



Back to School Spending

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This time of year is usually hectic for parents especially since most of us approach spending for school without proper planning. This often results in overspending and becoming stressed but if approached properly, the whole exercise can be done efficiently and within budget. Therefore, parents should see the experience as an opportunity to practice budgeting and teaching children good financial habits.

Getting Started- Budgeting

It is important to plan back to school spending before going to the stores. Decide on how much to spend and break it down into specific areas like books, supplies, shoes, bags etc. This will ensure that you do not overspend and it is important for your child to get involved. Getting their feedback on the budget and the amounts allocated is critical to the success of the experience.

Getting Your Children Involved

Increasingly, parents are allowing their young ones to work during the summer vacation; parents should ensure that a portion of the monies earned is allocated to the purchase of school books and uniforms. This will create a link between the job and the goods purchased thus showing children the value of the money that they earned. However, parents must be careful to ensure that the money is spent wisely.

Wants vs. Needs

Children must be taught the difference between a want and a need. Most children want the trendiest shoes and schoolbags which are usually the most expensive. Parents must teach children the difference between wants and needs. The trendiest bag is definitely a want not a need. What your child really needs is a good strong bag that will carry their books comfortably. They have to understand that this is a more important consideration when using a budget.

Introduce Trade-offs

Having created the budget and gotten the children involved, parents should then allow children to make some if not most of the purchasing decisions with guidance. What parents should do is introduce the idea of a trade-off. For example, if your child wants a bag which is more expensive than the amount that has been budgeted for bags, then he/she would have to purchase a pair of shoes which is cheaper than the amount budgeted to make up for the difference. By giving them the option, they will now decide which is more important to them.

Although managing personal finances is a critical aspect of life, most people are not prepared for this task. This has resulted in many young adults accumulating large debts which they carry sometimes for life. To avoid this, parents should introduce children to the importance of smart financial practices. Although our article focused on back to school spending, we urge parents to follow the advice above not just for this time of year but for the duration of their responsibility as parents.