

Teaching Kids About Credit Cards

Teaching your children about financial responsibility is one of the most important financial tasks you can take on. Given the current economic downturn, it is more critical than ever to instill your kids with the value of good spending habits. The most important step in providing solid values regarding money is to be a good model. If you regularly purchase things you cannot afford and continue to carry large balances on your credit cards, those practices will be modeled by your children. If you instead pay off your balances each month, save for big purchases and regularly evaluate your financial goals, your children will model those behaviors.

In the interest of teaching your children responsible habits, do not shelter them from financial discussions in your household. Let them listen to you and your spouse or partner come up with a game plan to save for a vacation or a new car, for example. Allow them to brainstorm with the family about ways you can save money to meet certain financial goals. Help them make sense of why things cost what they do and how you earn money to pay for those things. Providing children with an allowance gives them a great financial foundation. Give them opportunities to earn their allowance through completion of tasks or chores, rather than just giving them money. Earning an allowance teaches children the value of money and encourages a stronger work ethic. You can help your children save and budget for things they would like to buy and even open a savings account together. By beginning to teach your children about money and budgets once they are old enough to count, you lay the foundation for financial responsibility. By far, teaching older kids about responsible behaviors with credit cards is the most daunting of all financial lessons. It is wise to provide your kids with lessons about credit cards before they can obtain a credit card themselves. It is a sad fact, but many companies send children applications for credit cards near high school graduation time. And walk on any college campus and you will see the plethora of advertisements and free give aways for student credit cards. Providing your kids with a healthy respect for and responsible spending attitudes regarding credit cards will give them the confidence to manage the allure of spending more than they should. Some parents introduce the concept of credit cards to their children by starting with a debit card. Through the use of a debit card, your kids will understand the concept that you should only buy what you can afford. Some parents give their teenagers credit cards with the caveat that all statements be reviewed together each month. They stipulate that any balances have to be paid when the statement is due, lest the credit cards be taken away. If not handled responsibly, [credit cards](#) offer one of the easiest ways to accumulate debt. But the habits you teach them now will follow them once they become more independent.

About the Author

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