

A SAFAL NIVESHAK SPECIAL REPORT

Exclusively for Subscribers of *The Safal Niveshak Post*

3 Lessons to Teach Your Children About **MONEY**

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Foreword

“The child is the father of the man,” goes an oft-repeated quote. It is so true. What we become in life is largely determined by our childhood and upbringing. Whether it is the career we choose, or the way we behave as adults, it all depends on our experiences as children.

This also holds true with how we handle our money. As adults, we earn, save, and invest our money in different ways. Some of us are very careful with how much we save and the way we choose to invest our savings. And some of us are pure speculators. Either we don't save and leave everything to the future. Or we save and speculate with our savings by buying investments that promise fast returns.

The way we handle our money in our working life determines how well or worse-off we are after we retire. Those with utter disregard for money, savings and investments, end up living a miserable post-retirement life. They are often neck-deep in debt and have fewer options to repay them. And those who are smart and sensible enough to save and invest with discipline bear the fruits of their efforts.

It's hard for us to imagine a tough financial life for ourselves in our 'golden' years. And it's even tougher to think of this eventuality for our children, whom we care for and love so much. So why not take every opportunity to teach our children the value of money early in their lives? Why not teach them to lead a disciplined life when it comes to treating the money you earn, or what they are going to earn in the future?

In fact, educating children about the handling money properly is of utmost importance (also because schools don't do that). And the earlier every parent realizes this, the better it is for them and their kids.

The question is – how to do that? How to teach children the value of money, saving, and investing...habits that most of you wish you had formed in your own childhood?

See, it's better late than never. If you are already onto this mission, you are doing a great deed. But if you haven't started as yet, it's better to do it now.

Let me make it simpler for you. Let me tell you the 3 key lessons you must teach your children about money, like I'm trying to teach mine.

Lesson #1: Teach Them that Money is Earned by Hard Work

My 7-year old girl used to believe earlier that money is produced by the ATM machines. Just punch how much you want and it will give out that much to you.

What she did not understand was that the money the ATM throws out was a part of what I earned by way of hard work at my job.

It is important to tell your children where the money is 'actually' coming from i.e., from hard work.

Also tell them that if they continue to expect the ATM for money to meet their never ending desires, you (the caretaker parent) will one day run out of all money to meet their needs in the future.

Lesson #2: Teach Them the Virtues of Saving & Investing

Saving is a virtue, the benefits of which we realize only over a period of time. Thus it's important for us to make our children early starters on this front.

Teach your children that there's more to money than just spending. And teach them by example – through your own saving habits.

So if your child wants to buy a videogame that most of his friends have, ask him what's the cost of the same, and how much he would need to save every month to reach that target. If he understands this simple math, he will easily recognize the virtue of saving to meet a future spending goal.

He will also realise that if he saves more every month, he will reach his target even faster.

Now, while the need and art of saving can be taught to a kindergarten kid, the need and means to invest these savings can be taught only after your kid reaches a certain higher age.

Investing helps us in making money from our money. It's like planting a tree, watching it grow slowly, and then enjoying the fruits it bears. Teach your children the simple concepts of interest and the power of compounding as they grow in age.

While 'saving' will help them understand how they can meet their short term goals (like buying a videogame, or a doll-set), 'investing' will enable them to understand how they reach their long term goals (like buying a car, or jewellery).

Teaching them about investing will also help them understand that earning more money (from investments) will get them closer to their goals.

Lesson #3: Teach them About the Dangers of Debt

This probably isn't a lesson a child of 6 or 7 years can understand. But teenagers can grasp this concept very well.

So if you are parent of a teenager, discuss things like loans, credit cards and other debts with her. If you want her to learn by doing, you can have her take out a small personal loan (that she has to repay out of her pocket money) to purchase that expensive gift she has been eyeing for long

She'll soon learn that making regular debt and interest payments reduces how much she has left to pay for other stuff, and how the debt can become overwhelming.

Afterword: Your Children, Your Money...So It Starts With YOU

Teaching kids about money is a controversial thing. No one argues that you should teach them. But the how is a tougher question.

In general, I recommend three guiding principles you can use to effectively teach your children about money:

1. Educate yourself

It's dangerous to teach something you don't know about yourself. So, learn as much as possible about budgeting, saving, investing, cutting expenses, and reducing debt. You can become a good teacher to your children only when you are armed with such knowledge.

2. Lead by example

Children don't understand when you 'tell' them things. Instead, they understand when you 'show' them things. So, if you are teaching them the wise lessons on money but are doing the complete opposite,

they'll learn more from your actions than your words. Like, to teach them about controlling spending, you have to do so yourself. You have to lead by example.

3. Teach them one habit at a time

You have taken years to learn the basics about money, right? So, don't expect your children to become skilled financial planners overnight, or in a month, or even in a year. Your goal should be to teach them the above and other lessons on money over the course of their childhood and adolescence. Teach them one lesson at a time, and then move on to the next.

Teaching your children the value of money is very important to their – and your – future financial success. And most importantly, if they do achieve their financial goals – teach them to always give, share, and help others.

Inspire them. Do it. Start now.

Have a happy and rewarding parenthood!

Know Someone Who Would Like To Benefit From This Special Report?

Thank you very much for signing up for *The Safal Niveshak Post*!

I hope you are enjoying the daily issues and are getting the value that you expect of it.

Now that you've come on board and have had a chance to read this Special Report, I'd like to ask you a small favour.

Provided you've liked what you've seen in this Special Report and in *The Safal Niveshak Post*, kindly share this report with your friends and colleagues who might be interested.

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Thank you again for being there!

About Safal Niveshak

Safal Niveshak is a movement to help you, the small investor, become intelligent, independent, and successful in your stock market investing decisions.

My name is Vishal Khandelwal, and I am the founder of *Safal Niveshak*.

Before starting work on the idea of *Safal Niveshak*, I was working as a stock market analyst for eight years.

During this period, I felt the pain of seeing small investors (like you) lose large amount of their hard earned money, for reasons ranging from:

- Scams...where companies simply vanished, to
- Speculation...to earn fast money, to
- Bad decisions...mostly backed by insensible and short-term advice from self-centered brokers and self-proclaimed stock market experts.

While the probability of a stock market analyst to work on a social cause is miniscule, here I am driving this movement called *Safal Niveshak* – to help you become intelligent, independent, and successful in your stock market investing decisions.

Through my experience in the stock markets, I have come to believe that:

- You alone are the most capable person alive to manage your money.
- Investing in the stock markets is not a rocket science. You just need to form the right habits, and behave yourself.
- Being smart about your money can be a lot of fun.
- You can create a lot of wealth for yourself doing it.

You can write to me at vishal@safalniveshak.com to know more about this initiative and how you can benefit from it and/or support it.

With respect,

Vishal Khandelwal

Founder, Safal Niveshak