



HOW TO TEACH YOUR CHILDREN ABOUT FINANCIAL LITERACY

Money is Neither Good Or Bad

You want your kids to have a healthy relationship with money

- Don't fear it and what it brings
- Should not expect it to solve all of their problems
- They have heard it a million times before, but teach them that money doesn't bring happiness. Provide them with examples ("It makes me happy to spend time together with you and that doesn't cost anything!")

Help your Kids Learn Lessons When the Stakes are Low

It is important for your children to start learning about responsible spending when they are young so they have a better understanding when they are adults. The mistakes they make now will be far less costly than the ones they make later in life.

A few words about allowances:

- Start them off with a small allowance
- When they want things, have them buy it with their own money.
- Allowances should not be tied to chores - kids should help their family around the house regardless if they are given money.
- If your children ask for more money, you can give them the option to do more work that is different from their normal chores to earn more money.
- If they want something more than they can afford on their small weekly allowance, suggest to them to save a few weeks of allowance to buy it.
- Encourage them to start a savings habit by matching their savings.
- Saving is very important and should be encouraged at an early age.

TIPS & TRICKS!

Be tough with this system!

- The goal is for them to learn about spending their money correctly.
- This means don't just give them more money when they mess up.
- Talk to them about how they could have been smarter with their money
- If necessary offer them a loan with an agreed-upon interest rate.
- Remember that every mistake is a learning opportunity and it is better for mistakes to happen now when there are no "real world" consequences.

Other small tips

- Use cash-- now that most transactions are cashless, it makes the concept of money even harder to grasp.
- When you think your kids are old enough, have them help make the household budget. This will show them how much the things around them actually cost and better prepare them for a financially healthy life on their own.



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As Your Child Gets Older

As children get older, increase the amount of allowance money you give them. The increase should relate to things that you will no longer buy for them and that they buy with their allowance.

For example:

- As your children get older, you should give them more responsibility with their spending.
- Instead of buying your children school clothes, give them the money you would spend and guide them in how they should smartly spend it.
- Keep increasing the amount you give them but decrease the things that you buy for them.
- As this amount get larger, teach them how to budget their money and encourage saving for bigger purchases.
- If your child asks for more money, you can give them extra jobs around the house that are above-and-beyond their regular chores.
- If they are old enough, you can offer to lend them money (with interest if you really want them to learn about how money in the real world works).
 - This will help teach them about borrowing money on "credit".
 - Make sure to discuss how interest works and the results that may come with not paying back borrowed money.



THE MORE
YOU
LEARN

INTERACTIVE WAYS TO LEARN



Games

Here are two online games that will help teach your child about money. Look online for many others.

- Practicalmoneyskills.com has fun games that teach money management.
- Learn4good.com has business simulation games and money management games.



Take your kids shopping

- Have them help you stick to your list and ask them to help you keep track of prices as you go through the store.
- Teach them how to read price tags and compare prices to find the best deal.
- When you get to the register, have them help you count out the money.
- Try to use cash as much as you can. It helps kids see how much is being spent.



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