



## Developing Fiscal Fitness in Kids

**Michele Wulff** is a former public school educator of 30 years and a recipient of the national peer award “Excellence in Teaching Economics.” As an economic education coordinator with the Kansas City Fed, she works to heighten financial literacy throughout the seven states of the Tenth District.

**A** new year often signals a time to review your current lifestyle and make changes through better routines and improved habits.

Have you ever considered that your family’s financial lifestyle might need adjustments? It could be a perfect time to revamp and simplify financial habits, and include your kids in the process.

The first step in becoming more “fiscally fit” is to have a family meeting to discuss and set goals for the road to better financial health.

the family can work together to eliminate the urge to splurge. Begin by clarifying the difference between wants and needs, as many kids confuse wanting an item with needing it. Explain that they don’t need to have a new toy; they merely want to own it. Then define the word “contentment”—being satisfied with what you currently have. Ask them to think about and explain the saying, “It’s not about having what you want, but wanting what you have.”

Once the stage is set, it’s time for financial action. Challenge the family to a “fiscal fast,” where no new purchases are made for a week, except in cases of real necessity, such as no milk in the fridge. Use up the food in the cupboards for meals and pack all lunches at home. Cut out any mall shopping trips or movie outings. Kids will need to entertain themselves with games, toys and activities accessible at home or outside. Expect to hear complaints during the week, and be ready with a pep talk to keep kids going. Parents also will have to play by the rules, so no lunches out or credit card purchases. At the end of the week, meet to assess the results. Was the family able to complete the challenge successfully? What was the toughest part of the fast? Did they learn anything about themselves and their habits during the week? Hopefully this fast will begin to change the tendency of spending unnecessarily.

Follow this fiscal experiment with a discussion of strategies that may help hold the line on spending going forward. Here are some suggestions to guide the conversation:

**Inventory your stuff**—Ask kids to go through clothes closets and toy boxes to review all items they currently have. They will likely find things they had forgotten about, which will give them “new” stuff to use without making a trip to the mall.

Brainstorm areas where overspending seems to consistently occur, including the grocery store, clothing and electronic purchases at the mall, and entertainment sites. Once you’ve pinpointed the problem areas, talk about how



**Time out before buying**—If kids find an irresistible item, tell them to take a time out before they make the purchase. If they wait until the following week, they may find the item isn't as appealing to them. Or it may possibly be on sale!

**Evaluate the want**—Have them answer the following questions before buying:

- Will I use this item a lot?
- Can I get it at a lower cost?
- Is this a worthwhile purchase?

**Scale of 1-5**—Have them look at the item objectively and rate it from 1-5, with one representing "It's nice but not needed," and five representing "I can't live without it!" They should only purchase items ranked 4 or 5.

**Spend and save tracker**—Use page 18 to have kids write down all purchases for a month

to see exactly where their money is going. They may discover spending areas where they can cut back or make better decisions about in the following month. They can also review their savings habits.

Now that they have ideas on how to keep spending under control, focus on the importance of saving for their wants and needs. Explain that kids can save the money they would have previously spent in a fund for their future. If they put this money aside in a bank account, they'll earn interest and be able to pay for big-ticket items they'll need and want in years to come. This investment toward their future will go far in helping them become fiscally content.



## Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public. Visit our website at [KansasCityFed.org](http://KansasCityFed.org) for more information.

### Federal Reserve Resources

**The Piggy Bank Primer:  
Saving and Budgeting**

An online workbook that looks at wants and needs, tracking spending, and developing a savings plan. For ages 5-9.

**Great Minds Think:  
A Kid's Guide to Money**

This online booklet gives spending and budgeting tips. For ages 8-12.

### Fiction Books

**The Berenstain Bears  
Get the Gimmees**

by Stan and Jan Berenstain  
Brother and Sister Bear want everything in sight! Mama and Papa Bear teach the cubs about the family budget and the importance of appreciating what they have. For ages 4-8.

### Nonfiction Books

**Do I Need It? Or Do I Want It?**  
by Jennifer Larson

What's the difference between needing to buy and wanting to buy? And how do I budget successfully? For ages 6-10.

**101 Ways to Stop Shopping and Start Saving**

by Krissy Falzon  
This book provides tips to curb the shopping urge and motivate you to change your spending habits. For ages teen-adult.

# Spend and Save Tracker: Where Does My Money Go?

Write down everything you buy for the next month in the correct spending areas.  
If you save any money, write it in the savings area.

## My Food Spending

Date	Item	Cost
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

## My Entertainment Spending

Date	Item	Cost
_____	_____	_____
_____	_____	_____
_____	_____	_____

## My Other Spending

Date	Item	Cost
_____	_____	_____
_____	_____	_____
_____	_____	_____

## My Savings

Date	Amount
_____	_____
_____	_____

