

Money tips for kids



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A young person's first pay cheque from his first job can be a giddy moment, with all the temptations that a sudden influx of cash can bring.

So, earlier this month, students at the Singapore Management University (SMU) were taught the impor-

Check out financial literacy classes for children

tance of financial planning and the dangers of credit card debt at a workshop organised by Credit Counselling Singapore, Securities Investors Association Singapore (Sias) and the SMU. The inaugural two-day financial literacy workshop included an overview of insurance and investment planning.

It aims to equip students with fundamental money management knowledge, skills to help them handle that first – and subsequent – pay cheques and to teach them to plan for their long-term financial well-being.

The organisers hope to reach out to more tertiary students, including those from the polytechnics, next

year.

But some financial experts and parents believe that good money habits should be instilled from an even earlier age. They say it is never too soon in a child's life to start learning about handling money so that he can take the habits into adulthood.

Parents, not content with the usual holiday programmes like painting classes or adventure camps, are increasingly turning to activities that impart money management skills, to give their children a head start.

Financial literacy for children is all the rage these days, especially during school holidays when working

parents are saddled with the task of finding something productive for their kids to do.

The drive to raise financial literacy levels is gaining pace, particularly when survey findings point to some undesirable trends among young people in several countries. For instance, a financial literacy survey of developed nations by the Organisation for Economic Co-operation and Development shows South Korean high school students either failed or got fewer than 60 per cent of the questions correct on tests designed to measure their ability to choose and manage a credit card, their knowledge about saving and investing for retirement, and their awareness of risk and the importance of insuring against it.

The Sunday Times highlights some financial literacy programmes and activities available for children.

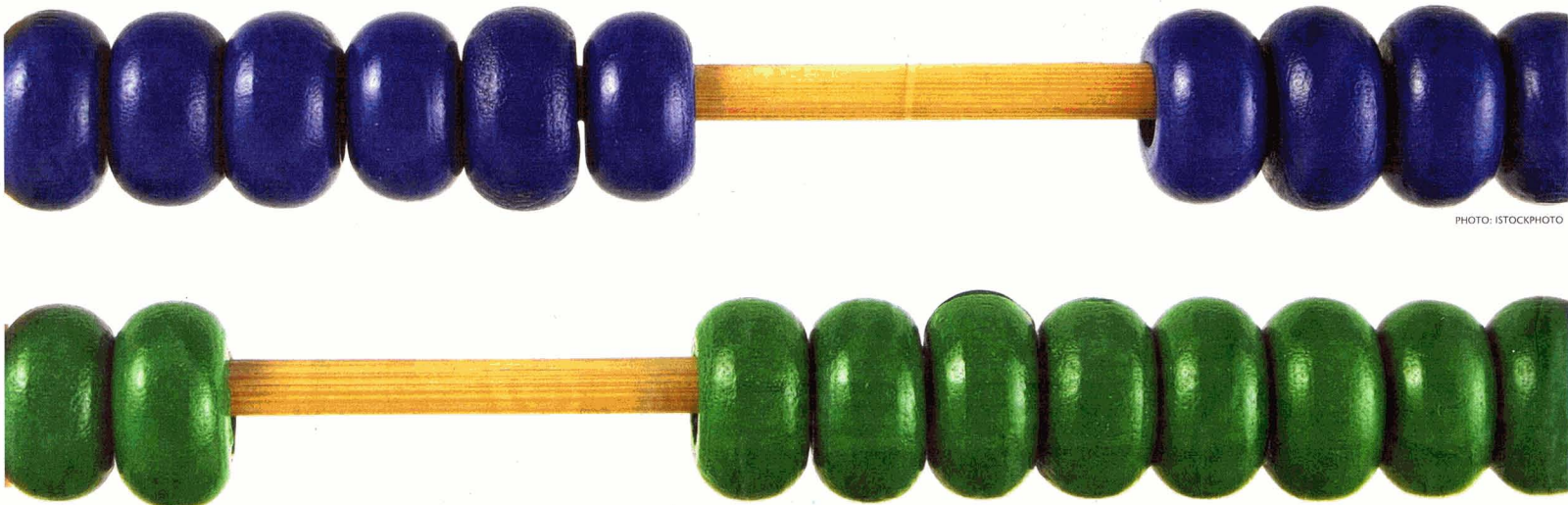


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ipac financial planning Singapore

From time to time, ipac's senior vice-president and financial adviser Scott Mitchell runs "Camp Millionaire", a programme from United States-based Creative Wealth International, at the firm's office.

