

Popcorn money

By Sheetal Radia, CFA FRSA

“Academic qualifications are important and so is financial education. They're both important and schools are forgetting one of them.” (Robert Kiyosaki)

The largest investment we make is in our children. One area we can all help our children is learning about money and to apply the skills they learn at school to their everyday lives. This does not have to involve lengthy boring conversations that often result in you battling with exaggerated eye-rolling accompanied by deep sighing.

It can be fun, especially if it involves items your children really desire e.g donuts, ice-cream, mobile phone deals, ‘whatever’. The aim is to make your children aware that life is about choices and help them learn the process of making a decision.

Personal example - popcorn

My children love popcorn. One day at the supermarket there was mad rush to the pre-prepared popcorn section. To help my children understand, I stated that I had exactly £1.59 to spend on popcorn and then asked them the following questions:

What does one 80 gram (g) bag of ready-made popcorn cost? Answer “£1.59, can we get it?”

What does a bag of uncooked popcorn cost and weigh? After finding the item the answer was “£1.29, 400g, can we get the other one?”

If we make the popcorn at home you can flavour it how you want and learn how to cook it. If I can make 10 80g bags from the uncooked popcorn how much does each bag cost? How does this compare with one 80g bag of ready-made popcorn?

For the younger children you may want to help them with the process of how to make the comparison. While the older children will work out (usually with the aid of smartphone calculator) that they can have 10 bags of popcorn that cost 13 pence each, compared to one bag that costs £1.59. Hopefully, with your guidance, your child will understand that that they can have more popcorn for less money and also don't need to go to the shops to get a bag of popcorn each time because you 'can make it at home'.

With your help they will also work out that dad/mum will have 30 pence left over from the £1.59 which could be saved or used in the future to help pay for another treat or donated to charity. Hence you enable your child to identify possible choices, analyse them, learn how to budget and perhaps be introduced to saving. You need to go through this exercise with different situations to ensure that key lessons are getting through – the more fun you make it the more you will enjoy it and also so will your children.

Repetition and the hallelujah moment

Of course, this is just an example from my experience although you should try and apply the same approach with items your children are fond of and adapt the challenge according to the age of the child. Help them analyse the choice, gather the information and then the children should make the decision. By starting with small steps like these it raises awareness and one day when you are in the supermarket the hallelujah moment will come when your child says – “don't get that one, get this one it's a much better deal!”

Like with most things it starts with questions and an everyday example that can engage your child. As you provide money education in this way you can then talk about pocket money, savings, even tax etc. My 14 year old daughter recently made me smile when over Sunday lunch she told me she wanted to be lawyer

and earn £100,000 a year; but then she stopped and said, “Hang on! I need to earn about £160,000 to bring home £100,000 per year! So yeah, I want to be a lawyer and earn at least £160,000 a year!” Hallelujah!!!!

Teaser

For those that may want more of a challenge I leave you with a teaser to ask your older children; if you help them answer it will teach them a key aspect of financial life i.e that price and value are not the same thing–

If we cannot live without water, why is 1 litre of water cheaper than 1 litre of petrol?

As Confucius once said –

“Tell me, and I will forget. Show me, and I may remember. Involve me, and I will understand.”

Sheetal Radia, CFA FRSA

Sheetal runs his own independent financial advice practice, [Financial Architecture](#);

Financial Architecture empowers clients as it enables them to meet their financial goals.

E: skradia@financialarchitecture.co.uk

W: www.financialarchitecture.co.uk

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