

# Teaching Your Child The Importance of Saving

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## SUMMARY KEYWORDS

lori, saving, account, money, credit union, piggy bank, child, kids, cd, triangle, coins, purchase, year, dirt bike, check, started, balance, encouraging, oldest, parents

W

Wil 00:00

This is the Making Money Personal podcast with Terri Connolly and me, Wilmer Infante. On today's episode, in honor of Financial Literacy Month, we will be discussing the importance of teaching your children how and why they should get in the habit of saving. Stay tuned.

B

Opening 00:23

You're listening to Triangles Making Money Personal podcast, where we engage in real talk about financial matters that affect our community. Today's episode is sponsored by Triangle Credit Union recently voted best credit union in New Hampshire. Triangle Credit Union, "a better way to bank."

W

Wil 00:42

Welcome everyone to our show, we got a good one for you. We have a special guest and her name is Lori. If you have ever visited us at one of our branches, then you may have had the pleasure of being helped by her. Lori has been with Triangle for over 12 years, and she helps all of our members with account openings, personal and vehicle loans, home equities, Kids Club accounts and business loans. She has been of service to not only our

members, but also to her colleagues in the years that she's been here. Welcome, Lori,



Lori H 01:08

Thank you, thank you for having me.



Terri 01:10

It's our pleasure to have you, Lori. We get to interact with you, not so much on a daily basis anymore, but you've always been super helpful to even to me as well. So we are very excited about having you here today. And we're going to be talking about something that's near and dear to us, because we all have kids, and that's Financial Literacy Month is for in April. So we would like to talk to you today a little bit about the importance of saving and what you see, you know, how you help our members when they come into the branch and stuff. So what I'd like to do, and maybe what we've we've kind of talked about in terms of today's is having a little bit of a roundtable discussion on what we do as parents for to help our kids save some money, right, and to teach them about money. And we all have children in the around this table. So do you want to kind of just start a little bit about, you know, what you currently do?



Lori H 02:02

Great. So I have two children, I have a 17 year old daughter and a 13 year old son. My husband and I encourage our children to save for their future. For example, my daughter, she's 17, she has a job now, she has a minor savings account, as well as a junior checking account. So with that, we teach her OK, so the funds that are in your minor savings account, that's for your college, and your car, because she's saving money for a car. Now that the money that's in her checking account is her spending money that she can, you know, use her debit card, which she loves, you know, to use the debit card. First time she got it, the look on her face was priceless. She decided, Okay, I'm going to take you out for coffee.



Terri 02:45

Oh, that's awesome.



Lori H 02:48

So, you know, when the statement comes in, she knows you know how to look at it. And a great tool that I use with my kids is when they give me their deposits, you know, we'll take

them, make the deposit, they like to see the actual receipt with the balance and they like to see that balance grow.

**T** Terri 03:04  
Right.

**L** Lori H 03:04  
So they'll look at the previous balance and the new balance. And that's all a motivator for them to start saving more because they are watching that balance grow, right on just simply on the transaction received.

**W** Wil 03:15  
Right, right.

**T** Terri 03:17  
So Lori, your daughter, she's working now I take it? She has a part time job, because she's a full time student, right? Do you, have you given her a certain percentage in terms of instructing her like, you know, you need to save 10% 20% 30% for those larger purchases or for college? Like how did you break it down for her?

**L** Lori H 03:38  
So basically, she gets paid with a paper check every week. So we'll tell her you know, this one's going to go in the minor account for your college and car, and then you know few weeks maybe one paycheck a week we'll say you can put that into the checking.

**T** Terri 03:52  
Okay, so she gets the whole check?

**L** Lori H 03:53  
Right but that lasts her quite some time.

T Terri 03:55  
Right. Right, and then she has to budget then.

L Lori H 03:57  
Exactly.

T Terri 03:58  
Okay. Right. Good. What about your son? What does your son do?

L Lori H 04:01  
So my son, he basically, he does, he likes to do yard work for neighbors. He saves his money through birthday cards, Christmases, as well as like I said, he just does handy work for the neighbors on the street.

T Terri 04:15  
Okay.

L Lori H 04:18  
So his big motivation was he wants to save his money because he wants to make a big purchase for a dirt bike, that's what motivated him. So pretty much during the summer he spent time at a neighbor's house, stacking wood, painting a shed, cutting the lawn, and just odds and ends for neighbors, side jobs, and as well as you know, when it was his birthday, he'd ask family members, can you please give me money because he wants to save for this big purchase and Christmas as well. Finally, he saved all his money, and he was able to make this big purchase of a dirt bike.

