

# UNLOCKING Financial Well-Being

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## The "Special Purchase Savings Plan": A Parent's Guide to Teaching Financial Goals

### The Situation (Example):

Your child wants to buy something special. For example, let's say they want to purchase \$100 worth of in-game currency—let's call it "DreamBux"—to build their dream house in a video game. They have three weeks to reach this goal. How do you help them get there without breaking the bank?

### Step 1: Break Down the Goal

First, divide the total amount by the number of weeks. In this example, that's \$100 divided by 3 weeks, so they'll need to find \$33.33 each week.

**Note to Parents:** This step teaches your child about planning and breaking down a larger, seemingly unattainable goal into smaller, achievable milestones.

### Step 2: Assess Existing Income

Maybe your child already receives an allowance for chores or doing well in school. In this example, let's say they get \$10 a week.

**Note to Parents:** Always account for your child's existing "income." It not only serves as a base to build upon but also acknowledges their ongoing efforts.

### Step 3: Find Reallocation Opportunities

Take a look at your own budget. Is there a line item that can be minimized or reallocated for the duration of this saving period? For instance, maybe you find that you often spend about \$30 a week on dining out. Consider staying in and reallocating that money.

**Note to Parents:** In our example, the child could get \$10 per week from the family's reduced dining-out budget. This also teaches the family about opportunity cost and value-based spending.

#### **Step 4: Calculate Remaining Amount**

With \$20 already coming in from allowance and dining-out savings, your child still needs \$13.33 more each week.

#### **Step 5: Brainstorm Additional Earning Opportunities**

Discuss ways they can earn the remaining money. Chores are a great way to earn extra income.

- Vacuuming: \$2
- Doing dishes: \$3
- Cleaning their room: \$4

**Note to Parents:** This helps children understand that money needs to be earned and gives them the autonomy to influence their income based on effort.

#### **Step 6: Create a Tracking System**

Make a simple chart or use an app to track their earnings. Keep it somewhere visible.

**Note to Parents:** Tracking progress is crucial in maintaining motivation and teaching them about monitoring financial goals.

#### **Step 7: Review and Adjust**

At the end of each week, review the chart. Did they meet their weekly goal of \$33.33? If not, what can be adjusted?

**Note to Parents:** This serves as a real-time lesson on budgeting, accountability, and the importance of review and adjustment in reaching a financial goal.

#### **Final Thoughts**

Teaching your child to save for a special purchase isn't just about the money; it's a life lesson in financial literacy, responsibility, and planning. Happy saving!