

PARENTING NEWSLETTER

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A NEW YEAR'S GUIDE FOR SMART MONEY HABITS



Dear Parents,

January marks a fresh beginning — a time of new goals, aspirations, and positive habits. One of the most valuable life lessons we can help our children build this year is financial literacy — the ability to manage money wisely, make thoughtful decisions, and understand value.

From saving pocket money to understanding needs versus wants, children who learn basic financial skills early are better prepared for life's responsibilities, confidence in decision-making, and long-term well-being.

WHY FINANCIAL LITERACY MATTERS — WHAT RESEARCH SAYS

- A 2024 study published in *Journal of Consumer Research* found that children who engaged in structured money-management activities (like saving, planning, and tracking expenses) before age 12 demonstrated stronger financial behaviors in adolescence compared to peers who did not.
- Studies have linked financial literacy with improved emotional well-being — children with basic money knowledge report less stress about money decisions and greater confidence to navigate cost-related choices into adulthood.
- Research from The Brookings Institution reports that financial skills — such as planning, tracking, and delay of gratification — are better predictors of future financial health than family income itself.



HANDY TIPS FOR PARENTS: PRACTICAL WAYS TO TEACH MONEY SKILLS



- **Start with a Money Conversation**

Make money talk casual and age-appropriate: "Let's plan what we want to save for this month." or "How do you decide whether it's a want or a need?". Talking openly builds awareness.

- **Give Pocket Money with Purpose**

Giving small allowances isn't about spending — it's about planning: Save; Spend and Share/Give.

Provide three jars or envelopes for these categories. Let children allocate their money and revisit decisions periodically.



- **Set Simple Savings Goals**

A goal like "Save ₹200 to buy a book" teaches planning, patience, and fulfilment.

- **Teach Value Through Experience**

Help your child compare prices, track expenses, or plan a small budget for snacks or stationery. Simple questions like "Is this worth 50 rupees to you?" help them think critically.



- **Lead by Example**

Children watch how adults use money — it's not just what we say but what we do: Saving before spending; Talking about financial choices; Showing priority in spending. Your habits become their habits.

- **Use Everyday Moments as Lessons**

From grocery shopping to festival gifts: Let them help compare prices; Ask them to help manage a small budget; Discuss why saving matters. Real life is the best classroom.

Financial literacy overlaps with: Decision-making; Responsibility; Planning and patience; Delayed gratification and Goal-setting.

In this new year, let's help children build not just money skills but life skills that stay forever.

Let's teach our children not just how to earn, but how to value what they have.

