

# How You Spend Money Reflects Your Values.

Kids should know that money doesn't define a person, but how people choose to spend it can say a lot about who they are and what they value. Stopping to think about the things that matter now can go a long way in making future financial decisions.



To achieve a financial goal and purchase something you value, it is important to be disciplined about how you spend money. Kids should learn the basics of how to budget for a financial goal to help them see if they are buying items they really value.

Ask your kids how they would spend \$20 to find out what they value in their lives today. They might spend it on a video game or an action figure or they might surprise you and say they want to save it for college.

Though seemingly straightforward, budgeting effectively is not an easy task. If financial goals are not specific, or actionable, it is unlikely that a proper budget would be created. Accounting for a variety of expenses might be difficult for students who have not had the necessary practice in spending money to reflect their goals and what they value.

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**To help your kids determine how they think about longer-term goals, have them write down, or**

# draw a picture of all the items they might value having in their adult life

(a house, a dog, a car, a family, etc.). It is important that kids understand the answers to these questions in order to set a direction for their financial life.

The next step is to figure out how much money they would need to achieve these goals and what trade-offs they might need to make. Ask your kids to do some online research to find a house, dog, car or other items they like. Instruct them to add up the costs of all these items and chart how much money they would need to purchase them.

Next, ask them to create a list of all the expenses they would have if they owned all these items (food, gas, taking care of a yard, saving for college, insurance, etc.) The kids can then work with their parent to list expenses that allow them to enjoy items or activities that they desire - but might not need. Examples might include going out to dinner, movie tickets, or new golf clubs.

The kids could also research online to find jobs that they want. Have them list the salaries and chart out their potential income and expenses. Ask them if based on their chart, they feel they would be able to live the life they would like. If their income will not cover their expenses, ask them to write down or draw what they might give up to have the life they want.

Tell them to then add six months of salary to the expenses column to help cover emergency costs - are they still able to cover all of their expenses?

It is important for kids to understand the need to save and invest some of their income to support future needs or expenses that will cost far more than they will earn in a single paycheck. Over time, savings and investments will allow kids to afford vacations, school, and retirement.

Hopefully, through these activities your kids will learn that how people spend, save, invest and share their money reflects their personal values.

Keep going, you're doing great!

Next Skill