talk about how much more they need to reach their goal and the estimated time needed to achieve it.

4. *Observe and guide them*

Besides doling out daily or weekly allowance, observe and know how your child is managing their allowance. Even though the money is left up to them to manage, it is important to know how your children are managing their allowance and provide guidance when necessary.

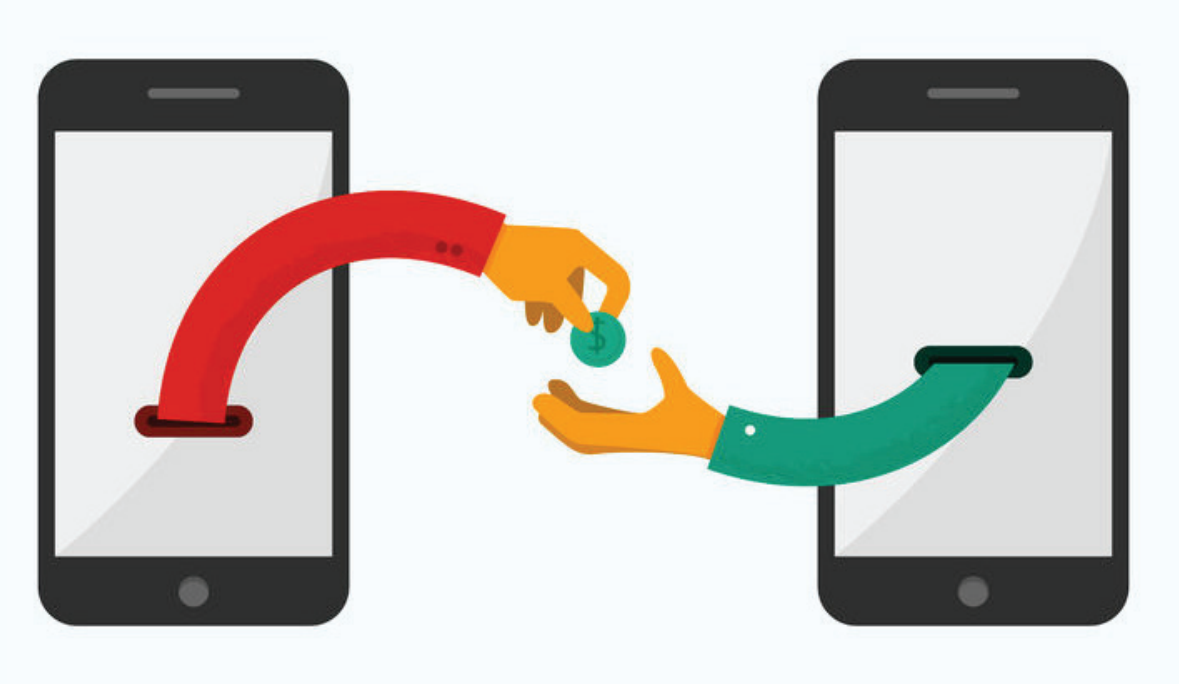
Things to look out for: Is your child able to proportion out what is used for expenses and savings? Is he saving too much and skimping on the necessary things? Is she extravagant and spending on non-essentials?

Equipping your children with the proper concept of money will help them to understand the value behind possessions and empower their decisions on buying, spending and saving. A well prepared child will be more money savvy and financially responsible for bigger decisions they grow.

THE NEW AGE PARENTS E-BOOK SERIES

Teaching Kids The Value Of Money In
A CASHLESS SOCIETY

5. How To Teach Kids About Money In A Cashless Society



The concept of money is a means or medium of exchange. In ancient times, people use stones and seashells. Today, money transactions are becoming more and more virtual, with many cashless options available.

Will our children be able to make connections between virtual money and real money in a cashless society?

Ernest Tan, Founder and Director of Jopez Academy and author of 'Raising Financially Savvy Kids' shares 10 savvy tips.

#1 TAKE AN ACTIVE ROLE

Parents need to step up to play an active role in making kids interested to learn about money. The fundamentals of teaching money are the same as teaching any topic. Think IVF: Children learn best when it is ***interactive, visual*** and ***fun***.

#2 MAKE IT VISUAL

Use the tangible to teach the intangible. Set up the Money Jar system.

You will need three jars for this. Categorise them into 'Spend', 'Save' and 'Share'. Decorate the jars and personalise them. Get your kids involved and explain to them what the jars are for.

Always give your child's allowance in loose change so they know how to portion it from young. The proportion should be: 20% - Save Jar, 70% - Spend Jar, 10% - Share Jar.

#3 WHEN IS THE BEST AGE TO START?

You can start even when your child is a toddler!