T Terri 04:53  
Nice.

W Wil 04:54  
How happy was he?

- L** Lori H 04:55  
He, it was like he hit the lottery.
- T** Terri 04:57  
Right, right. So, how long did it take take him?
- L** Lori H 05:01  
It took him probably a little over a year.
- T** Terri 05:04  
Wow.
- L** Lori H 05:05  
Almost up to two years, but he kept on saving and saving. And then he knew he was spending his own money to make this purchase, so he was really doing his research on the dirt bikes, going online
- W** Wil 05:16  
It's a little different when it's your money.
- L** Lori H 05:17  
Exactly, exactly. Really doing his research, you know, looking on this one looking at that one, because it was a major purchase for him.
- T** Terri 05:26  
So was the money that he was saving going into an account? Or did he have a jar? Or did he have an envelope? Like what was his tool for saving?
- L** Lori H 05:35  
A combination, like, people that would give him checks for Christmas or his birthday, we would just put right into his account, okay, and some of the cash as well. But then he liked

to keep it, you know, at home in his wallet as well, some of it, because he likes to count it.

**W** Wil 05:52  
Reminds me of me when I was a little kid.

**T** Terri 05:55  
That's awesome.

**L** Lori H 05:56  
So yes, that's what he would do? And then he had a job for the coins. But the bills he liked to, he had a wallet so he liked to keep it all in his wallet and then count it.

**T** Terri 06:04  
That is awesome.

**W** Wil 06:05  
All facing the same direction.

**L** Lori H 06:07  
Exactly.

**W** Wil 06:07  
Yeah. I know the drill. No, that's great, because I mean, him doing all that work and seeing the reward of being paid teaches him that you know, you need to get a job or a career. When you have a career, that's how you're going to get rewarded with you know, pay. I think that's awesome that he did that.

**L** Lori H 06:28  
Oh, great, thank you.



Terri 06:29

What about you Wil? What's what's your tool, how do you do it?



Wil 06:32

So I have a five and a one year old. So it's a little different for me. My one year old has no idea all she wants is snacks and her toys, she doesn't care about anything else. So you know, we do have an account for both of them here at triangle, we have the the Kids Club for both of them. And we put whatever we can, whether it's monthly, quarterly, sometimes even I'll try to do weekly, whenever we're able to put a couple extra dollars in their accounts we do. One thing that I started doing with my, with my five year old is that as soon as I found out that she was even coming, like when my wife got pregnant, we started putting money away for her every time we got paid. So we would put money away. At that time, she obviously didn't have an account because she wasn't born yet. But once she was born, and we got her social security number, first thing we did, we came down to the bank and or the credit union and opened up her account. And we've been putting money in there ever since. And same thing with my with my one year old. What I what I tried it what I struggle with is I don't know how credit unions or the whole banking industry as a whole is going to be when they're 18. Like are they, I struggle with, are they still going to be able, I doubt that they're going to be going into a branch to do their transactions, right? A lot of things, even today are online. So I log them into their accounts, and I, well my five year old anyway, and I show her her balances. And I tell her what that means. And, you know, I don't think she's still, I don't know if she's quite understanding of it yet, but I try to bring that in whenever we talk about that subject of money. The importance of saving it, the importance of you know, having fun with it as well. And if she's able to maybe give some away as well. So we try to teach her those three elements of what to do with money.



Terri 08:37

Right. Right, that's excellent. So is she saving, is your oldest saving for anything special? Has she said anything like "I want to buy something",



Wil 08:48

You know, every time she wants something, whether it's December 27, or December 1, she just says "Can I get this for Christmas?" That's what she says. So it could be the day after Christmas, and she'll say, "oh, for next Christmas, can I get this?" And I'm like, Yeah, yeah, you know, we'll get it for you.

**T** Terri 09:06  
She does know about birthdays right?

**W** Wil 09:07  
She does know about birthdays, but I think Christmas is her absolute favorite day of the year.

**T** Terri 09:12  
That is awesome.

**W** Wil 09:14  
So yeah, that's, she doesn't have anything in mind.

**L** Lori H 09:18  
Yet, right.

**W** Wil 09:19  
Particularly, maybe she does for a day, and then next week, she'll change her mind, and she'll want something else.

