BHARAT CHANDA

ADITYA SALUNKE 15 YEARS

Mumbai, in Class XI. Cleared NSE test for MF agents at age 12.

HIS MONEY QUOTIENT

- *Has had his own bank account since he was 9. Understands basic procedures, netbanking.*
- *Understands mutual funds and has been investing for the past 2-3 years.*
- *Also familiar with different types of insurance policies and how they work.*
- *Invests in debt funds instead of FDs to avoid tax on parents due to income clubbing provision.*

"Financial independence cannot be achieved by earning a high income but through good money management. Opening a bank account or starting SIP is more than sufficient."

—Aditya's father Uday Salunke, 46 years

TAKE BABY STEPS

Money lessons should begin with teaching them the importance of saving. It is important to teach them how budgeting can help live within your means, that saving is rewarding and about the magic of compounding.

It is not necessary that all lessons are about managing money directly. It is also about inculcating habits and the right attitude towards money. Prudent use of resources, whether it is electricity, water or food, spending carefully at a shop and separating needs from wants are also key lessons for your child.

Subrat Mohanty, Senior EVP at HDFC Life Insurance uses an innovative technique to teach saving lessons to his 6-year-old son. "If he does two chores every day—watering a plant and keeping his things back in place—he gets ₹10. So he understands the concept of earning and how savings can accumulate over time," he says.

"Gamification of concepts and storytelling can be a great way to break down complex concepts like compounding to a small kid. Also, it ensures the lesson stays with him for long," says Mohanty. At the Kidzania entertainment parks, children get a taste of how money works in the real world when they convert their tickets into playmoney. The kidzos can be used to buy stuff and pay for rides in the park. "They can even work at the Yes Bank ATM inside the park to earn kidzos," says a Yes Bank official.

Srikant Bhagwat, Managing Director and Principal Advisor of the Bengaluru-based Hexagon Wealth Advisors has been promoting an interesting concept among kids called 'The Triple S Method'. "Kids are told to budget their pocket money under three heads—Spend, Save and Share. The ratio is left to their own discretion. But the rules are that whatever is 'Spent' is gone; whatever is 'Saved' the parent doubles with their contribution and it goes away into a mutual fund; and 'Share' or charity will get them returns not in a monetary sense but in the form of lasting joy," explains Bhagwat.

CAN MONEY TALK BE A PROBLEM?

Some people argue that making financial literacy as part of the school course will put off children who will see it as a chore. Others say that money talk at this stage could skew the child's value system where he starts equating wealth and prosperity with good and desirable. Vikram Kuriyan, Director, Investment Lab at the Indian School of Business, Hyderabad, doesn't think it is a great idea to focus children's minds on money. "However, lack of knowledge could lead to their exploitation in future. Education is an effective antidote but it must include an ethical component," he says.

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