

A close-up photograph of a child's hand stacking silver coins on a wooden surface. The child is wearing a blue and white plaid shirt. In the background, another person's hand is visible, also interacting with the coins. The scene is brightly lit, and the focus is on the child's hand and the stacks of coins.

5 WAYS TO TEACH YOUR KIDS ABOUT MONEY

If you're a parent or caregiver, you probably have some experience teaching your children to do new things. You've taught them how to share with others, put on their clothes, and even make their own bed. Any potty-training veterans out there? You deserve a gold star! So why does teaching our kids about money leave so many of us parents scratching our heads? If you want to learn how to teach your kids about money, you're in the right place!

It's More Than Just Money

The truth is, money is so much more than just a medium of exchange. It's something we all have a relationship with, good or bad. Money makes us feel some big emotions like guilt, envy, fear, and shame. No wonder we want to avoid bringing all that up in front of our kids. It can be really hard, especially if you feel like you don't make the best financial decisions yourself. You don't want to pass that on to your kids, so you just avoid it. The problem is, they're learning from you whether you decide to teach them or not.

If teaching your kids about money seems overwhelming to you, we've got you covered. Here are our 5 best tips for teaching your kids about money. And (spoiler alert) it's not that hard to do. And who knows? By teaching your kids about money, you might become more financially savvy yourself.



1. Talk to your kids about money now.

Don't wait until they're "old enough to understand." According to best-selling author and financial advocate [Beth Kobliner](#), children can grasp money concepts at 3 years old, and many of their money habits are already set by age 7. Talking about money when it comes up in real life is a great way to get started.

When you're working on your budget or paying bills, include them in the process. If they're very young, they can sit on your lap or play on the floor while you're working. Once they're older, have them look at the bills with you. They need to know how much things cost, and it might help them appreciate the things they already have.

As kids grow older, include them in the larger financial decisions you need to make. You could take a cue from Linda, who decided to bring her 11-year-old daughter car shopping when it was time to replace the family car. As Linda made her decision, she talked through the process with her daughter. It was a great way to discuss their family values concerning money, and she even let her daughter weigh in on which car to buy. The great thing about this approach... teaching your kids as you go may actually help you make better choices too.

2. Help your kids understand how to budget.

Once you've started the conversation, it's time for some practice. When helping kids learn how to budget their money, [Rachel Cruze](#) suggests using 3 envelopes or jars labeled Spend, Save, and Give. Whenever your kids earn or receive money, they can practice dividing it into these three categories. Let them choose how much to put in each container, and talk with them about your family values to give them some guidance.

Another way to practice budgeting is to give kids a spending amount for an item they need to buy, like a new pair of shoes or a birthday gift. Let them compare the options available and choose the best option.



Image Source: [Dayton Mom Collective](#)

3. Practice saving money to reach a goal.

Help your child set a goal to save up enough money to buy something they want. Start with something small, like a toy. This gives them the satisfaction of saving their money and reaching their goal. Be careful not to choose a very expensive item. If it takes them too long to save enough, they could lose interest and give up.

There's a flip side to this also... don't give them unlimited amounts of money, especially when they've used up their allowance. Let them feel the (minor) pain of having to do

without something and teach them ways to cope with that. If they don't practice this while they're young, they could learn the bad habit of incurring debt. Teaching kids to live within their means now can help them avoid the massive amounts of debt so many Americans can't seem to avoid.

4. Show your kids how their money can work for them.

When your child has a fair amount of money saved up, opening a savings account is a great next step. Be sure to find one with no minimum balance requirements or maintenance fees and a high annual percentage yield (APY). They can see first-hand how their money can earn interest for them, a wonderful first lesson in passive income.



5. Make it fun!

Games and pretend play are great ways for kids to practice managing money. Pretend grocery shopping, for example, helps young kids understand how to trade money for things they need. Board games like Monopoly or Life provide some serious family fun and show kids how the world works. Even if they make some bad choices, the consequences only last until the end of the game.

Finance expert Jim Brown suggests playing “How Much Does It Cost?” Take turns naming items or services for sale and give a few price options. Let kids guess which option they think is correct.

Examples:

Box of cereal: \$0.50, \$3.50, or \$20

New basketball: \$10, \$60, or \$150

Monthly utility bill: \$15, \$300, or \$2,000

New (basic) car: \$200, \$35,000, or \$100,000

Teaching your kids about money doesn't have to be overwhelming or scary. Start today by talking about money when it comes up. Give your kids plenty of chances to manage money on their own, even if it's a small amount. By weaving important financial lessons into your daily life, you can help kids develop the skills they'll need to manage their own money as adults.



Are you looking for another way to make learning about money fun and engaging for your kids? Click [here](#) to learn more about the money club families can't stop raving about.