

# FINANCES FOR CHILDREN AND TEENS

## *What Went Wrong*

Consumer overspending.

Record numbers of personal bankruptcies.

Huge government deficits.

With so many people suffering from financial problems these days, we want to believe tomorrow's leaders and consumers will do a better job of managing their money. But are they headed down the same road their parents took?

That question was on the minds of researchers who decided to test the consumer knowledge of 428 high school seniors in eight metropolitan areas. When the results were tabulated, the teenagers' average score for the entire test was only 42 percent.

This doesn't mean there's no hope for the future. In fact, many parents still have an opportunity to influence their children, and reading this brochure is a first step toward achieving that goal.

However, before we discuss teaching children about money, let's do a brief review of history to see how today's attitudes about money developed.

Prior to the 1920s, many people worked on farms. They had to manage their money well because, for the most part, they had nowhere to go for help in case of trouble.

The family's budgeting system might have consisted of nothing more than large canning jars labeled "Food," "Clothing," "Medical," and so on.

For children growing up in these homes, money was right there for everyone to see. Where the money came from was clear, and where it went was clear. In other words, the family finances were neither complex nor mysterious.

In contrast, children today may not be sure what their parents do for a living. When the parents buy groceries, the children may not be around. And if the parents are having financial difficulties, the children may not know. After all, it would just upset them and, for the time being, Mom and Dad can live off their credit cards.

This change from a direct correlation between work, money, and goods to a less visible relationship between them, has had a great impact. The immediate connection between work and money is gone.

We've lost track of the value of our money. When we sign our names on credit slips, it doesn't seem like we're spending our money, and right at the moment we're not. But reality sets in when we're still making payments on an item that has broken, worn out, or lost its thrill.

When we work hard and sacrifice in order to save for the things we want, we have time to make informed, time-tempered decisions. We have a real understanding of the value of each dollar. Our attitudes change and we want to get the best value for our hard-earned money.

Likewise, when we teach our children how to plan ahead and save—to fulfill their plans—they'll be less prone to emotional, impulse buying. They'll see the results and feel good about themselves and the decisions they have made.

## **Want Versus Wait**

Let's look back to the old days again. Imagine a family seated around the dinner table, where the children are discussing what they want to be when they grow up.

They know they have to work hard, develop their skills, and learn to earn their way in life. In the meantime, they make do with what is available, whether it be homegrown, bartered, or hand-me-down.

Today, there are all sorts of government programs to help us achieve our goals and catch us when we fall. And when it comes to college, there are government loans. Unfortunately, there is not enough thought about the payments that will be required when those loans come due.

The same is true of other payments, including those on homes, cars, and credit cards. These days you can get 90-year loans. In Japan, three-generation loans are available!

Even worse, banks, government, and merchants look for more ways to extend credit. In the 1950s a person could not qualify for a credit card unless he or she had a very healthy salary. Now credit cards are given to high school students.

These practices are accepted because people have become accustomed to living on assumed wealth, rather than earned wealth. Through the use of credit, people buy things they can't afford to own so they can have them now.

What happened to working hard, saving money, investing wisely, and managing money?

Unfortunately, many people are relying on the remote possibility that they will become rich overnight. For example, consider how people answered the question, "How does a person become successful?"

- ◆ Win the lottery.
- ◆ Think of a great product idea and sell a million of them.
- ◆ Become a rock star.
- ◆ Become a famous actor.
- ◆ Get into professional sports.
- ◆ Get into the stock market.

## **Get It Now!**

No doubt, one of the biggest culprits in today's attitudes about money is advertising. When it began, advertising's purpose was to tell us about the benefits of certain products. Thus, if we as consumers needed those products, we would buy them.

But the message changed from simply telling us about products to trying to convince us we needed products we'd never heard of before. Instead of "find a need and fill it," it became "create a need and fill it."

What's the message? Your financial state has nothing to do with whether you purchase something or satisfy your desires. Get it now! You deserve it! And if you don't have cash, you can buy it on credit!

## **More Money**

Also affecting today's attitudes about money are the media, which exalt the huge salaries drawn by professional athletes, actors, and musicians. According to society, these people have it made. Or do they?

The fact is, some people who make large sums of money end up broke because they never learned how to manage their money—another example of our need to get back to basics.

Lotteries also cause us to want more. They now operate in 47 states and the District of Columbia, and some \$50 billion is spent annually for lottery tickets.

## *What We Can Do*

### **Train Up a Child**

If parents keep silent, advertising and the media will become our children's financial teachers. And our level of godliness is no guarantee that our children will follow in our footsteps.

Probably one of the finest generations of Israelites was the one under Joshua's command. They took the Promised Land. Then they got so busy building a life in the Promised Land that they forgot to build a future for their children.

*"All that generation also were gathered to their fathers; and there arose another generation after them who did not know the Lord, nor yet the work which He had done for Israel. Then the sons of Israel did evil in the sight of the Lord and served the Baals, and they forsook the Lord, the God of their fathers. . . . The anger of the Lord burned against Israel, and He gave them into the hands of plunderers who plundered them; and He sold them into the hands of their enemies around them, so that they could no longer stand before their enemies"* (Judges 2:10-14).

