



TEACH CHILDREN TO SAVE

Building a generation of savers.

Beginner Budgeting for Every Age

ABA Education Foundation

The best way to reach your saving goal is to start with a budget. A budget helps you keep track of the money you have coming in – your allowance or Birthday money – and the money you have going out, including spending, saving and possibly donating. A good way to learn budgeting is to divide your money into four clear jars labeled: Sharing, Spending, Short-term Saving and Long-term Saving. The following guidelines will help you decide how much to put in each jar.

1. **Sharing jar:** deposit 10 percent of your income, or \$1 for every \$10. Are you concerned about helping children or animals, protecting the environment or supporting a local food bank? Choose a cause that you're interested in and donate regularly. You'll feel good and the charity will benefit from your generosity!
2. **Spending jar:** deposit 30 percent of your income, or \$3 for every \$10. This money can be used at any time for small purchases, like a baseball or a CD. Ask your parents for guidelines on how you can spend this money, and then make your own decisions!
3. **Short-term Saving:** deposit 30 percent of your income, or \$3 for every \$10. You may need to save several months for larger purchases, such as a video game or an iPod. This jar will help you save for some cool stuff!
4. **Long-term Saving:** deposit 30 percent of your income, or \$3 for every \$10. This is where you'll save for the future. Someday you'll want to go to college or buy a car. These expenses require a lot of planning and saving!

Once your money has started to add up, ask a parent or trusted adult to help you open a savings account at a bank. The bank will make sure that your money is safe, and they'll even pay you while it's there. Your local banker can help you open an account and learn more about other ways to save.