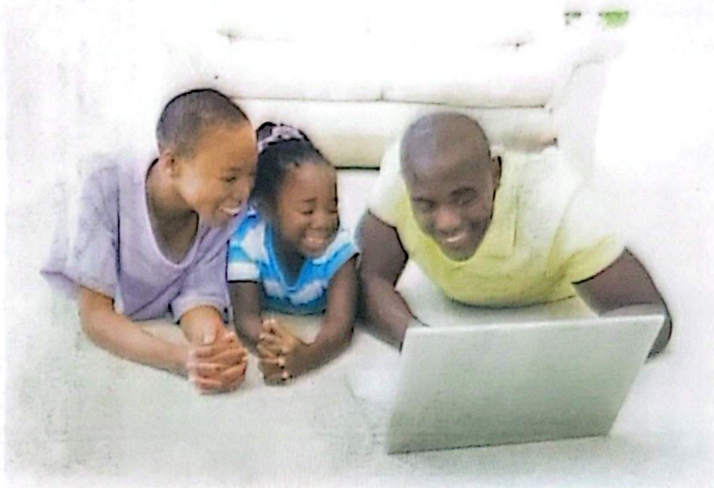
When the child's piggy bank gets filled, transfer the savings to the bank



The best way to teach your child about saving money is to save money yourself

Teach your child to start saving money

BY CONAN BUSINGE

Do you want to groom a child who knows how to save and build wealth for a secure financial foundation?

"It starts now," Calvin Mugume, a financial consultant, advises.

"Most people learn saving through trial and error," he adds.

Such is not the situation you would want to take your child through. You need to raise your child to be financially disciplined child.

There are a number of ways to achieve this.

Use a piggy bank

"When children begin treasuring money, they will appreciate the importance of saving it," Paul Mugisha, a financial consultant, says.

A piggy bank is a practical tool to help a child value saving. Mugisha says, a child as young as three years old, can use one.

He adds that you can also help the child set goals for the savings. "Start by asking them to save for the purchase of the items or services they like most. Illustrate to your child that the more they save, the more their money will grow."

Open a bank account

Some banks offer packages for children to save.

"This is because banks are aware Ugandans have a poor saving culture. The best way to nurture good banking starts with children," says Mugume.

Mugisha says much as banks look at this as a business and at times out of goodwill to help you as a customer, "just focus on the benefits of such an account to your child".

When the money in the piggy bank has accumulated, take it to the bank and open a savings account for them.

Jessica Amara, a financial consultant with a private firm in western Uganda, says: "This also limits the parent or child from getting tempted to spend the money in the piggy bank."

"Ask the child to account for the money they have banked and have it recorded somewhere," adds Amara.

Since banks pay interest on the money, Amara advises to show the child the final figure and reinforce the idea of interest. "The young saver can get motivated if they understand that their money will grow, as long as they do not touch it."

Create a timeline

"One way to keep money lessons ongoing, is to create a timeline, so that your child can visualise when they will reach their goal," Mugisha says.

"Research shows that the impact of a one-hour financial lesson wears off after about five months. In order to make the message stick, money education should be timely and ongoing," he adds.

If you know your child receives about sh10, 000 every year on their birthday, the best moment to talk about budgeting is right before receiving the money.

> "If a child does not understand percentages, use bar graphs to show them the growth of their savings"

Mugisha says you can start by getting a long piece of paper and a marker. Have sh0 on one side and sh100 or whatever amount on the other side.

"Create checkpoints on the paper when they reach 50% and 80% of their goal. A goal, in this case, is the amount of money they have to reach.

"If a child does not understand percentages, use bar graphs to show them the growth of their savings," he explains.

Mugisha says visuals illustrate the child's savings goals and how their money is growing.

Every time an amount is saved, draw a line illustrating how much was saved. "Let your children know that they will get small rewards at each level attained. Small rewards can encourage children to keep going," Mugisha adds.

Talk about money

Mugisha and Samson Aliguma, a physiologist, say children who are good at saving regularly have conversations with their parents about savings and spending.

Mugisha says that you can, for instance, ask an innocent question, such as "Are we rich/poor?" in a way that emphasises family values, such as hard work and responsible spending.

Financial experts say it is also important to discuss with your child the difference between needs and wants.

Be a role model

"The best way to teach your child about saving money is to save money yourself," Aliguma says.

"As a parent, have your own jar of money that you put funds in regularly so that a child sees and learns from what you are doing," he says.

"It will also mean you have money that a child easily sees in a jar but cannot touch since it is not theirs. It is a double training system; learning to save and knowing to respect people's money."

Aliguma says you also need to reiterate the message of saving for the future every time you get a payment. Drop money in the jar and tell your child the saved money is for the future.

Children need to be financially disciplined

Parents should guide their children in saving money