In short, the Israelites began to lose the Promised Land when they didn't teach their children to follow God.

Another important point is that when the Bible talks about training children to follow God, 100 percent of the time it is the parents' responsibility.

### **God's Training Method**

We need to do more than teach children that the Bible is our guide and that God's principles are the ones to follow. We need to add to that the why and the who.

God instructs us to teach children this way: *"Children, obey your parents in the Lord, for this is right. Honor your father and mother (which is the first commandment with a promise), so that it may be well with you, and that you may live long on the earth. Fathers, do not provoke your children to anger; but bring them up in the discipline and instruction of the Lord"* (Ephesians 6:1-4).

God tells children to honor and obey their parents, but He doesn't stop there. He tells them what the results will be: *"That it may be well with you and that you may live long on the earth."*

But that's not all. We need to take our children beyond the rule and even beyond the reason for the rule. We need to take them to the Ruler. Jesus said, *"Let the little children alone, and do not hinder them from coming to Me"* (Matthew 19:14).

We need to show our children that God's ways and principles work out best for us because God is good and faithful and loves us.

With each financial principle we establish not only the rule but the reason, and with the reason we help them get to know the Ruler. Then we take what is learned and apply the principles to other areas of our children's lives, using what they learned in finances as the example.

### **An Indicator of the Heart**

Teaching children about money is a critical part of their training, because a person's attitude toward finances is an indicator of his or her heart. Jesus said, "*For where your treasure is, there your heart will be also*" (Matthew 6:21).

Remember the rich young ruler in Luke 18? What was the one thing he lacked? Jesus told him to sell everything and give to the poor. Then he would have what he lacked: treasure in heaven. Jesus says we can get our hearts in the right place by putting our treasures in the right place.

In His teachings and parables—whether the rich young ruler, the lost son, the widow's mite, the sheep and the goats, or many others—Jesus taught that what we do with our money and our possessions is a direct reflection of what is in our hearts. Our checkbooks are like thermometers, measuring the heat of our love and commitment to God and His principles.

Our Lord emphasized that we "*cannot serve both God and wealth [money]*" (Luke 16:13). You will serve one or the other. Your heart will be devoted to the one you serve, and your actions will demonstrate which you are serving.

If we allow our children to buy into the world's way of handling finances and what progressive generational thought is currently teaching, they automatically will learn the principles behind those methods. Then those are the principles they will apply to the rest of their lives.

In other words, their hearts will follow where their treasures have been buried. However, if we teach our children God's way of handling finances, they'll learn God's principles and be able to govern their whole lives according to those principles.

## *Some Key Lessons for Our Children*

### **Stewardship**

Perhaps the most important lesson in our children's financial training is the concept of stewardship, which says that money is a trust given to us by God. Therefore, it should be handled in the way the Master directs.

By teaching this concept, we lay the foundation to teach much, much more, such as learning what the Bible says to do with money and praying for wisdom and direction in its usage.

Once children have learned to follow God's Word and pray for wisdom and direction in their finances, it's easy to take them to the next lesson, which says that Jesus is Lord of our entire lives. He wants us to follow His principles and pray for wisdom concerning every area of our lives: behavior, money, character, marriage, career, ministry, and everything else.

But suppose we don't teach our children how to handle money according to God's stewardship principle. Suppose we teach, through example and/or negligence, that we can do anything we want with money because it's not really important to God.

When we do these things, the effects are far-reaching. The negative and misleading principles of "Do what seems right to you" and "Make your own decisions" become our children's foundation.

Undoubtedly, the results of godly teaching are much more desirable. When we instruct our children to follow the teaching of the Bible in their finances, we've laid the foundation for God's Word to be life's guidebook. Having built the foundation in a hands-on area like finances, it's easy then to direct them to the Bible with every question life poses.

## **The Church**

Another important part of our children's financial training is showing them the importance of the church. If we teach our children through instruction and example to give to the church, it gives us the opportunity to teach them their place and responsibility in the church. It also allows us to teach them about the role of the church and church community in their lives.

Teaching our children to give helps introduce them to what we call the first principle. Often our reactions (and our children's) to giving to the church, to missions, and to meeting the needs of others is, "Hey, what about my needs?"

The first principle is that God is our provider. Our incomes, savings, jobs, investments, and possessions are not our wealth, security, or source of provision. These things may be the way God provides for us, but we are not to set our eyes on them as our means of support.

## **Financial Contentment**

Ever notice how people seem to be running from one thing to another these days in search of contentment? When the thrill of a new item is gone, they buy another. When the thrill of a relationship is gone, they begin another.

But true contentment is not found in worldly things. Peace comes from learning to trust God in His timing and knowing that He is on the throne and in control. And it involves the consistent, long-term application of His principles.

