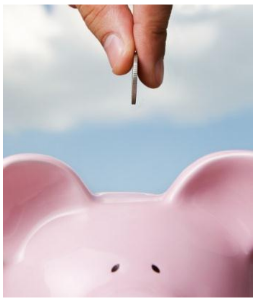
Saving is a Family Affair

You eat together, play together and live under the same roof – so why not save together? Saving is a life skill and it is never too early to start learning. In this article we discuss some simple saving strategies which will stand your kids in good stead for the future.



While many parents bear the brunt of their brood's finances, it's a good idea to consider making household saving a family affair by involving kids in the process.

With the cost of living on the rise, many Australian families are finding it hard to keep up with today's growing list of expenses. Groceries, petrol, mobile phones, and kids' sport – the bills just keep adding up.

It is never too early to teach your children about money, shape positive habits, and instil valuable life lessons. By getting the whole family on board, not only will you help your kids develop into money savvy adults, you'll also play a helping hand in creating a more prosperous future for you and your spouse.

Simple saving ideas for the entire family:

1. Plan for the future

A goal without a plan is just a wish, so it's important to take the time to sit down as a family and discuss your financial priorities for the year ahead. Whether you plan to buy a new family car, have an overseas holiday or upgrade to a bigger home, establishing clear goals will help you to prioritise what's important for your family now and into the future.

Get your kids involved by asking them what they hope to achieve this year. If funds are tight, prioritise the list together by working out what is most important to make sure they don't miss out. Helping your kids plan ahead, and encouraging them to save their pocket money for a significant purchase like an expensive toy, can go a long way to cementing the concept of goal setting.

2. Be a positive role model

Kids form many of their habits and attitudes early on by watching their parents, so it is important that you demonstrate good financial practices whenever possible. Using lay-by rather than relying on credit cards will show your children that you should only purchase what you can afford. You can also teach your kids to be savvy spenders by showing them how to shop around for the best price. Modelling positive financial decision-making will help your kids avoid the dangerous path of debt later in life.

3. Spread the load

Kids should be made aware of how their actions impact on household finances early in life. While younger children shouldn't be expected to make financial contributions, they should be able to contribute around the house. Simple measures such as turning off the lights, having shorter showers and unplugging computers from the wall at night can all make a difference to household running costs. By setting these expectations early on, your kids will be on the right path to managing their own expenses when they leave home.

4. Cost of responsibility

With the cost of rent increasing, young adults are flying the coop much later in life. It's important to ensure children over the age of 18 are contributing to household expenses financially, rather than simply helping out with chores. Sit down with your child and go through your household expenses. Explain that in order to remain at home, you expect them to set aside weekly amounts of money to cover their share of board, groceries, utilities and mobile phone costs. Not only will this give young adults a greater share of responsibility, it will also encourage them to enter the workforce.

Nothing in life comes free, and the earlier kids learn this, the better off they will be when it comes to managing their own finances as they get older.

Are your Kids over the age of 18?

We all know saving towards a first home can be hard, especially with increasing house prices and living expenses. The use of the First Home Savers Account (FHSA) can provide a savings booster and helps your kids reach their goal earlier.

How? Simply, the government will make a contribution equal to 17% of your personal contributions for the financial year.

Talk to your adviser or Thomas Cotter about the ins and outs of the account and to see if it's relevant for you and your kids.