Mr Mitchell is a certified coach for this programme, which can be designed for anyone aged 10 and above, and tailored to meet the needs of the organisation or the individual. It ranges from a private two-hour session to a series of half-day and full five-day camps.

"We've had families participate with one another, school and church groups, kids on their own, entrepreneurs, business leaders and even some bankers," he said. For children, Camp Millionaire uses accelerated teaching techniques that turn complicated financial ideas into understandable chunks of information by engaging their ears, eyes, and bodies, he said.

It uses a variety of games (including The Money Game where the children are the pieces in the game), role-playing, activities, and many fun processes so as to keep them fully occupied.

"We bring the parents or guardians in on the process by inviting kids to ask them certain questions every night after camp. This helps open up the lines of communication with regard to money for the whole family," he added.

MoneyTree Singapore

Set up in 2007, the firm offers several money management programmes for children aged up to 17, said chief executive Ryan Soh.

MoneyTree's Financial Literacy Programme comprises the Basic programme (for ages six to eight), Junior programme (9-12 years) and Apprentice programme (13-17 years).

Each age group has two levels consisting of 20 hours for each level for Basic and 24 hours per level for Junior and Apprentice. Participants must complete Level 1 before going on to Level 2. During the school holidays, the firm runs shorter half-day camps, with certificates of participation for those who complete the eight sessions over four days.

Mr Soh said the Junior programme introduces children to the concept of money, so they can understand its value and develop simple money habits.

"The Apprentice programme introduces teenagers to the concept of money, to develop sound money habits and discipline, and the basic investment vehicles with focus on the stock market through our simulated stock market," he added.

OCBC Bank

Introduced in 2007, the OCBC Mighty Savers Programme aims to encourage children to take that first step towards saving.

As part of the activity, parents award their child with one sticker whenever he saves \$1. When he saves \$20, he will have enough stickers to complete one Mighty Savers Sticker card.

The child goes to the bank with the completed sticker card and deposits the \$20 in his savings account, in return for a Mighty Savers encouragement gift and a new savings card.

"We constantly work on providing more excitement and incentive for children to save under the programme. Hence, we have created Mighty Savers premiums ranging from Simon & Sally plush toys, watches, puzzles and stationery among others," said Ms Chng Bee Leng, OCBC's vice-president, wealth management.

POSB

Since the late 1960s, POSB has been promoting the habit of saving among students. Last year, it started the POSB School Outreach Programme, reaching out to more than 92,000 students in 80 schools.

This year, POSB partnered Singapore Mint on its 2010 School Outreach Programme called "Recycling Makes Cents", which educates the young on the importance of coin recycling to conserve the environment and save for their future. Students can deposit money in their POSB accounts at coin deposit machines installed at their schools.

In the pipeline for next year is a POSBkids Academy, which will offer workshops and activities on money management for school children.

POSB head Koh Kar Siong encourages parents to start a POSBkids savings account for their children so they can save money they may have "earned" from doing household chores and vacation work or received in the festive period. They can save this money for a specific goal.

"Having their own savings account allows them to track their own savings, interest earned, and better understand the value of money. This lays the foundation for good money management," said Mr Koh.

Prudential Assurance Singapore

Its "Know Your Numbers with Prudential" programme held at Plaza Singapura last month was targeted at children aged seven to 12. It comprised an interactive game-cum-exhibition where they were required to play a game to learn about financial concepts.

There were "spend booths" where the children, who were each given 20 tokens, were tempted with sweets and toys.