The word contentment literally means "to be enough." Paul said, *"Not that I speak from want, for I have learned to be content in whatever circumstances I am. I know how to get along with humble means, and I also know how to live in prosperity; in any and every circumstance I have learned the secret of being filled and going hungry, both of having abundance and suffering need. I can do all things through Him who strengthens me"* (Philippians 4:11-13).

Paul was content even when he was in need. That's because God was his "enough." Our contentment is to spring from our relationship with and trust in God.

## **Honesty in Finances**

Two of the first opportunities parents have to teach honesty to a child are rather consistent with all children. First comes the temptation to tell a lie when the truth will get them into trouble. The second is when, after beginning to realize the value of money, they find some lying around the house and claim it as their own.

The first occasion is an opportunity to teach children to be honest in what they say. The second is an ideal time to begin teaching them to be honest in what they do.

As parents we often leap on the first situation and are less responsive to the second one.

If we're always honest in what we do, we won't be under so much pressure to be dishonest in what we say. Money innocently picked up is an ideal opportunity to teach respect for personal property, the value of money, and honesty in dealing with both.

We also can teach children about honesty through our own lives. This results in events children aren't likely to forget. For example, one parent drove all the way back to a store after finding that the clerk hadn't charged enough. On another occasion, a parent waited in line to give a store owner 25 cents that a vending machine had accidentally fed into a change slot. As children watch their parents do such things, they're likely to remember what they saw. And as they remember, they'll also remember what their parents were trying to teach them.

## *How Do We Present These Lessons?*

### **In Love**

*"If I speak with the tongues of men and of angels, but do not have love, I have become a noisy gong or a clanging cymbal. And if I have the gift of prophecy, and know all mysteries and all knowledge; and if I have all faith, so as to remove mountains, but do not have love, I am nothing. And if I give all my possessions to feed the poor, and if I surrender my body to be burned, but do not have love, it profits me nothing" (1 Corinthians 13:1-3).*

If we could be perfect parents, as far as our performance goes, and teach our children to accomplish all the great things listed in these verses, without love it wouldn't gain us anything or make our children into anything.

A child is a "trust." We are stewards of our children's lives for a short time, and someday, when they're ready to leave the nest, we'll realize how short that time is. Our children are precious, and so are the moments we spend with them.

Furthermore, God not only requires our children to obey and follow us as parents, He also requires that we follow Him.

We need to treat our children as if they are God's children and we are just temporary baby-sitters. We use the word baby-sitter to conjure up a familiar picture. Recall the moment when the parents arrive home and the baby-sitter is asked, "How did it go?"

That baby-sitter knows that this is the moment of accountability. A positive report about the children is great. But the nervousness comes from the real underlying questions: "How did you do?" and "Did you treat my children well?"

If the thought of God coming to pick up His "children" today and asking us and them how it went is a little unnerving, we can pray and ask for His forgiveness and help. God wants the best for us and our children—that's grace parenting—and He's ready to help.

We need to treat and teach our children with respect as fellow heirs to God's kingdom and as budding young children of God.

We need to reflect a loving, forgiving, Father God in our parenting. As He is patient and kind with us, so we need to be patient and kind with our children. As He forgives and instructs, so we are to forgive and gently instruct.

At the same time, we must not go so far with what we think is love that we stop training and disciplining our children. If we don't discipline and correct them, the Bible says we don't love them. *"He who withholds his rod hates his son, but he who loves him disciplines him diligently"* (Proverbs 13:24).

## Using Foundational Teaching

We explain God's principles to our children by using the ingredients for foundational teaching:

- ◆ what the Bible says,
- ◆ simple words and real life examples and allegories, and
- ◆ the reason and Ruler behind the rule.

Suppose we're teaching our children about tithing. A good example would be Abraham giving a tithe to Melchizedek (Genesis 14) after winning a battle against four kings. Melchizedek was "priest of God Most High." Because it's a story, it will hold our children's interest and be easier for them to remember.

Point out that Abraham took a tenth of everything he acquired in the battle and gave it back to God. By doing so, he was showing everyone that it was God who helped him win.

Now we draw the parallel to ourselves by reading *"Honor the Lord from your wealth and from the first of all your produce; so your barns will be filled with plenty and your vats will overflow with new wine"* (Proverbs 3:9-10).

We need to explain how the tithe reflects God's ownership of everything and His care for us, just as it did in Abraham's life. Then we tell our children a real life story of how we began to tithe and some ways that God took care of us. If they are too young to understand percentages, we can take 10 dimes and physically demonstrate what we mean.

Next, take the time to explain the reason and Ruler behind the rule. Give a simple explanation of how this money helps the church pay its bills and its pastors and help needy people. We should explain this is important to God because He loves us and the people our money is helping.

After teaching the principle of tithing, we need to help our children implement tithing practically in their own lives. We don't just tell them to do it; we walk through it with them. We show them how to separate their own money to give God His part and remind them to put it in the offering at church.

Once we've started our children tithing, we need to consistently help them with it. We need to reinforce the principles and the teaching behind the principles at regular intervals.

