

Rethinking “Saving” vs “Spending”

Helping kids grasp financial decision making starts with explaining that “saving” is really just planning to spend later. And the best way to reach their goals for future spending is through building - and sticking to - a budget. Read on to empower kids with financial decision making skills to help them reach their long- and short-term financial goals.

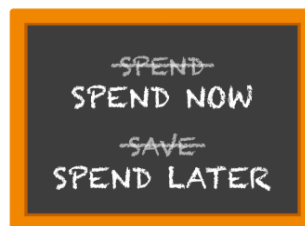
Step One.

On a chalkboard, whiteboard or a piece of paper, write the words “save” and “spend.” Ask your child or students whether they feel that either one of these concepts is better than the other.



Step two.

Cross out the words “spend” and “save” and replace them with the words “spend now” and “spend later.” Explain that from now on you’d like them to stop thinking of money in two buckets—spending and saving. It’s really all spending. The difference is whether you’re planning to spend now or spend later.



Step Three.

Explain to children that income is money coming in and an expense is money going out. You can earn money from a job or interest from savings and investments, while an expense is money you pay out for something.



Keep going, you're doing great!

Next Skill