

# **Tips for Raising Money Savvy Kids**

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A glass jar filled with various coins sits on a white surface. Several hands are shown dropping coins into the jar. One hand at the top center holds a gold coin, another on the left holds a silver coin, and a child's hand on the right is dropping a silver coin. The jar is already filled with many coins of different denominations.

tips for raising  
**MONEY  
SAVVY  
KIDS**

**LIVE WELL UTAH**

There are a variety of activities you can engage your children in to practice money management skills and have fun in the

process. Summer is here. Now is the time to take advantage of everyday activities and use them as teachable money moments with your children. Why start early? One study indicates that children develop their money habits by age seven. (1) There are a variety of activities you can engage your children in to practice money management skills and have fun in the process.

### ***Activities***

**Take a trip to the local library and explore children's literature that teaches about money.** Read books together and then discuss them. Some examples of fun books:

- The Purse, by Kathy Caple: teaches learning how to save;
- The Berenstain Bears' Trouble with Money, by Stan and Jan Berenstain: teaches earning, saving, spending and banking;
- Just Shopping with Mom, by Mercer Mayer: teaches about spending, differentiating between needs and wants;
- The King's Chessboard, by David Birch: teaches compound interest and saving.

**Have a fun discussion after.** Some questions you might ask:

- a. Describe a time you spent money and wished you hadn't. How did it make you feel?
- b. Describe a time you wanted something immediately. What did you do?
- c. What would you do if you wanted to buy something and didn't have the money for it?
- d. If your family had to cut back on spending, what are three ways you could save?
- e. How do you make decisions about spending and saving money?
- f. Share how you earn money. What are some additional ways you could earn money?
- g. How do you think money decisions are made in your family?
- h. What are two inexpensive activities your family could do for fun?
- i. What does the saying "money can't buy happiness" mean to you?
- j. What would you like to learn about money management?

- k. Describe a good way to earn and save money.
- l. Resources include things like skills, time and money. What are some skills you have?

**Find a fun financial game to play together.** Some commercial games with a financial theme such as Monopoly, The Game of Life, Payday and The Allowance Game teach basic money management skills, managing cash and financial transactions. It is a great way to interact together and still learn how “real life” may be and to practice:

- basic financial math skills
- bill paying
- compound interest and loan payments
- impact of taxes and overspending

There are also free games created by Visa which children and older youth can play online. Games such as Peter Pig’s Money Counter, Money Metropolis and Financial Soccer can be accessed online at: [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com). These games offer opportunities for children to learn about the relationships between earning, saving and spending as well as opportunities to identify the various denominations of coins and bills.

### **Apply Consumer Skills by Comparison Shopping**

- Give children the opportunity to pick out items they want at the store and pay for them with their own money.
- Have children make a grocery list and use grocery ads to compare prices at different stores for the same items.
- Help children make a grocery budget and purchase items within that budget with cash.
- When shopping for summer or school clothing, instruct children how to compare clothing items by cost, ease of care and quality.
- Let children experience that they cannot buy everything. Purchases must be based on what money they have available...not what Mom has available.

**Present Money-Making Opportunities to Your Children.** You could

give children the option to do extra chores for pay. Jobs that might be available could include babysitting, mowing lawns, washing cars, doing a paper route, household cleaning, washing windows, etc.

- Help children set goals for how they will use their income.
- Help them create a budget for their money, identifying between needs and wants.
- Help them create an income and expense sheet to keep track of their money.
- Use piggy banks for saving.
- Open a savings account to deposit the money once they have enough saved.
- Let them make some decisions with their own money, even if you might not agree with their choice.

By putting these principles into practice, children will have the opportunity to learn about wise money use. As they make decisions (good or bad) now, children will learn how to be smarter with their use of money in the future. Since parents are the number one influence on their children's financial behaviors, it's up to you to raise a generation of mindful consumers, investors, savers and givers.(2)

Resources:

(1) "Many money habits are set by age 7," Liz Weston, MSN Money, Parenting Guide

(2) Shin, L. (2013, October 15). The 5 Most Important Money Lessons To Teach Your Kids. Forbes



Author bio: Marilyn Albertson, M.S., CFCS, has been a Utah State University Extension associate professor in Salt Lake County for 29 1½ years. She provides family and consumer sciences education with emphasis in money management for children, youth and adults; housing education; family resource management including food storage and emergency preparedness, marriage and family relations for teens and adults.