

Ask an Expert: Tips for Teaching Children to Manage Money

Teresa Hunsaker

08/24/2016

Teaching children how to handle money and make wise financial decisions takes preparation and planning, but it is well worth the investment in time and effort. Research from the National Endowment for Financial Education is showing a lack of financial savviness in our kids



today.

Before decisions are made about how to go about teaching children money management concepts or whether they should receive an allowance, each parent should identify and discuss his or her own attitudes about money.

Everyone has attitudes and feelings about money that are based on observations and experiences from childhood. Because of different attitudes about money, conflicts often arise between parents when money topics are discussed. These need to be addressed before approaching in-depth discussions or experiences with kids. Consider these tips:

1) First ask yourself a few basic questions, then discuss the answers with your spouse.

- * What does money mean to you?
- * What good and bad memories about money do you have from childhood?
- * Was an allowance given and what were the rules for using it?
- * If an allowance was not given, how did you receive money?

- * What feelings do you associate with how you received money?
- * What attitudes or feelings about money have you carried into adulthood based on your family's approach to money when you were a child?
- * Which attitudes about money would you like to instill in your children?
- * What would you like them to know that you did not know?

2) Make a list of things you want to teach your kids about money. This list could come from the questions above or other concepts such as wants vs. needs, budgeting, saving, delayed gratification, the value of hard work, comparison shopping, being a wise consumer and giving.

3) Third, set up specific learning opportunities for your kids. Here are a few ideas outlined in the USU publication, *Teaching Children Money Management*, by Melanie Jewkes, USU Extension assistant professor in Salt Lake County.

- * Discuss with your children the difference between needs and wants. As basic as it sounds, many financial difficulties could be avoided if people understood that it is merely impossible to have everything you want, and that some things are more important than others.
- * Teach your children how to prioritize. Prioritizing can help in many day-to-day decisions, beyond those dealing specifically with money.
- * Help children understand there is no such thing as a free lunch. If children want an item, help them earn and save money to purchase it without going into debt. Let them see you as the parent doing the same thing.
- * Teach the value of working for money, whether by babysitting, taking a paper route or doing extra chores around the house.
- * While grocery shopping, show your children how to comparison shop, pointing out ways to maximize your dollar, such as reading price labels for price per ounce or using ads and coupons to plan your menu.
- * Use play money while making a budget so children can visually see how much money goes to expenses.
- * Give your children the opportunity to hand money to cashiers, bank tellers, parking attendants, etc.

The keys to raising money savvy kids are to be deliberate, communicate money matters with them, provide consistent opportunities and involve them in the entire family economy.

By: Teresa Hunsaker, Utah State University
Extension family and consumer sciences
educator

Sources

Bodnar, Janet. Raising Money Smart Kids: What They Need to Know about Money and How to Tell Them (Kiplinger's Personal Finance). Aug 1, 2005. Cruze, R., Ramsey, D. Smart Money Smart Kids: Raising the Next Generation to Win with Money. Apr 29, 2014.

What Next?

Get useful tips like this as soon as we release them. [Sign up here.](#)