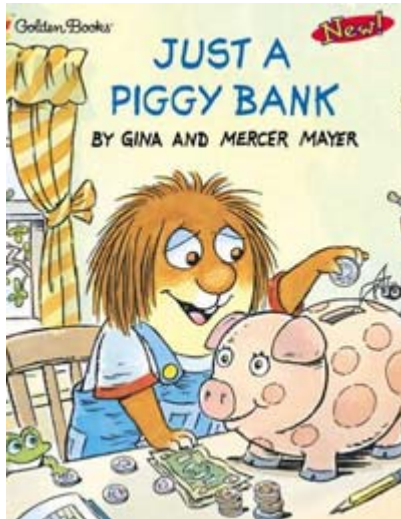


Money Lessons for Kids

Learn how to teach your children about financial responsibilities
By [Kimberly Fusaro](#) Posted May 13, 2009 from [WomansDay.com](#)

Teaching kids the value of a dollar is tricky. If you don't speak up, they'll take money for granted. But say too much, and you risk confusing, scaring or just plain boring them. So what's a money-savvy parent to do? Buck up: We asked financial guru [Kelley Keehn](#), author of [The Prosperity Factor for Kids](#), to share age-appropriate ideas to help your children make sense of dollars and cents.



Ages 5 and Younger

Start teaching your child about currency. Show him different coins and bills (it's extra-fun if you have money from other countries!). When you shop with him, make a point to pay with cash and show him how you get food, clothing and other goods in exchange for money.

Introduce the concept of spending and saving by giving your child a piggy bank that she has free reign over. Instead of putting your daughter's birthday money into a savings account, which she's too young to grasp the concept of, put it in the piggy bank, and let her choose how to spend it—on books or small toys. A clear bank will let her literally watch her savings grow (or shrink). If she wants something at the store, show her where the price tag is, then, when you get home, check her piggy bank to see if there's enough money in it.

Read children's books that broach the topic of money, spending and saving. For example: [Just a Piggy Bank](#) and [The Berenstain Bears' Trouble with Money](#).

Ages 6–10

Start assigning your children chores. If there are chores they're expected to do to contribute to the household, such as feeding the fish, make these nonnegotiable: "You must feed the fish, like Daddy must take out the trash, not for money, but because that's how a family works." Give them other chores that they can choose whether or not to do in exchange for a set amount of money: "I'll give you 25 cents next Sunday for every night you set the dinner table this week." Make it clear that you only pay up for chores that are done properly and in a timely fashion. If you ask your son to set the table once, and he doesn't, set it yourself, and remind him he won't be paid for it. To keep track of whether he's doing his chores, use our [chore chart](#).



Introduce a second piggy bank. Explain that half of her allowance will go in the first piggy bank, which will still hold money for her to spend as she sees fit, and the other half

will go into the second bank, which is for long-term savings. At the onset, think of something that will take your child a month or two to save up for, such as a trendy toy. Keep a written record of how much is in the “spend” bank, and how much more they have to earn; a thermometer-style chart is good for this. You can, at your discretion, match the funds: “Once you have \$20 in your bank, I’ll give you \$5, so you can buy that \$25 toy.”

Look for money-centric board games, such as [Money Bags](#), [Payday](#) and [Monopoly Junior](#) to increase their awareness.



Ages 11–15

Offer your children more ways to earn money in addition to their chores with tasks that aren’t regular, such as cleaning out the garage or helping you run a yard sale. Again, remind them what they’re expected to do (make their beds) and what they can opt to do for money (water the garden).

If your children want to look for more money-making opportunities—such as hosting a lemonade stand or car wash—encourage them to use their own money for their ventures or offer to match their funds: “If you want to spend \$30 making babysitting flyers, I’ll pay the \$30 fee for CPR certification.”

Take your child to the bank to open a savings account to replace his long-term savings piggy bank. If he’ll be expected to contribute to college tuition or his first car, let him know his savings goals. Discuss how his money will be divided up, say 75% in his short-term piggy bank and 25% in his savings account. Create an online account or show him the bank statements, so he can watch his savings steadily accumulate.

Ages 16 and older

Encourage your teen to get a part-time job and to continue deposit money into her savings account. In addition to traditional “teenager” jobs, like working at a retail store in the mall, she should also consider jobs that play to her skill set: A math whiz can tutor younger students or a tech-savvy teen can offer computer lessons to senior citizens.

This is also a good age to get children involved with charity work. Discuss the importance of helping the needy, and give your teen the option of donating time or money. For example, encourage him to either donate 5% of his piggy bank money to a charity or spend one afternoon a month serving food at a shelter. Let him choose a cause to support, whether it’s finding a cure for cancer or rescuing homeless animals.



Introduce the concept of credit by offering small loans for a larger purchase, like a prom dress or stereo. If your daughter wants a dress that costs \$125, for example, and has \$75 saved, offer to pay \$25, and

loan her \$25. Give her a month to pay you back, and after the first month, charge her 1% interest on the balance. Explain that if she takes too long or fails to pay you back, she'll establish bad credit and you won't offer her a loan next time.