For example, we can pray together on the way to church. We can thank God for taking care of us and our family and for the opportunity to give to the people at church. When our children are ready and curious, we can teach them more on the topic from the Bible. We need to look and pray for the opportunities.

Also, a really important part of parenting is to watch for and identify God at work. For example, if God opens up an opportunity for our children to earn more money, or they get an incredible deal on something they have been saving for, or some money comes to them through an unexpected channel, we can point it out to our children as a way God has honored their faith and obedience and has taken care of them.

## *Parenting Economics 101*

### **Parenting Economics Rule #1**

The family is a community, and everyone in the family shares in the opportunities, responsibilities, rewards, and income of that community.

In line with this thought, giving children allowances and requiring them to do household duties should not be tied together like a work-for-hire agreement.

As part of the family community, each person is responsible for certain household duties for which he or she is not paid: washing dishes, cleaning floors, cleaning bathrooms, doing the laundry, gardening, dusting, and painting. These provide everyone's needs—not just one person's. Thus, our children should be responsible for more than cleaning up after themselves.

The Bible says, “*Do not merely look out for your own personal interests, but also for the interests of others*” (Philippians 2:4).

Family community benefits are food, shelter, clothing, relationship, and also an allowance. Since the children's allowance should not be tied to specific tasks as payment, it can be explained as follows.

- ❖ The income that is earned for the family is household and community income and is to be used for that purpose.
- ❖ As part of the family or community, children receive an income (or allowance) until they have income of their own. One of the primary purposes for this income is to help them begin to learn how to handle finances.

### **Parenting Economics Rule #2**

Establish job opportunities inside and outside the home that serve as a training ground for individual work and remuneration.

If allowances are not tied to work, how can we begin to teach our children a work ethic and the idea that work equals pay? We do this by giving our children the opportunity to earn extra money doing jobs that go beyond cleaning up after themselves or fulfilling their share of family or community responsibilities.

These jobs can be posted on a “job board,” which might be a 12-by-18-inch piece of cardboard with the words “Quality Labor Required” at the top.

Attach stick-on notes to the board with the names of the jobs and how much they will pay. For example: clean out refrigerator—\$3, clean garage—\$6, wash and vacuum car—\$4.

On the bottom of the job board, write the “Terms of Employment,” which are as follows.

- ❖ Every job must be inspected before payment is made.
- ❖ No job partially done will receive payment.
- ❖ Pray before choosing jobs. Be sure you don't take on more than you can do.
- ❖ All jobs must be done diligently. Do them quickly, do them well, and work hard.
- ❖ All regular chores must be completed before taking a job from the job board.
- ❖ Management reserves the right not to pay for slack, slow, or sloppy work. Management also reserves the right to pay bonuses for jobs that are well done.

It's best not to pay children by the hour. It's better to pay them by the job. This helps establish money as a means of exchange. The quicker they get the job done, the more valuable their time is.

In addition, it may be a good idea to establish an age range for some jobs. For example: "Sweep the porch—\$1; must be 6 to 7 and good with a broom."

Finally, when we're employing our children, we don't want to be too harsh. We always should have our children watch us do a job at least once before we ask them to do it on their own.

When they're ready, we need to be there to help and encourage them—but not nag them. We shouldn't be surprised if they work slowly and sloppily at first.

Furthermore, it's much more helpful to make the task joyful, play a bit, have some fun in the process, encourage them, and praise them when they get it right. If they do it wrong again, we simply offer to show them a second time how it's done.

With each job we train our children to do, we should train them in diligence and the work ethic. We can remind them they are working for the best boss possible: God. "*Whatever you do, do your work heartily, as for the Lord rather than for men*" (Colossians 3:23).

### **Parenting Economics Rule #3**

Be sure allowances do not discourage joy in community involvement or encourage laziness.

We need to be careful about setting allowance amounts. Children's allowances should be enough to look forward to, enough to enable us to begin teaching budgeting, but not enough that all their wants and desires are met so they have no need for extra jobs. For this reason allowances may have to be reviewed and adjusted from time to time.

Ultimately, we need to wean our children off allowances and on to their own earned income. Therefore we need to be sure our raises don't keep pace, percentage-wise, with their budgets. Their allowances should become an ever-decreasing portion of their budgets.

### **Parenting Economics Rule #4**

Be consistent in the teaching, training, and disciplining process.

Once we have established an allowance amount and frequency, we need to add it into our family budget and pay it as we would any other bill—consistently and on time. Also, if we establish a rule for our children, with rewards for compliance and penalties for not complying with that rule, it is essential that we always, always follow through.

### **Parenting Economics Rule #5**

Everything we do should reflect real life as closely as possible—its systems, its rewards, and its penalties.

For example, we shouldn't pay our children for a job that is half done or not done well. Rather, if they still need training, we can help them complete the job but not pay until it is finished. In the job market we don't get half pay for half a job. We get no pay and/or we lose our jobs.

## **Parenting Economics Rule #6**

Take the cloaking devices off family finances.