When they ran out of "cash", they needed to earn money at the "earn booths" where they would be taught financial concepts such as saving, investment and buying insurance.

Midway through the game, a disaster would strike and all the participants would have to surrender a penalty of some tokens if they had not bought any protection.

Mr Tomas Urbanec, Prudential Singapore's chief marketing officer, said the game's key concepts are setting goals, saving, differentiating between needs and wants, budgeting, spending wisely and protection against uncertainties.

Standard Chartered Bank (Stanchart)

Stanchart has dedicated one of its newest branches at Serangoon's new mall – Nex@Serangoon Central – to helping children with financial education.

The "child-centred" branch will engage families in the local community with an interactive children's area for those 10 years old and below. It also provides financial literacy activities catering to those aged seven to 16.

Late last month, the bank launched a "Save & Build" programme for children aged 12 and below. It involves a board game and aims to impart, in an easy-to-relate and fun manner, basic financial literacy skills and inculcate discipline in saving.

"Participating children need to complete six simple tasks, including differentiating between needs and wants and managing their weekly pocket money," said Mr Dennis Khoo, head of Stanchart Singapore's consumer banking.

When each completed task worksheet is submitted, the child has to deposit \$5 or more in his eSaver Kids! account to get a "Save & Build" sticker. Each sticker entitles him to a piece of a coin bank house which, when fully assembled and decorated, can be entered in a contest to win up to \$1,000.

ARE FINANCIAL LITERACY CLASSES USEFUL?



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Research has shown that financial literacy levels are highest among children who get an allowance for doing chores or meeting expectations.

Financial literacy programmes for children may be all the rage these days, but the more sceptical among us might ask if they are really effective.

Since some of these activities are hosted by organisers who are product manufacturers and service providers, they raise inevitable suspicion over their intent – are they just marketing ploys to get the parents to buy insurance or subscribe to bank products?

Also, most financial experts believe such activities alone are insufficient.

The Consumers Association of Singapore welcomes the promotion of financial literacy among children, particularly when conducted through interactive and engaging activities. But its executive director Seah Seng Choon said that ideally, such programmes should not be a one-off but an on-going effort, in order for the impact to be more beneficial.

"Financial institutions should

continuously put aside resources to educate the public be they young or old to enhance financial literacy among consumers in general," he said.

Mr Seah cautioned organisers against using hard-sell tactics at the locations where the educational activities are carried out. This is so that the facilitators and participants can focus their attention on education instead of being engaged in sales and promotion.

Mr Dennis Ng, founder of financial portal www.MasterYourFinance.com, said that a child who does well at an financial educational game will not necessarily go on to make money in real life through investing.

Besides teaching his two sons, aged 11 and seven, financial concepts through playing board games, Mr Ng shows them how he makes money through his stocks and property investments.

"I started out by giving them transparent piggy banks and offer-

ing to top up their savings. I also emphasise the importance of making good buying choices and explain investing options to them," he said.

To Mr Stanley Jeremiah, president of Singapore Insurance Institute, money management is a parental responsibility and the truth is that children learn more from example than anything else.

"They will observe their parents and how their parents use money and so on. Financial literacy is very closely linked to your values, for example, are you wasteful, are you stingy, are you generous, are you prudent? Do you use money responsibly or impulsively?"

"Don't expect children or anyone else to learn this from a game. Financial literacy is as much a question of values as it is of knowledge," he said.

Professor Emeritus Lewis Mandell, an economics lecturer and author at the University of Buffalo,

has researched financial literacy issues for the last 15 years. He was reported to have dismissed any positive impact of teaching financial literacy to children.

He said that research shows that high school students who undertake a financial education course are no more financially literate than those who did not. Instead, it is useful to get children involved in their own finances to give them a degree of control but with adult supervision.

This means that children should be able to open their own savings accounts and have control over their spending. He said research has also shown that financial literacy levels are highest among children who get an allowance for doing chores or meeting expectations. They are followed closely by those who do not get a regular allowance but who ask for money. Children who get a regular allowance have the lowest level of financial literacy.

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