

Teaching Financial Values to Young Children

A child of age four or five may seem too young to grasp the concept of money management, but even at an early age children can see that money buys things. Any wait at a supermarket checkout line provides ample evidence of "kiddie consumerism." It is important, therefore, to begin as early as possible to help your child understand the power money can have by allowing him or her to deal with money matters directly.

Does this thought seem challenging? It doesn't need to be. The following suggestions can help solidify your child's understanding of money:

- **Include your child when you handle money.** Have your child with you when you cash your paycheck or pay bills, if possible, and when you make regular deposits to your savings account. Explain comparisons at the grocery store as you buy favorite cereals. Involve the whole family in decisions about the purchase of a new video today vs. putting the money away for a wished-for trip next summer.
- **Give your child an allowance to manage in his or her own way.** An amount received weekly, with the understanding that certain duties are part of being a family member, can help provide security and a chance to succeed or fail and, thereby, learn. Provide enough for necessary expenditures (e.g., school lunches) plus some discretionary funds. Discuss the pros and cons of different ways of using the money.
- **Provide opportunities for your child to earn extra cash for special events or personal wishes.** Talk about whims vs. wants, and give your child regular opportunities to save and, thus, to see how saving can bring more money as interest makes it grow.
- **Demonstrate the importance of giving.** It may be a tough decision to show your child the effects of poverty, but it can help teach two valuable lessons: money is important, and having money can allow you to help others.

The saying, "children live what they learn" is true not only for instilling good moral values, but also for giving a child the necessary tools for dealing successfully with money. Teaching your children the fundamentals of money *now* will help equip them with the knowledge to build a financially secure future.