**L** Lori H 09:24  
Will, I do see a lot of children coming into the credit union, that are the same age as your girls excited with their piggy banks to go to the coin machine, and, you know, put the coins into the coin machine. You know, watch the coins, go in it and listen to it, and then to get that receipt. So it's pretty cute to see all the little kids coming in with their piggy banks. Some actually bring in the piggy bank with them, and then open it in there with their parents and go through the whole process. So it's great, you know, if you can get your children involved, of making deposits opening up the account as well. That motivates them as well.

**T** Terri 10:03  
So I did notice, I just read something the other day about, you know, saving for kids and

encouraging them to use a clear jar. So you don't even really need a piggy bank per se, but just a clear jar so that they can see the number of coins that are being added up. You know, give them a visual. It kind of goes along with the whole notion of what you were saying, Lori, about your son being able to count his dollars in his wallet, right? These little kids can use just a clear jar and then you take it into the credit union.

W

Wil 10:41

So for my five year old, what we have is actually one of those big crayons that is like a piggy bank. It's not clear, so she can't see what's in there until she's, she would have to open it and you know, look inside. So that's not a bad idea, though, if we have like a clear jar of some sort for her to visually see that every time she adds coins or whatever in it. Maybe we'll go that route.

T

Terri 11:05

Sounds good.

W

Wil 11:06

So what do you do, Terri?

T

Terri 11:09

So with my kids, very similar, you know, just a combination, a little bit of what you guys have done, my kids are, I have two daughters, and one is 17. And she's been working now for the last couple of years, just part time. And, you know, I haven't really been pushing her a lot for about college, we've set up a 529 for her years ago, when we when, when she was first born. So she does, she recognizes now that her college, the expenses she's going to have is more than what's in her 529 and that she's responsible for, for most of that, I mean, we'll help when we can but so as she's transitioning into, you know, going into 18 years of age, now, she recognizes that she's going to have to start allocating a portion of the money that she's making every week to college. I will say her biggest purchase was her car. And she did save up for that We told her that we would match up to \$1,500. So she actually, even when she got her driver's license, we said we would pay half so she saved up. She was working, so she saved up, you know, half of that and driver's ed is like expensive. It's like, I think it was like \$700 bucks. So it's an expensive ticket. And so she paid half of that, and then once she got her driver's license, then it was like, okay, now you're on to saving for your car. So you know, she was just taking a portion of her money, you know, that she was making every week and managing it herself. Now, interestingly

enough, she started off in Kids Club at Triangle, you know, 17-18 years ago and then she automatically transitioned into a Teen Club account when she hit 13. When she started working at 15, she ended up getting her own debit card. Right, so you can see how it's following her. And she loves to come into the branch because she knows so many people at the branch. So she she does like to visit. But she's online, checking her balance all the time. Yeah, you know, and I was telling you Wil, the other day that she ended up just taking a quick trip down to Florida, and she was nervous about you know, if her debit card was going to be shut off, but she knew enough to ask that question. And then you had mentioned to make sure she has a debit card manager app, and she had the app already. She's very knowledgeable about the financial products that have followed her along the way. My 14 year old soon to be 15 year old doesn't have a job yet. So she's still tapping into me. And I cannot wait until she gets a job. I'm not gonna lie. I mean, she's got a social life already. She's like, I'm gonna go to the movies. And then, and every time there's a break, like a school break, I'm like, there goes \$300 out of my account. I mean, she's doing stuff all the time, and it's so I've already told her, I'm like, you know what, we're going to get you a summer job. So that's what I'm looking for for her right now. But, yeah, it's a process, and, you know, I haven't been very, very regimented I guess. for that I'm a little bit regretful in terms of, you know, I want you to save 10%, I want you to, you know, then you can spend 40%, and then you can give, you know, 10% or 15%. I haven't been very regimented about that. And I'm a little bit regretful about that, because I think that it all down, it comes back to budgeting. I mean, you know.

W

Wil 14:49

Now, how are they, and this is a question for both of you, how are they different, financially speaking? Is one more of a saver, one more of a spender?

L

Lori H 14:59

Definitely. My daughter is more of the spender. And my son is more of the saver. Definitely. It's funny, because we raised them the same. You know, one might have a messy room, one might have a neat room. It's just their personalities.

T

Terri 15:14

It's amazing that and you'll see you'll see this too as yours get a little bit older, Will, that they're coming out of the same genetic pool, right? And how, how different they are. Because that's my experience to Lori I have one who, you know, if there's like, you know, the money is burning a hole in her pocket, right, as they say, and then the other one is like meh, I'll hold on to it.