It's important to let our children know about, see the workings of, and get involved in family and household finances.

## **Parenting Economics Rule #7**

When assigning tasks, giving job opportunities, and deciding on training and discipline methods, take the individual child into consideration—strengths, weaknesses, abilities, and problems.

Sometimes, when we think we've run up against bad attitudes in our children, we may be dealing with misunderstood aptitudes. Some very good books have been written on understanding our children's personality types, learning methods, aptitudes, gifts, and even how their birth order affects who they are. One thing is for sure. Children are not born as blanks for us to program. God made each one unique.

For example, some personality types are very meticulous and detailed; they love to count and budget every penny. This type may find the idea of budgeting easy but may need encouragement to actually spend some of their neatly counted money.

Another thing to consider is gender. God made males and females different. It's important to be careful not to compare our children's strengths and weaknesses to their siblings'. We must deal with each child as an individual and ask God for individual wisdom.

On the other hand, personality differences and uniqueness are never valid excuses for violating God's laws or principles. We are all responsible to follow God's principles.

## *Tools for Training*

When teaching children God's principles of finances, divide your training into 12 areas, which are placed in four groups.

**Group 1**—Stewardship, trusting God, tithing/giving, and generosity.

**Group 2**—Contentment, honesty, and diligence.

**Group 3**—Budgeting and long-term financial planning.

**Group 4**—Saving/investing, spending, and credit/debt.

When teaching each of these areas, use the following tools for the practical teaching and training that need to be done.

## **Family Motto**

Family mottos are easy to remember. Therefore, they're not easy to forget. For example, if you're teaching children about telling the truth and keeping their word (honesty), your motto might be, "If I say it, I'll do it. If I say it, it's the truth. You can count on it!"

Ground your mottos in God's Word. In fact, you may even want to use a portion of Scripture as your motto.

## **Bible Story**

When teaching a lesson or principle from God's Word, a story from the Bible to illustrate the lesson strengthens the concept and makes it more solid.

## **Faith Story**

We also advise that the Bible story be followed with a personal faith story that illustrates the lesson.

## **Memory Verse**

By memorizing Bible verses, children can readily refer to them when they have life decisions to make (the same is true for adults). We also need to help our children understand these verses so God's Spirit can use them as a guide when financial decisions must be made. Remember, since the purpose of a memory verse is its application, understanding it is more important than word-for-word accuracy.

## **Definition**

Give simple definitions of the words (stewardship, honesty, and so forth) and simple explanations of the principles these words represent. Definitions and explanations should be written in language children will understand. You can use them as an aid or simply read them to your children. Then, if needed, you can explain the concept further.

## **Activities**

Instead of just talking to your children, use activities to help you in the teaching and training process. These activities should be fun as well as educational.

### *Two Examples of These Tools at Work*

Examples of how to use these tools with all 12 financial teaching areas are found in the book *Financial Parenting* (Moody), by Larry Burkett and Rick Osborne.

Lack of space won't allow us to provide such an extensive explanation. However, to show you how these tools work, we will cover two of the 12 financial areas: stewardship and budgeting.

Once you review these two examples, you can create your own family mottos, stories, memory verses, and so forth for each of the remaining 10 financial areas.

### *Stewardship*

#### **Family Motto**

"We're looking after our money, for the Master."

#### **Bible Story**

The faithful stewards (Luke 19:12-26)

We can read this parable with our children and explain that God gives us things to care for. He wants us to use them wisely, according to His principles. If God owns what we have, then we must use it the way He wants us to. God does it this way because He loves us and

knows how things will work out best. When we are obedient with what He gives us, He will be able to trust us with more.

## **Faith Story**

Tell the children a story about a time you chose to follow God's instructions instead of your own ideas and how everything worked out.

## **Memory Verse**

*"The earth is the Lord's, and all it contains, the world, and those who dwell in it"* (Psalm 24:1).

## **Definition**

Stewardship means that God owns everything. He gives us things to take care of (to manage). Since everything belongs to God, we need to take care of what we have the way He tells us to in the Bible. When we do that, we can trust God to take care of us and God can trust us with more. We should want to be the best stewards we can possibly be for God.

## **Activities**

Play the "It All Belongs to God" game. (Parents should play the game too.)

Take out scissors, paper, pencils, and glue, as well as old magazines and newspapers. Find one big piece of paper or cardboard and put it in the center of the table. Have everyone draw or find pictures or words that represent everything the family owns, from the house to the children's toys. Next, glue or tape them down in a collage all over the paper or cardboard.

Also add words or representational pictures for intangible things, such as life, family, relationships, friends, salvation, talents, careers, and so on.

If your children are too old for the collage, have everyone write a list and see who can come up with the longest list in a certain time period. Doing it room by room in the house and awarding points for each room could add fun. See who the winner is when you've finished going through the house.

In the older-age version of the game, we can set aside one room as an "intangible room," where players will add intangible items to their lists. Our goal is to go beyond physical things to everything God has given us, which includes who we are as well as what we have.

