

## Teach Your Children to Save More for Tomorrow, Today

By Brendan Houlihan

As the coronavirus pandemic continues... There is no better time to start saving more for tomorrow, than today!

The issue is financial literacy is not always accentuated in our schools. Educating and developing the skills our children need to mitigate financial woes starts with us, the parents. We need to teach our children to take a personal responsibility on their future economic security! This will empower our children to make sound future fiscal decisions.

This process begins by thinking about some initial questions. What are the benefits of being an early spender vs. being an early investor? What strategy would better serve you and your family? Understanding and learning the impact of financial literacy at an early age are life lessons that all children and adults should master. NOW!

To start, be consistent and disciplined!

We need to teach our kids to avoid the common mistakes that families make with their money decisions. Sometimes the principles that we do not know can have a profound impact on our children and ourselves!

Money does not grow on trees!

Our children need to learn how to budget their money. When Johnny receives money for doing his chores or for his birthday, he needs to learn how to save a portion of that money. The sooner Johnny learns to save and be more diligent the better. Now is the time to develop and teach children the skill set to budget for savings, bills, and spending money.

Understanding credit card debt and the pitfalls are lessons that should be taught as soon as possible. Sometimes debt is a necessity and sometimes debt is a developed bad habit. Make sure your kids understand that the credit card bill arrives every

month and that borrowing money has a consequence. Teach Johnny to save up his money for a new video game rather than borrow money for the purchase.

Children and their parents need to appreciate how powerful compound interest will be on their savings. Albert Einstein said "Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it." We all enjoy experiencing our money make money, make sure your children comprehend this concept too!

--Brendan Houlihan, a fiduciary, is Financial Advisor at BFH Wealth Management and Learn to Earn Investment program for children.

For more information on Brendan Houlihan's business, you can visit his website at [bfhwealthmanagement.com](http://bfhwealthmanagement.com), call him at (708)280-8753, or contact him by email at [brendan@BFHWealthManagement.com](mailto:brendan@BFHWealthManagement.com)

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