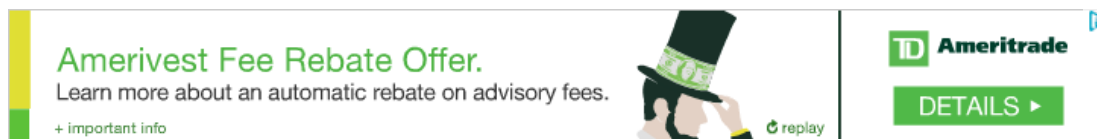




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Holiday gifts for kids that instill financial savvy

By [Gail Johnson](#) | [Pay Day](#) – Fri, 12 Dec, 2014 12:57 PM EST

Grandparents scrambling to buy the “perfect” gift may want to pause and consider something a little more practical than a remote-controlled car or a Frozen Barbie doll. Consider items that [help kids learn](#) about money and ways to save, share, and spend it.

Cash or gift cards

While not always the best choice, dollar bills or coins can sometimes hit the right note.

“If you’re doing money, give cash to young children, as they can connect with the value of money when it’s in cash rather than a gift card or cheque,” says Kathryn Mandelcorn, a certified money coach with [Money Coaches Canada](#) in Vancouver. “Sometimes giving cash can feel like you are not making an effort in your gift giving but I believe the contrary. It allows the child to make decisions with money on how to spend or save it.”

It works even better when you help with those decisions, going with them to make choices in a store and even allotting a portion to sharing.

“In many cases, money can be powerful if used in the right way,” says Darren Coleman, certified financial planner, portfolio manager, and assistant branch manager at [Raymond James](#) in Toronto. “You can say, ‘I’d like to go with you to spend it. You are going to give some of it a charity and we’re going to work on who we’re going to give it to and why that is meaningful to you. Certain charities have catalogues where you can buy a well or a medical kit; something tangible like that is especially good for kids.”

“Then when you go shopping together, you can say ‘we’re going to talk about what you like, what you’re interested in, so you become educated about how you should make purchases,’” he adds.

For relatives wanting to give money to preteens, but who are worried it will just get squandered, Mandelcorn suggests “dream building”.

“Dream building is a wonderful way to give,” she says. “It may be the child’s dream or it may be a reflection of your dream – a love of travel, for instance. Open an account for your preteen and every month deposit an amount, perhaps \$10 a month. By the time they have graduated they have an amount set aside to travel or for whatever other dream they have.”

Money-related games or toys

One of Lee Richmond’s top recommendations for young’uns this holiday season is the Moonjar Savings Bank. The three-part box has sections labelled Save, Share, and Spend.

“This is my all-time favourite,” says the owner of [Kaboodles Toy Store](#) in Vancouver and Victoria. “It really teaches younger kids, up to about age 10, how to separate their money. They can visually understand the concept of saving for something in the future, even if that future is in only two weeks. Also, so many parents these days are trying to teach their children about giving to others, and this is one way to do it. It’s also a way to teach fractions and percentages.”

A home-made spin on this, Mandelcorn notes, is to take four mason jars, let the kids decorate them, and label them Spend, Save, Invest, and Give.

Other toys for kids aged three and up, Richmond says, include the Teaching Cash Register by Learning Resources, which contains Canadian play money, an LCD screen that displays transactions, and a talking checkout scanner; and Star Wars Math Workbooks from Thomas Allen Publishers.

Then there are board games.

“Monopoly is a great game for kids to understand the value of money and how to save, spend and invest,” Mandelcorn says. “The traditional game is the best.”

For teenagers, she suggests the Cashflow board game by [RichDad.com](#), which is a game the whole family can play together.

Books

Kids eight and under may enjoy the [Zela Wela Kids’ Learn about Money](#) or [Build a Bank](#), Mandelcorn says, while several books teach young people about generosity and sharing.

For teenagers, she suggests [Living Me to We: The Guide for Socially Conscious Canadians](#) or [Craig Kielburger’s Lessons from a Street Kid](#).

“Find a book that your teen would connect to,” Mandelcorn says. “It can inspire your to give back. Giving is a huge part of receiving, especially when it comes to money.”

RESP contribution

This idea is better for older kids, since little ones still like having something to open on Christmas Day.

“A Christmas contribution during the teenage years allows you to start the conversation about post-secondary education,” Mandelcorn says. “What are the expectations? What portion will you pay for? Teaching your children about the cost of education early allows for you to plan together. Show them their RESP account and how they receive grant money and about the power of compound interest and the benefits of investing over the long term.”

Just be sure to check with the parents to make sure the gift doesn’t result in an overcontribution, Coleman notes: there are limits in place and excess contributions will result in negative tax implications.

Stocks

Purchasing stock for a grandchild isn’t that common a gift these days.

“I think it’s great, but I don’t think kids get much out of it,” Coleman says. “It sounds interesting, but I don’t think the kid cares. They get a stock certificate and they just don’t understand it.”

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