Before beginning either version of the game, it's important to explain its purpose: so we can give everything back to God.

When you're finished with the collage or lists, you can pray a short prayer together, thanking God for everything He's made you stewards over (managers of). Then you can give it all back to Him and ask for His wisdom and guidance in using it.

Now, clean up the clutter and have a treat of some kind or do something the children really like to do. It's important not to belabor a teaching activity. When you've finished, emphasize the point of the activity; then give a reward of some kind.

Here are some tips for teaching the financial area of stewardship.

1. When making a purchasing decision, we can pray a simple prayer out loud for our children to hear. First we can tell God we want to be good stewards. Then we can ask Him for wisdom and direction in our purchasing decision.

2. When our families are faced with major decisions, such as moving, buying a home, replacing a car, changing careers, or even deciding what to do with surplus income, we can pray together as families and let the children in on how God directs.

## *Budgeting*

### **Family Motto**

“Pray, plan, and write it out; follow it without a doubt.”

### **Bible Story**

Gideon's budget (Judges 6-7). Read this to your children if they are older. If you have younger children, read it and retell it, or read the story to them out of a Bible storybook.

We can explain to our children that Gideon gathered a large number of men for his army. God let him know he didn't need that many to get the job done. God pared back Gideon's army to a mere 300 men; then He gave Gideon wisdom so he could defeat the massive army of his enemy with just those men—with God's help, of course.

We can let our children know that when it comes to money we often think, like Gideon's enemy, that what we need is a lot. But the principle is, it's not how much we have that matters, it's following God's principles and asking for His wisdom. Then, as we're obedient and trust Him, He will help so that we win—or have enough. This doesn't mean God will give us more. Instead, he may help us get the most out of what we have.

### **Faith Story**

Tell your children a story about how you learned to budget and the benefits it brought.

### **Memory Verse**

*“The Lord said to Gideon, ‘I will deliver you with the 300 men who lapped and will give the Midianites into your hands; so let all the other people go, each man to his home’ ” (Judges 7:7).*

### **Definition**

We budget when we write down a plan for what we are going to do with our money.

The first step in a Christian's budget should be to figure the amount of the tithe. Other items in the budget include taxes, bills and expenses, spending money, and savings. The two basic steps to a budget are exactly what our motto says.

1. Pray, plan, and write down the plan.
2. Follow the plan.

### **Activities**

As soon as children are old enough to understand what money is and to receive and spend it, they are ready for a pre-budget. The idea is to take them gradually from a pre-budget to a full 15-category budget by the time they live on their own. We will suggest at least two other stages between pre-budget and budget, but it's important to expand, contract, or alter these to fit our own children's expenditures.

## **Pre-Budget (ages 3-8)**

*My Giving Bank* is the perfect tool for the pre-budget. It is a bank that is divided into three connected storage containers: a church (for giving), a bank (for saving), and a store (for spending). The bank is sold by Crown Financial Ministries (1-800-722-1976). However, three jars or envelopes labeled “giving,” “saving,” and “spending” could be used.

Three-, four- and five-year-olds should be given three coins (or three bills) and instructed to put one in each container.

Around 6 or 7 years of age, children should be given percentages. Ten percent of their money goes to tithing, 50 percent to savings, and 40 percent to spending. We will have to help them in this process at first.

Also, we need to be sure our children are given their money so they can divide it easily. For example, \$10 could easily be divided into \$1 (10 percent for giving), \$5 (50 percent for saving) and \$4 (40 percent for spending).

The distribution of money should be as follows:

- ◆ “dump and give,”
- ◆ “dip and spend,” and
- ◆ “want and save.”

“Dump and give” happens on Sunday morning when we help our children dump their money out of the giving compartment and give it to the church.

“Dip and spend” happens when money is needed.

“Want and save” stays in the bank for now.

At this level, the only thing that should be written down is the savings, or “want and save,” goal. The object of this goal should be something that children won’t have to save for a long time. However, it should be more expensive and special than what they can get with their “dip and spend” money.

Write whatever your children are saving for on stick-on notes and attach them to the bank (or jar or envelope). You also may find pictures of the items and attach them to the bank.

We want to help our children stick to this goal; it’s their first experience with making and following a budget.

## **Mini-Budget (ages 9-12)**

A mini-budget can still be housed in the *My Giving Bank*, but a little more budgeting or writing is now required. It will be necessary to get a small notebook to go along with the bank. The notebook is the start of our children’s training to use a bank book and budget ledger.

An important lesson for this age group involves restraint. Just because the container has a certain amount of money in it, children cannot necessarily spend it all on one thing. That money has different purposes according to the plan, which at this point will consist of four categories:

- ◆ giving (10 percent);
- ◆ saving-a-little (25 percent for short-term savings);

- ◆ saving-a-lot: (25 percent for long-term savings); and
- ◆ spending (40 percent).

The two categories of “saving-a-little” and “saving-a-lot” replace the “want and save” category of the pre-budget but are still kept in the same saving section of the bank.

