



SMART AND POOR  
MONEY HABITS  
THAT CAN MAKE OR BREAK  
YOUR FINANCIAL LIFE

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Many people wonder, *What can I do to set my financial life in order?*

Let me tell you this: You need to start with your habits.

There are also many parents who ask, *What can I do to set my child's financial life in order?*

Let me tell you this: Again, you need to start with *your* habits.

That's right. Not their habits, but *yours*.

Have you ever heard of the phrase, "Monkey see, monkey do"?

This is all about imitating another person's behavior or action, whether it is good or bad.

Did you know that kids can easily pick up on the habits that we have as parents? How we behave and decide on our money issues will be also picked up by our children consciously or unconsciously.

Values are not only *taught* but they are actually *caught*.

This is the reason why we have to be careful about our money mannerisms and behaviors. If we want to be good role models to our children, we ourselves need to have good money habits.

"Chinkee, what if all I have right now are BAD MONEY HABITS???"

The good news is, you can unlearn bad money habits and acquire good ones, for the sake of your children. And I can teach you how. But first, I want to introduce to you some bad or POOR MONEY HABITS that we must avoid, and good or SMART MONEY HABITS that we need to embrace.

**Poor money habits** are bad, and we do not want them.  
So they definitely get the thumbs down.



**Smart money habits** are good, and those are what we  
want. So they get the thumbs up!





### **Poor Money Habit 1: SPENDING WITHOUT A BUDGET**

If you have the habit of spending without a budget, your kids will pick up on that. They will think that it is totally OK to go on a spending spree without experiencing the consequences. They will think that you can buy anything at any time.

Having money is a responsibility. We need to spend our money wisely, not loosely. It does not mean that just because you have cash in hand, you can spend it in any way you'd like.



### **Smart Money Habit 1: STICKING TO A BUDGET**

Teach your children the importance of sticking to a budget to avoid unnecessary expenditures. Also, sticking to a budget will teach your children realize the importance of monitoring one's expenses. When they understand the principle of budgeting, they will learn that it is not healthy to spend more than what is being earned.



## **Poor Money Habit 2: OVERSPENDING**

Do you sometimes find yourself spending more than what you earn? If your monthly spending is more than your monthly income, then you are definitely overspending. That is not a good money habit. And it is not a good example to your children.

If you continue this type of a lifestyle, you and your family will be living under tremendous financial stress sooner or later. Even if your children don't actually notice it, they will soon feel it.

If you find yourself in the habit of spending more than what you are earning, you need to break that habit **RIGHT NOW**.



## **Smart Money Habit 2: DISTINGUISHING NEEDS FROM WANTS**

To help our kids avoid overspending, we need to teach them to distinguish needs from wants. Needs are the essentials, and wants are the non-essentials – things that we can do away without for now. If for us, the line between needs and wants is blurred, then we can't expect our children to be able to tell the difference between the two either.



### **Poor Money Habit 3: BORROWING**

One of the biggest sources of financial stress in many families is DEBT - owing money to someone and being unable to pay for it.

Debt is capable of slowly killing the peace and joy in your family. It is capable of robbing you of the happiness that you deserve. Debt should not be treated as friend but as an ENEMY. If you come to see debt as a friend, your kids will too, and that is never a good thing.

Remember this: Borrowing is costly, painful and stressful. It is not worth it!



### **Smart Money Habit 3: PAYING OFF DEBTS RIGHT AWAY**

As mentioned, debts are that one thing that you must avoid. If you can avoid incurring any kind of debt, you must do so. However, realistically speaking, there will be instances wherein debts are inevitable. What you need to do then, is to make sure that you pay off your debts immediately.

You don't want your kids to grow up with the habit of incurring debts and running away from them.





#### **Poor Money Habit 4: COMPARING**

Don't compare yourself with other people. Comparing will only cause you to feel insecure and pressured to keep up with your friends, neighbors and relatives. This is also not a good habit to be passed to your children.

When you compare, you are only teaching your children to be insecure and discontented with what they have. You are teaching them to be competitive for the wrong reasons. Instead of being generous, you are teaching them to be selfish and to want for more.



#### **Smart Money Habit 4: BEING GENEROUS**

Money will never multiply from hoarding. Allow your kids to have an abundant money mentality as they witness your generosity to others.

We need to train our children not to have any emotional attachment with money. Remember that emotional attachment breeds love, and as we all know, it is the love of money that is the root of all evil.



### **Poor Money Habit 5: TREATING MONEY AS TABOO**

Some people consider the topic of money as taboo. This is why they choose not to talk about it in their homes.

What people don't realize is that not discussing money issues is a form of denial. It may be that you don't talk about money because you are not comfortable doing so. This is not a good sign in itself! Why? Whether you like it or not, you earn, use, spend money on a daily basis. Money is part of life, so why not talk about it? Why treat it as if it doesn't exist? How else can you learn how to handle money better?



### **Smart Money Habit 5: EDUCATE YOUR KIDS ABOUT MONEY**

Teaching your children financial lessons is one of the best things that you can do for them. Don't allow money to be an elephant in the room – that one thing that you know you should be talking to them about but keep refusing to. They will never learn about money if you never teach them about it.



## **Poor Money Habit 6: HAVING THE ONE-DAY-MILLIONAIRE MENTALITY**

Eat, drink and be merry!

Some families use this as an excuse to live a good and comfortable life. When they spend, they do so as if there is no tomorrow. Why worry about the future when we will all soon die one day anyway? This is one of the most irresponsible and unhealthy examples that you can show your children.

You need to teach them to prepare for the future. Trust me, financial preparation for the future is the best financial lesson that you can teach your kids.



## **Smart Money Habit 6: CREATE A SAVINGS ACCOUNT**

One way to fight off the one-day-millionaire mentality is to teach your children the importance of saving. What you need to do is to make sure that you teach your children to “pay themselves first”.



### **Poor Money Habit 7: GOING NUTS WHEN THERE IS A SALE**

Yes, buying during sale season may save us some money. But if we buy things just for the sake of buying, this is not healthy. We can't keep on using the sales in the malls as an excuse for us to go on a spending spree and buy the things that we don't need but just want. Teach them self-control. Teach them to prioritize needs over wants. You can do this by deciding not to spend on things the moment that you see a big red sign that says "SALE".



### **Smart Money Habit 7: BEING A SMART CONSUMER**

Just because there is a sale, it doesn't mean that you *have* to buy something. Instead of buying things at the sight of a sale, teach your children to be smart consumers. If they want to buy something, teach them to research about it first. This way, you can train your children to be responsible consumers.

Remember, teaching your kids about poor money habits and smart money habits is the first step to setting them up for financial success. However, the problem is that as parents, we ourselves are not confident with the money habits that we have.



And this is exactly why I wrote my recently released book, **Raising Up MoneyWise Kids**. In this book, I discussed in depth the ways that we can establish in ourselves smart money habits, and at the same time ingrain them in our children.

It's about time that we made an effort to transform our poor money habits into smart money habits – not for us, but for our children. After all, the best inheritance that our children can receive from us is sound financial education. Do you agree?

If that's a big, resounding YES, you can check out **Raising Up MoneyWise Kids** [here](#).

Enjoy!