

10 TIPS FOR TEACHING CHILDREN ABOUT MONEY

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Teaching children simple concepts about money is an important way to help them understand the value of money. It can also help them to discover the relationships between earning, spending and saving and can go a long way to setting them up for a successful financial future.

Many adults may avoid talking to kids about money because they lack the confidence in how they've handled their own finances. But as adults we are our children's role models and we have education, experience and perspective which is very important when it comes to teaching children the basics about money.

Here are ten simple concepts that can help:

TIP 1. SHOW THEM COINS AND NOTES

Our society uses cash money less frequently with the preference of credit and debit cards and online transactions replacing physical coins and notes. Teach children how to recognise each coin and note. A good way to familiarise children with money is to get them to organise the money in your wallet starting from the smallest denomination to the largest. A visit to the bank can also help to educate children on where money is 'kept' and 'stored'.

TIP 2. LET YOUR CHILD PLAY

It might take some time for them to get the hang of it at first, but letting children pay for small purchases can help them to get used to sorting and counting money.

TIP 3. ENCOURAGE SHARING

Encourage sharing by teaching kids to give money or items to charity. This also helps to teach the concept of helping others who are less fortunate than they are.

TIP 4. START A SAVINGS PLAN

Savings goals for children should be linked to something fun such as a game, toy or experience. It's a good idea to have a picture of their goal to remind them of what they are saving for and to set mini targets for them to reach along the way.

TIP 5. TEACH CHOICES AND COMPARISONS

To teach children to shop it can help to choose two items that they want to buy and compare the features, packaging and prices of both. Asking children which they want to buy (and why) and making a decision in this way may teach them better spending habits.

TIP 6. TEACH CHOICES AND COMPARISONS

Allocate pocket money. Pocket money is a great way to teach kids about earning and saving. The amount you give your child should depend purely on what you can personally afford. We explore pocket money more in our article [Children & Pocket Money](#).

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TIP 7. INTRODUCE THE CONCEPT OF SELLING

The classic example of the lemonade stand has helped many children around the world to value the money they receive and teach them the concept of earning a living. Other simple ways you can teach children is to encourage them to participate in a garage sale or buying and selling items at markets. These days kids are learning about money and markets on games such as Minecraft and Hay Day!

TIP 8. TEACH CHILDREN ABOUT DEBT BY LENDING THEM MONEY

A good way to teach children about debt is to allow them to borrow money and encourage them to make small repayments over time. This can help them learn about the concept of debt and develop healthy repayment habits from an early age. Be careful not to get them dependant on debt.

TIP 9. BE OPEN AND HONEST ABOUT YOUR FINANCE

Rather than just saying 'no' to a new toy or item of clothing, it is important to explain why to your children. Openness about your financial decisions encourages honesty about money.

TIP 10. ENCOURAGE MINDFUL SPENDING

A good concept to introduce to children at a young age is the concept of making mindful spending choices by asking 'do you really need this' or encouraging them to think about purchases for a day or two before buying. This not only helps teach the concept of delayed gratification but also helps children to value and appreciate purchases.

There are many ways you can teach children about money and help them to develop healthy money habits.

The key to teaching is to make it fun and rewarding and to let them try, even if it means a little extra time. A little effort now could help set them up for a successful financial future.