

# The Four Jar Budget



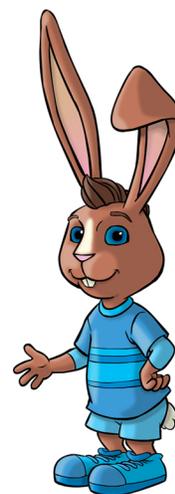
## The Four Jar Budget

Your kids have worked hard and earned money; now it's time to learn to save, spend and share their earnings.

### Instructions:

Get four (4) clear plastic jars or pouches and label them:

- Charity = 10%
- Quick Cash = 30%
- Medium-Term Savings = 30%
- Long-Term Savings = 30%



Hint: Make sure that you have coins and bills on hand so that you have the correct amounts for your kids to count out into the appropriate jars.

By the way – the old-fashioned piggy bank doesn't do it. First of all, a budget creates a habit of "dividing" money into different categories for different goals whereas a piggy bank commingles all of the money without a clear expectation. Secondly, we want kids to see the joy of the budget, visually. You can't look into a piggy bank.

Each Pay Day, help your children to count their earnings into the appropriate budget jar.



10%



30%



30%



30%





# The FOUR Jar Budget

Here are the brief explanations for each jar:

## Charity Jar

The Charity Jar includes funds dedicated to helping others. Sit down with your child to decide what charitable organization is appropriate. For young children, you may want to donate money to a religious or community organization, or let the donation reflect their passion. Do they love animals? A contribution to the local animal shelter may be perfect. Remember, donating money is only half of what it means to give charity. Try to do some volunteer “giving” with your child, as well.



## Quick Cash Jar

Money in the Quick Cash Jar is for instant gratification, that “guilt-free” spending – or what we called, “mad money.” You set the overall parameters; if it’s no candy, no junk food, those are your rules. Beyond that, let your kids make their own Quick Cash spending decisions. Remind them to bring their quick cash on those shopping days. No more nagging. You now say, “Did you bring your Quick Cash? You can buy that with your own money.”

## Medium-Term Savings Jar

The Medium-Term Savings Jar teaches kids to push-off instant gratification and save for larger items. The young ones may only save for a week or two, because they forget why they are keeping the money. (Actually, adults also have a tendency to forget!) Let your children learn to set a savings goal, which is an important lesson. They can draw a picture of their goal and put that on their jar as a reminder. The older ones can set a larger medium-term savings goal and save for a few months.



## Long-Term Savings Jar

The Long-Term Savings Jar is the money your kids set aside in the budget for a big goal, such as college or a car. It would also be wonderful to schedule a visit to your local bank branch and have your children deposit their long-term savings into their bank account. After they understand why we use banks, you can make the money transfers online. Remember, a budget is a habit – not an object of torture! Encourage your child to earn, save, spend, and share, and together you'll see the lifelong skills they are learning.