

# Handy Handouts®

Free informational handouts for educators, parents, and students

## Teaching Money Sense to Children

by Summer Stanley

Between technology and a lack of financial education in schools, it's easy to see why children, teens, and even many adults struggle with basic money skills. Learning these skills at a young age can prevent debt, bad credit scores, high interest rates, and more as children grow up.

According to GoodFinancialCents.com, there are four essential money skills everyone should learn as early as possible:



**1. How to make change.** Individuals who cannot easily subtract 12 from 20 in their heads are vulnerable to scams, unscrupulous people, and their own mathematical mistakes.



**2. How to balance a checkbook.** Skipping this crucial step can lead to expensive overdrafts that add up quickly.



**3. How to pay bills.** At the heart of this skill is organization—knowing when every bill is due and paying it on time, as well as holding on to records of the bills you have paid.



**4. How to create a budget.** Even financially savvy adults often lack the discipline to make and stick to a budget. Teach your children to track expenses, plan for future and unexpected expenditures, and separate “needs” from “wants,” and they’ll have a great basis for financial stability when they are on their own.



Children are never too young to start learning money skills! Financial guru Dave Ramsey offers several tips for different age groups.

### Preschoolers and kindergartners:

- Save money in a clear jar so they can watch as their savings grow.
- Set a good example by practicing healthy financial skills yourself.
- Help them take a few dollars out of their savings jar to buy something at the store. Physically removing the money and handing it over to a cashier in exchange for an item can help your child grasp the concept of things costing money.



### Elementary and middle school students:

- Teach kids about “opportunity cost”: If they buy “this” thing, they won’t have the money to buy “that” thing.
- Give commissions for completing chores, instead of allowances for doing nothing.
- Help your kids avoid impulse buys by encouraging them to wait at least a day before buying something they want.



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## Teenagers:

- Encourage teens to be content with what they have, no matter what their friends and classmates have.
- Help them set up a bank account and start saving for college expenses.
- Teach them that attending college doesn't necessarily require taking out student loans. Help them apply for scholarships early, and encourage them to work their way through school to avoid going into debt at a young age.
- Teens are bombarded with credit card offers. Teach them early on about the dangers of going into credit card debt.
- Introduce them to investing and the concept of compound interest.
- Help them find ways to make extra money during school breaks.



Teaching children and teens these essential money skills may not be easy, but it will literally pay off in the long run.

## Resources:

"4 Practical Money Skills You MUST Teach Your Children," accessed Feb. 12, 2019, from <https://www.goodfinancialcents.com/practical-money-skills-to-teach-your-children/>

"15 Ways to Teach Kids About Money," accessed Feb. 13, 2019, from <https://www.daveramsey.com/blog/how-to-teach-kids-about-money>

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