

# Times are a changin' ...



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**FINANCIAL PLANNING**

CHILDREN'S education doesn't happen by osmosis and it's not genetic.

The education of money and its importance in everyday living is not taught in the classroom and won't be seen on the television.

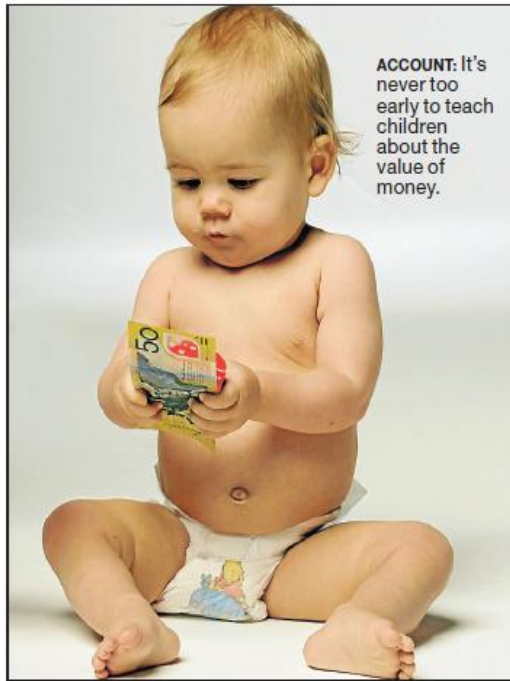
Life skills such as how to save money and how to budget are fundamental challenges that we all need to embrace and get right.

From a child's earliest days they see money pouring out of machines and their parents using a piece of plastic to obtain whatever they want.

The thought as to where it all comes from is unlikely to cross their minds unless they are educated from an early age.

If we fundamentally believe that it is our responsibility to plant the trees for the next generation to enjoy the shade, then it is our responsibility to educate our children to be financially responsible and to understand the basic principles of money.

While teenagers and young children can enjoy their money, if they are not taught to manage it effectively they are more likely to run into problems when handling simple adult responsibilities such as buying



**ACCOUNT:** It's never too early to teach children about the value of money.

a car and a home.

So how do we teach the leaders of tomorrow?

The answer is to start young and be firm and the goal is to learn the value of money.

Tips include:

- Talk about money in front

of your children as if it is a natural part of living and not some deep, dark secret. Discuss their saving plan for particular objectives.

- Start small. Set up their own bank account allowing them to use banks, ATMs and

debit cards with their pocket money or gift money from relatives. This will give them exposure to managing money and they can also enjoy the "adult" experience of handling money.

- Set limits. Give them enough money to learn important financial principles, but not so much that they think money is unlimited. Let them learn to make choices based on financial limits.

- Teach kids about interest. Teach them the value of compounding interest. Even if they have little in the account they will learn from the exercise by watching it grow. A recent government initiative is the creation of First Home Saver Account.

Albert Einstein said "Compound interest is the eighth wonder of the world. He who understands it, earns it, he who doesn't, pays it".

Now that we are educating our children about money we need to ask ourselves are we on the right track?

What can we as adults be doing to further improve our own situations to help achieve our own goals?

- Age 17-25: The best investment for you at this stage is to invest in yourself. This is when you go to school, upgrade your skills in your field, make contacts and earn

an income. Make sure you don't take on too much debt by borrowing too much and start a great savings plan.

Age 25-50: The main goal for you now is to keep saving into growth assets, pay off your mortgage effectively and any other debt you may have, ensure you have adequate insurances in place and a good financial plan.

Age 50-65: The closer you are to retirement, the more realistic your projections should be. Superannuation and taxation strategies are very important and for at least the five years before you retire, seek regular financial advice to keep you on track to retirement.

Planning and preparation is critical at all times during our lives, particularly when it involves money, whether we are children or retiring adults.

Abraham Lincoln appropriately said "give me six hours to chop down a tree and I will spend the first four hours sharpening the axe".

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