

# FINANCES FOR CHILDREN

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How children use money will affect not only their economic stability and security throughout life, but also how they live and feel about their lives. Parents and other adults can help children learn about and develop money management skills by discussing money with them, planning together and providing children with positive learning experiences.

## Parents and caregivers can begin to develop children's money management skills by:

- Guiding and supervising money choices rather than directing and dictating how money is saved and spent.
- Praising rather than criticizing, complimenting their positive efforts, and not being overly critical of mistakes because making mistakes is a part of the learning process.
- Letting children learn from mistakes as well as successes. Discuss mistakes and share ways to improve money management in the future.
- Being consistent, fair and willing to listen.
- Conducting a family meeting regularly to discuss money issues and agree on short-term and long-term financial goals.
- Demonstrating a balance of spending, saving and sharing family income.

## When talking to young children from ages 4 to 8 about money, consider the following:

- Help young children learn the value of money.
- Allow a child to choose between two or three items in making a purchase. Providing an opportunity for choice and making decisions is important, but limit the number of items to choose.
- Take a child shopping with you and help him or her pay for one item.

## When talking to adolescent children from ages 9 to 13 about money, consider the following:

- Discuss the importance of saving and using money wisely. Open a savings account for your child at a local bank or credit union if this has not been done. Many banks and credit unions have special savings accounts for children that provide incentives.
- Give your child a small, regular allowance. Plan together how to save this money and make spending decisions.



- Let children have the experience of buying and paying for something that they want to help in learning the value of money.
- Work together to plan a budget based on their available money. Discuss financial goals and the need for budgets to guide money decisions.

**When talking with teens from ages 14 to 18 about money, consider the following:**

- Discuss practices for earning and saving money and setting both short-term and long-term goals that are important to them.
- Provide guidance on planning and budgeting, managing checking and savings accounts, using credit and keeping financial goals. Open and manage a checking account and include regular meetings to discuss budgets and money decisions. Use a budget to track income and expenses and progress toward financial goals. Teach teens the real costs of credit.
- Help teens learn about the purposes, services and charges or fees associated with banks, credit unions, loan companies and other financial institutions.
- Help teens be aware of spending patterns that might lead to overspending.

The consequences of how children learn about and manage money are vitally important for their life, happiness and future. Managing money well allows them to distinguish between wants and needs, learn how to save and budget, and make wise spending decisions.

**Source: [articles.extension.org](https://articles.extension.org)**



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