

Saving Money at an Early Age

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Nowadays, many parents strive to give their kids every luxury their hearts could ever desire. Gifts and presents that the parents never had as children are given with a free hand to their kids. While generous and done with the child's benefit and happiness in mind, this inevitably leads to children who always get what they want and do not understand the value of things. Later, as they grow up, they have a sense of entitlement, that they deserve things without having to work for them. They become spoiled. This is why all children should be encouraged to begin saving from an early age, to prevent this kind of behavior.

Most children receive some form of allowance, a monthly or weekly sum of money given for doing household chores around the house, or sometimes simply for being good, or even occasionally given automatically, whether the child was good or not. As soon as the first allowance is given, parents should begin teaching their children about the benefits of saving. Instead of buying everything that the kids want for them, the children should be taught to save their allowances, slowly building up enough money to buy what they want for themselves. This will both prevent parents from spoiling their children with openhanded generosity and give the children a sense of accomplishment. They bought what they wanted for themselves, using money they saved. Over time, this understanding of delayed gratification, putting off the pleasures of the present (not buying that piece of candy that is tempting them in the store) to get greater pleasure in the future (buying that new toy that costs much more, but something that will last much longer), will become more useful as they have to balance schoolwork and play, work and leisure.

When they are old enough, children should be given bank accounts, under the joint supervision of the parents. They should be told that they are going to help pay for their own college educations, and to start saving as soon as possible. Parents can give them a little seed money to help them out. Now, aside from deciding what it is that they truly want to buy with their money, the children must also decide how much to put aside for something far in the future, which won't bring much satisfaction or pleasure in and of itself, but is of utmost importance to their futures, and which will likely cost more than they can comprehend at the time. If the children do manage to achieve whatever monetary goal that is set for them, the parents can foot the rest of the bill with the certainty that their children are unlikely to squander their years at university because they themselves have invested so much in it. Again, this is training for the future, because once the children enter the workforce, they must begin saving

for their eventual retirements — something vague in the future, but of great importance.

Aside from training children in the importance of delayed gratification and planning in the future, teaching them to save and to buy things for themselves gives them a better appreciation of what things are worth. If a child wants an NT\$1,000 toy and his parents buy it for him once he asks for it, he learns that things can be had merely for the asking. That child will be greatly disappointed once he grows up and finds that the world does not work that way. On the other hand, if a child with an allowance of NT\$100 a week wants that same toy, he has to save for ten weeks minimum, two and a half months, to buy it for himself. That toy is worth far more to him than to the child who received it immediately.

Of course, teaching children to save doesn't mean that they must put every dollar aside. If there is nothing that they need to save for, they can of course spend their money on whatever they wish. Still, once the bank account is introduced, parents should encourage their children to set aside at least half of whatever money they get, from allowances, odd jobs, or red envelopes.

Knowing to save and understanding why saving is important is fundamental, which is why every child should be taught it. If more people understood these principles, the recent credit crisis here in Taiwan would never have grown to such proportions, and may even have been avoided altogether. People who know what it takes to buy a given item know better than to buy things on a whim, especially not with huge interest rates being charged. If every child is taught to save properly, people will be less likely to spend themselves into such situations.