

APRIL IS NATIONAL FINANCIAL LITERACY MONTH

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How You Can Help Prepare Our Youth for a Lifetime of Financial Decisions

Financial education for young people is critically important, so important, in fact, that the entire month of April is set aside each year as National Financial Literacy Month. That makes April the perfect time to work with grade schoolers on some important financial literacy lessons that will help them make better, informed financial decisions throughout the course of their lifetime.

Here are a few tips and ideas from the Illinois Bankers Association and its member banks to help you teach children the art of sound financial decision making.

1. Teach children the lingo. They should know common terms like debt, checking and savings account, check, bank, interest, and the difference between credit and debit cards.
2. Help them understand a "need" vs. a "want." Think of a need as a necessity, e.g., food, water and a place to live. A want is something that is desired, but you don't necessarily have to have it, like a new video game.
3. If there is something your child really wants, like a new bike, help him budget for the item, and encourage him to do chores and other jobs to make money and save up to pay for it.
4. Take your son or daughter to the bank to open their first account. Teach them about the importance of keeping money in a bank. Banks keep your money safe. They provide you with the convenience of accessing your money when you need it. People use banks to do many things, such as to save money, cash checks, earn interest, borrow money or start a business.
5. Involve children in a family financial decision. Often, parents make all financial decisions for the family. It is sometimes helpful, though, to use this type of decision making as a teachable moment. Let them decide if the item is a need or a want; have them come up with pros and cons for the purchase; and teach them the important concept of compromise.
6. Let young ones plan a family meal and take them to the grocery store to shop for items for it from a grocery list. Have them add up the cost of the meal and determine the cost per portion. Help them prepare the meal. They'll take pride in being involved in the process from start to finish.
7. Introduce the concept of identity theft. Teach them about the importance of keeping personal financial information private and the consequences if it gets into the wrong hands.

Of course, April isn't the only time we should focus on these important lessons -- these are just a few tips to get the ball rolling. The road to financial literacy begins at a young age and lasts a lifetime.