

Getting Started with the 3-Jar Method



It is never too early or too late for parents to start educating their children when it comes to finance, and teaching kids and teenagers about money doesn't need to be boring or challenging. Helping them earn their own money, setting expectations and guiding them on real life decisions on how to manage their budget can be fun and educational.

To help you with this task, we prepared this easy-to-follow fact sheet and personalised labels inspired by the acclaimed 3-jar method where three jars are used to replace the old "piggy bank" when teaching children and teenagers the importance of sustainability and budget management.

We hope this gives you a starting point for the many productive money talks yet to come.

Why the 3-Jar Method?

The jars are teaching tools which surpass the traditional piggy bank method by bringing meaning to money. This fosters financial literacy, a vital life skill which makes a big difference in how children will manage their money in the years to come. By using this system, we help children understand the importance of managing their budget in a more visual and age-appropriate way.

To start, we recommend explaining what money is, how we use it and why it is important to manage it well. Here you can show your children the different forms of money such as coins, notes, and electronic payment methods such as debit cards and mobile wallets and show them things you have bought with money at home or even photos of a holiday you took together. This could also be a chance to explore how money is earned and explain that no matter how much money you have, it still important to spend, save and share.



New toys, movie tickets, or sweets. This jar is for short-term wants and needs, and to help children manage their own budget. It helps emphasise money as something real, and not a bottomless pit.



To be deposited into your Little Star Saver account. This jar is a conversation starter to discuss the concept of compound interest as an incentive for long term saving. This jar shows the benefit of saving for larger items and discourages the uptake of credit cards or buy now pay later options in teen years/adulthood.



Whether it's buying a present for a teacher, a friend, perhaps a donation to animal welfare or an environmental cause - this jar builds a sense of belonging in the community. It helps children to understand charity, sharing resources and prepares children for paying tax as they move into their working years.

Suggestions for talking money with kids



1

Age-specific milestones and activities

3 - 5 years old = Playing shop. Pretend play that introduces commerce.

6 - 9 = Needs vs Wants for when distributing allowance/pocket money.

10 -14 = Set a savings goal. Plan and budget for an event or to buy something bigger.

2

3-Jar money splits

The way money is split between jars depends on how much your child earns, and personal preference. An example may be:

40%, 40%, 20%, where a \$5 payment = \$2 Spend, \$2 Save, \$1 Share.

3

Earning money

Not every chore (such as making the bed) may be deserving of financial reward. However, establishing the concept of earning money is a valuable life lesson. Some common ways for your child to earn money can include chores around the house, garden, or neighbourhood. Withholding pocket money when things are not completed could help in building work ethic and teach your child that earning money is dependent on work being completed to a certain standard. Remember, money can be earned outside pocket money such as craft, market stalls, lemonade stand - this could also encourage entrepreneurship.

4

Everyday learning opportunities

- Comparing prices for the same item in the supermarket.
- Using a utility bill to explain the different means of payment and how many days or hours you had to work to pay the bill.
- Ask your children to identify 'essential expenses'.
- Discuss rewards cards and fuel dockets to explain rewards, incentives, and cash back for purchases.
- Review your Little Star Saver statement to explain compound interest.

5

Supporting you all the way

Money management skills aren't usually taught at school, it's up to parents and guardians to educate children and help them build good habits. We are here to help nurture a positive relationship with money and support you through yours and your family's life stages.

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