We suggest that children’s notebooks be kept as follows.

Page 1—Write the four budget categories with their percentages.

Page 2—On the top of the page write the budget motto.

1. Pray, plan, and write it out.
2. Follow it without a doubt.

The bottom of Page 2 is reserved for “Saving-a-little,” which is a short-term goal. (Not all savings should be allocated before it’s saved, but right now we are trying to teach them to save and plan for what they want and desire. The rest will come later.)

In the middle of Page 2, put a photo (optional) of the short-term item children are saving for.

Have the children think of something they want that would probably take three to six weeks to save for (help them figure this out). Have them write what they decide on and what it will cost. If they don’t know what it will cost, the next step is to help them find out.

Page 3—Use this page for the Saving-a-little Diary. Each time children put money into their savings bank, they should write on this page how much they’ve put toward their goal.

Page 4—At the top of this page, rewrite the motto. In the middle, put a photo of the long-term savings goal.

The bottom of Page 4 is reserved for Saving-a-lot. Children should have a goal that will take three to six months to reach. They should write how much that goal will cost. (After our children save successfully a few times, and as they get older, we can allow them to save for things that will take longer.)

Page 5—Use this page for the Saving-a-lot Diary. Each time children put money into their savings bank for this goal, they should write the amount.

In the beginning, make sure that savings goals won’t take too long. Children should be able to reach their goals quickly so they can become excited about the process.

When they reach their goals we can become excited with them. It will be helpful to praise them for saving and go through the spending procedure with them right away.

If we delay the purchase—the gratification and pay-off for all their hard work—they might lose some of the motivation toward saving that we’re trying to build in them.

In the mini-budget, giving should still be “dump and give” and spending should still be “dip and spend.” We can let them spend this money however they wish (in keeping with family dietary and media content rules, of course).

Remember, when the spending money is gone, it’s gone. We don’t supplement it in any of these budgets. That would defeat the purpose. We are training our children to physically understand the value of their money as they budget it. Bailing them out gives the wrong message.

## **Teen-Budget (age 13 until just before they leave the nest)**

We suggest adding two other budget categories to the teen budget to help better prepare children for all-out budgeting.

1. Giving (10 percent).
2. Community “taxes” (5 percent).
3. Short-term savings (25 percent).
4. Long-term savings (25 percent).
5. Expenses (10 percent).
6. Spending (25 percent).

It’s time to take your children to the bank and have them talk to the teller and open a savings account and a checking account. Be sure they ask all the right questions and the teller adequately explains how things work.

Perhaps you wonder, “Why two accounts? Starting with two accounts continues the consistent message: It’s not all one spending source.

Teach your teenagers how to reconcile their bank statements and how to keep their check registers. Also, make any and all payments due to them by check for allowances and job board earnings. This will remove the temptation to spend cash before it’s in the bank.

Before going any further, let’s deal with the two added categories in the teen budget. The first of these is community “taxes.”

The saying goes, “There are two things in life that are certain: death and taxes.” If our teenagers know Jesus, we’ve prepared them for the biggest of the two. Now it’s time to prepare them for taxes.

Jesus said, “*Render to Caesar the things that are Caesar’s; and to God the things that are God’s*” (Matthew 22:21). We can read the story surrounding this verse with our teenagers when they add this category to their budgets.

We should explain the good, practical things around us we take for granted that are paid for by taxes. It’s debt financing and government handouts that have brought us to where we are—not the concept of community betterment through community contribution: taxes. So, what do we do with the money?

One thing we can do is establish a community tax box. We should contribute to it ourselves, perhaps matching what our teenagers put into it. Later we can decide as a family how this money is to be spent.

It should be spent on something that mutually benefits the whole family. It could be a long-term goal, like a barbecue grill or a computer. Or it could be a more immediate goal, like buying a new video for the family each month.

The other added category in the teen budget is expenses. Perhaps the largest budget category in adult life is regular bills and expenses. We suggest that teenagers be introduced to this category, starting with 10 percent of their income.

We can figure what approximately 10 percent of their total income is. Next, help them find an expense that needs to be paid on a regular basis that is close to that amount.

This could be lessons of some sort (gymnastics, dance, voice), monthly dues at the community center, a telephone of their own (billed directly to them), or several less expensive items, such as a Christian magazine subscription and the extra cost of call-waiting on the family phone (so they can talk to their friends without affecting everyone else).

The key is to match the expenses with our children by finding things they are interested in.

When our teenagers start getting their bills, we should work with them to make sure they get into the habit of keeping their paperwork in order and paying those bills on time.

We should have them find a special place, such as a desk drawer, for their financial paperwork. We need to make sure they keep everything—checkbook, savings book, bank statements, receipts, bills, their budget book, and so forth—in this one place.

NOTE: The expense category should not go to the payment of a debt as a result of buying something over time with payments. That would invert the save-then-spend policy we are trying to teach our teenagers and put them on the world's track of buying before paying.

Teenagers will need to keep budget books, and we'll need to help them set up those books. (Looseleaf binders with pockets are a good idea.) The books should be arranged as follows.

