

Media release

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Long term benefit of early money management

Research just released by AMP highlights the importance of teaching money skills to children and establishing good savings habits early.

AMP Financial Services commissioned Colmar Brunton to examine the links between what we do with money as children and our money management as adults. The survey, "Attitudes to Money", shows that children who saved were more likely to become adults who saved and were more likely to manage their money well.

Retirement Commissioner Diana Crossan says the message is clear: You are more likely to be able to manage money and save for a secure future if you start early.

"I would add to that that it's never too early to start learning about wider money matters. The financial world is now much more complex than when I was a child. Like many people I had a Post Office savings account which helped establish some good habits for me very early on.

"Life was much simpler back then. Money generally meant 'cash in hand'. There was no EFTPOS, no credit cards, no internet banking and debt was a bit of a dirty word. Today's young people need a whole new set of skills when they leave school so that they understand and appreciate realities like income and expenditure, compounding interest, credit ratings and mortgage repayments.

"Saving from a young age is a great start especially if it develops into a long lasting savings pattern. Add to that the opportunity to learn about money matters at school and we will make considerable progress towards creating a financially literate population with a greater understanding about the need for a more secure financial future," said Diana Crossan.

The survey also shows that a high percentage of adults felt that having pocket money as a child made them better money managers and that less than half of the parents surveyed expect their children to save some of their pocket money.

"I hope that AMP will continue their research in this important area," said Diana Crossan.

The Retirement Commission has been working closely with the Ministry of Education to introduce financial literacy as part of the school curriculum.

For more information contact:

Catriona Robertson

Senior Communications Adviser

Retirement Commission

T: 04 494 6243 M: 021 242 7936

E: catriona.robertson@retirement.org.nz