



Warren Buffett: Teach Your Children These 3 Things About Money

Description

Warren Buffett is known to dispense financial and investment wisdom quite freely. His financial advice and wisdom combined with his investment moves can be considered valuable educational resources for anyone who wants to learn more about investing. But few people know how seriously Buffett takes financial education.

He is quite invested in teaching the next generation of investors. One example that endorses this fact is that he helped create an animated series in 2011, *The Secret Millionaires Club*, in which he voiced his character himself. The series is about four kids and a robot and their mentor Warren Buffett. These kids take on adventures in business, and a lot of crucial [financial advice](#) is weaved into the narrative.

There are many things Buffett believes that parents and elders should teach children about money.

Teach children the value of learning

This is less financial advice and more a general life lesson that children need to learn by heart. Buffett encourages parents to teach their children that it's normal to not have all the answers and encourage them never to stop learning. Buffett himself follows this piece of advice diligently and is known to read quite extensively.

The more your children read, the more extensive their knowledge about the world will be, and they will learn important things, like how to handle money, how to save, and how to invest.

Teach them to distinguish between needs and wants

This is probably the hardest but one of the most crucial lessons you can teach to your children. Learning to distinguish between needs and wants is the first major step towards self-control and financial discipline. Buffett suggests that parents could do a simple exercise with their children: Ask them to write down 10 things they want most. Then they can split the list between wants and needs.

This also teaches children the hard lesson that you can't have everything in life. It helps them see life and the world more pragmatically.

Instill the habit of saving

If children are taught to save from an early age, they are highly likely to lead stable financial lives. In the series, Buffett teaches children to save a little bit of money on a regular basis. He also teaches them about interest and how their money can make more money for them. You can expand on that by teaching your children about investing. It would be more potent if you make it more relatable.

If you are going to Tim Hortons with your child, you can teach them that they can invest in the company by [buying shares](#) of **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)). You can also teach them about how the coffee and doughnuts you are purchasing help the company make a profit and how the company passes on its profits to its shareholders.

The “full-circle” conversation might be a bit difficult for young children. Still, if you can make them understand, it won't just help them appreciate a business's technicalities but might also teach them a valuable lesson about investing in good businesses.

Foolish takeaway

It's never too early to learn about business and money. Warren Buffett himself started learning about “business” when he was six. He used to sell sticks of gum around the neighborhood but soon realized that buying six-packs of Coke and selling individual cans bring in more profit. It's usually productive to encourage your children to engage in such activities. It helps them learn important lessons about money.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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