Lori H 15:37

Right. Right. And it's funny, because we'll go on vacation, and my parents will give my kids spending money. So when we go on vacation, they can buy a souvenir. My daughter finds a souvenir at probably the first gift shop, my son will hold on to that money all vacation. Finally, I'm like, "maybe you should buy a souvenir", you know, I'm actually encouraging him to make a purchase. He's like, "Well, I don't know." Then he'll look at the, you know, the item and see the dollar amount on it, and he'll think to myself, that's not worth that. And he won't make the purchase. So sometimes he doesn't even buy a souvenir, he'll come home with the money. And that's how he gets the dirt bike.



Terri 16:16

That is awesome.



Wil 16:18

Yeah, I don't know who's going to be the spender out of my two girls, if I were to guess I think it's my oldest. I think she's very, she's patient, but when it comes to what she wants or items that she wants, like if we go to, to the store, and we go to the toy section, like she is excited as can be and she is "I want this, I want that, can you can we see how much? How much is this?" She just wants it all? And we're like, "No, not today." You know?



Terri 16:52

One thing that, that we incorporated, and I didn't mean to do this, but I do kind of think it's genius. So I'm going to take full credit. But when we go out speaking of going out shopping, you know how quickly do we do that impulse buy? Right and my oldest is very impulsive. She's an impulsive shopper. So I started encouraging her to look it up online. So we'll be you know, let's say that we're at Marshall's or, you know, any random retail store, right, and she sees something that she wants. The other day we were at, I think we were at Walmart. And she wanted the Harry Potter series, there's like a new combination CD set, or whatever. And I said, look that up online. And she was able to see that, like if she got it online, it was going to cost her you know, \$15 less than what it was going to cost her in store. So that's kind of, you know, one way to save, right? I mean, I think we're always thinking about deposits. But just in terms of shopping around. Sounds like your son is into that.



Lori H 17:53

Exactly. And I think if they have to make the purchase with their own money, I think they think about it in a different perspective. Because they're the ones making the purchase, and then they'll make sure they'll take really good care of that item. If they purchased it on their own.

**T** Terri 18:10  
Speaking of which, how's the dirt bike going? Is he taking care of it?

**L** Lori H 18:16  
Well, he likes to start it up all the time.

**T** Terri 18:19  
When you live in New England, it's a short dirt bike season.

**L** Lori H 18:23  
So right now, he's now going to go in the process of taking the safety course. Okay, so now we're looking into that because he just made the purchase. He just made it over the winter time, so all he can do right now is start it up in the backyard.

**W** Wil 18:38  
Poor kid.

**T** Terri 18:40  
Delayed satisfaction right there, man.

**L** Lori H 18:42  
So now he's looking into the safety course.

**W** Wil 18:47  
I'm glad he's looking into it. I mean, most kids just want to ride, right?

L Lori H 18:52  
So he just sits in the backyard on it and starts it up and that's it.

W Wil 18:55  
Revs it a little bit.

L Lori H 18:59  
Exactly.

T Terri 19:00  
That's awesome. That's good.

W Wil 19:01  
Alright, so Lori, I want to talk about how does a parent go about opening a Kids Club account here at Triangle. But before that a word from our sponsor?

B Becky T 19:13  
Is your New Year's resolution to pay off debt? Take the first step with Triangles new Premier Advantage VISA credit card. With no balance transfer fee and a low introductory rate for the first 12 months, consolidate your debt and enjoy a lower payment. Apply now at [trianglecu.org](http://trianglecu.org) today! Triangle Credit Union A better way to bank. [trianglecu.org](http://trianglecu.org). Fully insured by the NCUA. Membership required. Subject to credit approval. Other restrictions may apply, call toll free 1-800-276-2470 or see website for details.

W Wil 19:45  
Welcome back. So Lori, before we went on break, we talked about, or we were, we briefly brought up how does a parent go about opening an account for their child? So can you talk a little bit about that?

L Lori H 19:58  
Sure. And keep in mind, it's never too late to save for your child.

T Terri 20:03  
Oh, good point, Lori.