Encourage them to drop coins into a jar as a motor skill activity. Even though they may not understand their actions, you are creating an imprint through the physical act of dropping coins into their future Money Jars.

You can formally introduce the Money Jar System when your child is able to understand the concept of counting, and simple addition and subtraction.

Next, give them a small allowance each week to portion into their Money Jars.

#4 MAKE IT FUN

Role-play with your child.

Create a 'bank corner' in your child's room, where mummy or daddy is the 'banker'. Give them a 'bank book' (this can be a simple notebook) and help your child record any transactions made for each jar.

When they are old enough, encourage them to write on their own. This promotes literacy skills and exposes them to financial terms e.g. deposit, save, spend, invest and so forth.

#5 WAYS TO ENCOURAGE CHILDREN TO SAVE

Encourage them to set goals for each jar e.g. $5 in the Save Jar by the end of March.

To encourage children to save more, why not top up their savings amount with 'interest'? E.g. for every $10 your child saves in the Save Jar, the bank (aka mummy or daddy) can top up another 20 cents into their Save Jar.

Or if you think your child has been saving well and disciplined with his spending, reward them by declaring a special 'Bank Anniversary Day' or 'Birthday Promotion'. E.g. for every $5 in the Save Jar, your child gets an extra 10 cents.

During Christmas season, you can create your own family 'Charity Drive' day where you donate pre-loved items at home. E.g. for every pre-loved toy your child donates, they stand to receive a new toy from the 'bank' of a similar value.

Every year, print out their account statement and show them how much money they have accumulated over time. Just like adults, children love to see their accounts grow.

#6 MAKE IT INTERACTIVE

Bring your child along to the bank or show them the process behind any online money transactions.

When you're showing them an online transaction, get them to make the final transaction by clicking or tapping on the 'confirm' or 'submit' button.

When you're creating a joint-account, bring them with you to the bank. You may even encourage them to speak with the bank teller on what they would like to do i.e. start a

joint-account with mummy or daddy.

When you're depositing their Chinese New Year ang pow money, bring them with you to the ATM machine. Get them to slot in their own money into the feeder.

Children learn more with your presence and when there is something or someone to interact with.

#7 LEAD BY EXAMPLE

To encourage children to have a habit of giving back, adopt a beneficiary together as a family and pledge to donate a certain amount of money monthly, quarterly, bi-annually or annually.

Bring them along for food donation drives or spend a day with children with special needs or children from less privileged backgrounds.

Encourage them by doing it yourself. When you've made a donation, tell them about it and why you did it.

Get inspiration from government policies (i.e. Tax rebates, $1-$1 matching) and how the government encourages us to save and give. Adopt these ideas for your kids to spur them to save.

#8 'GRADUATING' TO A NEW SPEND JAR

If the Primary school your child is enrolled at adopts a cashless system, explain to them that money in their physical Spend Jar will be transferred to another 'Spend Jar', which is their smart watch or EZ link card.

This device (be it a card or watch) which holds 'invisible' money now becomes a new 'Spend Jar' for your child.

Your role is to play the middle person or

banker, to 'transfer' the physical cash from your child's Spend Jar into 'invisible' cash, which is transferred into your child's smart watch or card.

#9 MAKING THE TRANSITION

It's important to show your child the entire process from start to finish.

First, ask your child to take out the money from his Physical Spend Jar and pass it to you.

Once you (the 'banker') have kept their money, log on to your bank account and show them how the money is being transferred from your account into their device.

By doing this, the connection between the physical cash and invisible cash is more vivid, as they are able to see the process behind the transaction. They know exactly where the money goes and how it is being transferred.

Many parents usually protest at this point and say, "But I don't want my child to see my full earnings or savings in my account!"

Create a new account for this purpose of transferring money as 'Mummy/Daddy' banker.

Explain to them how money ends up in this account, e.g. this money comes from your monthly salary. Portion your wealth, and practice the money jar system yourself.

#10 PHYSICAL PRESENCE IS STILL IMPORTANT

Many parents ask me, "During the transition from physical to virtual, should the physical Money Jars still be there?"

Yes, all three jars should still be physically present, until children are old enough to have their own bank accounts. This is to establish a strong co-relation between the physical and digital Spend Jar.

If your child wants to transfer all his money in his physical Spend Jar into his new digital Spend Jar (smart device), gently tell him or her about the consequences of losing the device, e.g. if they lose the device, they may lose all the money in it.

This will make them take care of their items and think twice about putting all their eggs in one basket.

Summary:

- Take an active role
- Start young
- Use the Money Jar System
- IVF learning - Interactive, visual and fun
- Use incentives to encourage children to save and give back
- Involve them and show them how transactions are made