Page 1—Write the budget two-step.

1. Pray, plan, and write it out.
2. Follow it without a doubt.

Page 2—Write the six budget categories and their percentages.

Page 3—Establish a giving record and keep track of each gift (amount and date). When teenagers first move away from dump-and-give, it's easy for them to forget whether or not they gave in a particular month.

This page should also record extra giving, helping others, helping the needy, or special offerings. Teenagers can list family "faith projects" here too.

At this stage of budgeting, extra giving should first come out of spending. This will help demonstrate the immediate sacrifice needed to follow God and give.

If the giving goal is greater, we should help teenagers adjust their short-term savings goals. Or we could even make meeting a certain need one of their short-term goals.

Page 4—Write what the family has decided to spend the community tax money on and keep a record of their payments. These payments should be made in cash so there won't be an extra accounting burden for the family administrator.

Page 5—Short-term savings. This is the same as in the mini-budget, except with an average three- to six-month goal.

Page 6—Long-term savings. Teenagers should have a "financial plan," and they should begin to line up this category with that plan.

For example, suppose a teenage daughter has prayed and established a plan to attend a university. If she needs to save to meet that goal, then her long-term savings should go in that direction now.

If she wants to buy a computer, and it's not part of her long-term plan, then it is a desire. She'll need to contribute to her short-term savings for a longer time in order to get it.

Have teenagers put a copy of their financial plans into their budget books right beside their long-term savings. This will allow them to track the two together.

Page 7—Expenses. Have teenagers keep a record of the dates and accounts of their payments. These should be made by check. The payment contract or paperwork and each month's invoice or bill can be kept in the pocket of the binder.

Page 8 (and the rest of the book)—A general “What did I make and where did it go?” page should be done for each month. Their money-in should balance their money-out or money-allocated.

All of this might be simple for some teenagers and extremely difficult for others. We will need to determine the right age for them to move to the teen budget.

It would be better for them to be consistent on the mini-budget for a longer time than to start them on a system on which they will fail. You don't want them to be discouraged.

Once they start it is crucial you don't demand and abandon! Work with them as long as it takes for them to get it. You want to do it with them—not for them.

They'll tell us if we stay too long; independence will speak after confidence is instilled.

## **Moving to a Full Budget**

When our children are about ready to leave the nest, we need to help them make the transition to a full budget. For example, the budget used by Crown Financial Ministries consists of 15 categories: *tithe, housing, automobile, debts, clothing, medical expenses, school/child care, taxes, food, insurance, entertainment/recreation, savings, miscellaneous, investments, and non-allocated surplus.*

At this point, if we haven't already done it, it is important to bring our children in on our family budget and into the process of budgeting. We can show them how much we spend on Housing, Automobile, Food, Clothes, and the rest.

We also can let our children manage our family finances for six months under our supervision. This is very much like a teenager learning to drive. No one simply hands over the car keys to a 16-year-old and says, “Good luck! See you later.” Instead, hours are spent training teenagers so they can get the feel of being behind the wheel.

In addition, when children reach the level of handling their budgets without difficulty we can add other planning elements to their lives. We can buy them day planners and help them keep their basic life schedules and perhaps also devotional diaries. We want to train them to budget not only their money but their time and energy. The skill of budgeting can be applied to every area of life.

## **Credit Cards**

We recommend that parents allow teenagers to get a credit card and teach them how to use credit properly. At the earliest, this should happen after they have been using the teen budget for some time and are handling all the elements well.

Most importantly, establish some rules before going ahead with this. If parents and teenagers agree on the rules ahead of time—even to the point of writing them down—then teenagers will understand when parents enforce those rules.

When it comes to credit cards for teens, the rules are as follows.

1. Use the credit card only for budgeted items.
2. Pay it off at the end of every month.
3. Cut it up the first time it's not paid off on time.

We need to emphasize to our teenagers that debt is spending money we don't have. When we put money in the bank to save for something, we earn interest on that money. But credit works in reverse by charging us interest for borrowing the money.

When we save with a plan to purchase, God stays in charge. When we "buy now, pay later" we've committed money we haven't earned or saved yet. Or, more importantly, we've committed money that God hasn't given us yet.

We can't be good stewards when we're running ahead of the Master. God's plan is for us to learn "delayed gratification. In other words, we must learn to wait until we've saved the money for something before we buy it.

## **Conclusion**

Statistics show that 85 percent of people who accept Jesus as Savior do so before the age of 18. And it is estimated that over 50 percent of the world's population is now under the age of 18.

We as Christian parents and leaders need to prepare for the harvest because it truly is plentiful. We need to work with our children and prepare them as leaders for the next generation. If their lives are grounded in biblical truths, they won't be carried away like their peers. They will be ready to reap the harvest.

We need to form them into a group that can reach out and offer hope to a generation without hope. They will be able to do this because their lives will be founded in and on the eternal principles of God, rather than on the passing fancies of progressive generational thought.

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