L Lori H 20:04  
You can simply open up a Kids Club account for them from the age of 0 to 12. It just takes \$5 to open up the account. And, like I said, I do recommend if you want to bring in your child so they can get the full experience. We do offer at the age of 12 to 17, a minor account. The minor savings account just takes \$25 to open up that account as well as a junior savings from the age of 13 to 17 as well. With the junior savings, that allows them to withdraw the funds. And they can also get a junior checking account with the debit card. The teenagers love getting the debit card, it being printed with their name on it, they think it's the greatest thing. They love doing the Triangle Credit Union app, right there at my desk, they'll download the app. I'll teach them right on my computer, I'll turn the screen around, walk them through the online banking website, kind of go over with them, you know, this is how you look up your account. You know, and you can check here if you need to transfer money from your savings to your checking or vice versa, go over that whole process how they can view their statements online, I go over that with them too as well. And you know, sometimes I'll actually offer, depending on the child, a check register we'll just go old school and just show them the check register where they can just record the deposit, their withdrawals and then they can see it right on the paper. Each kid you know does it a little different. Some, just like computers, cell phones, and others, you know, still like the paper. I think it encourages the parents they say well, wow, we still use check registers, right, so they can kind of teach the child that method as well.

T Terri 21:41  
Right. So my even my oldest, actually just said the other day that she had run out of checks. And she doesn't write a lot of them, I think when she started with her checking account, she ended up getting a few checks or whatever, right? But so she's already because there's just some things that you're going to have to write a check for. It is important that they know that that. Lori, what kind of information if I'm coming in, and opening up a new Kids Club account, what kind of information should I be bringing in as the parent or the, the signer for the for the account?

L Lori H 22:14  
Okay, so for the child, you'll just have to bring in their social security card or birth certificate, either one. If you bring in the birth certificate, then we definitely need the

social security number to establish the account. However, if you're thinking of doing the junior account with the child, the child does need to bring in a photo ID. We could simply take their student ID as long as it's current within the school year. Or if they are at that point, they already have a driver's license, they can bring that in as well.

**T** Terri 22:42  
Okay, as somebody who's going to be signing on with the account for the Kids Club? Do I also have to have a driver's license then?

**L** Lori H 22:51  
Exactly. If you're an existing member of the credit union, then we would have that on file. But if you're not a member of the credit union, yes, we would need two forms of ID from the parents as well, or guardian. Correct. And just on a side note, if for people that do want to come in and open up the accounts, check with your financial service representative, because we do have \$5 coupons in our branches, which will give you the first \$5 to open the account with.

**T** Terri 23:16  
That's awesome.

**W** Wil 23:17  
Yeah, that's a great benefit.

**L** Lori H 23:19  
Exactly. Have them bring in the piggy bank, we don't charge a service fee for the kids to run the coins through, which like I said, they enjoy doing that coming in with that.

**T** Terri 23:29  
Excellent.

**W** Wil 23:29  
So Lori, what are other savings methods that are available to Kids Club accounts?



Lori H 23:33

Well, we do offer Kids Club/Teen Club flex CDs. How that works is simply just takes \$100 to open up the CD, and then you can add \$100 increments to the see throughout the life of the CD. So let's say for example, you have a Kids Clubs savings account and the Kids Club flex CD. So you can have your money, make your deposits into this Kids Club account, once reach the balance of \$100. Most parents transfer it out of the savings account and deposit into the CD to earn more interest.



Wil 24:08

Right. So instead of, like I know that, with regular CDs, you can't do that. You can't add additional funds to the existing CD, but with the Kids Club flex CD, you can actually add more money to it, as long as it's at least \$100. Is that what you're saying?



Lori H 24:22

Exactly. \$100 increments throughout the life of the CD, which is and like I said, they'll earn more interest that way so they can save up their money into the savings account. Once it reaches \$100. Just simply transfer it right into the CD.



Terri 24:34

Is there a maturity date on that CD?



Lori H 24:37

There is a maturity date on that. So once it matures, 30 days before it comes due, you'll receive a notice in the mail, letting you know the CD will mature. Once it matures, you have 10 calendar days to decide what you would like to do with it at that time.



Terri 24:50

Excellent. Great! Well, thank you, Lori, we really appreciate your time. We appreciate, you know, sharing our savings adventures. So thanks a lot. We appreciate it.



Lori H 24:59

Thank you for having me. Thank you.



**Wil** 25:03

Thank you very much everyone for joining us on this episode of the Making Money Personal podcast. I encourage you to like us on Facebook, the Triangle Credit Union page on there. If you can, please rate and review our podcast on iTunes. That would be a tremendous help. Also, if you can share it on social media, Instagram, Facebook, Twitter, whatever you have, and we'll take it. We appreciate you hanging out with us today. Have a great day.