Back to School Shopping: Hands-On Financial Education (Mia Russell, Money Smart Impact Team)

As we enter the month of August, the days are getting shorter, children are counting down the days of summer and parents are preparing to conquer the back-to-school shopping list. Since most parents and children do not have the same priorities, back-to-school shopping may be the perfect opportunity to create common ground and teach your children how to make informed, financially responsible decisions. Get started by embracing this timely and teachable moment:

- Distinguish between Needs and Wants: Help your child understand the difference between needs and wants. Often children are more focused on style and look than price and quality. Your child needs pencils but may want sparkle mechanical pencils. Is there a benefit to purchasing the sparkle design? Do mechanical pencils work better or last longer?

- Develop a Spending Plan: Creating a realistic and agreeable spending plan (budget) is paramount. Your child needs to know the spending limits and needs to align that allotment with the shopping list. Once needs and wants are identified, your child will need guidance to ensure needs are purchased first. Wants can be purchased with the remaining (discretionary) funds.

- Comparison Shopping: Before heading to the store, spend some time on research. Together, you and your child can search the sales advertisements or check online. This would be a great opportunity to teach your child to search 3 vendors (or stores) before making purchases. To encourage your child, you may want to offer them a portion of the savings earned from comparison shopping.

Using typical family experiences, parents can reinforce many personal finance lessons and allow children develop a financial acumen. Allow your children to reflect on the shopping experience and share which purchases were needs versus wants. Ask your children to share thoughts on the comparison shopping process… what did they learn? Were they surprised at the wide range of prices for the same product? Parents, as role models, teach children how to be financially savvy consumers.

Don’t forget that Maryland’s TAX-FREE week run from August 11-17 this year (clothing and footwear under $100 is tax-exempt; does not include accessories).