



Introducing Basic Money Concepts: Pre-K to Second Grade

While it may seem early, helping young children understand the basics of money management and demonstrating healthy financial behaviors can give them an important head start for the future. How should you start?

- 1. Build a solid foundation.** Help your young child develop skills they'll use in many situations in their lives, like focusing on one activity at a time, listening to and following rules and directions—perhaps by playing Simon Says, and waiting for future rewards through activities like the Stanford marshmallow experiment.
- 2. Teach through play.** Kids this age love games and playing pretend. Act out everyday activities that involve money management, like working, shopping, and paying bills at home. Teach them how to use a toy cash register and “buy” items at their store. Turn a lesson about coins and paper money into a game—rewarding kids with small prizes for identifying them correctly.
- 3. Set an example.** Include your kids on your next trip to the store or the bank, and explain what you're doing and why you're taking each step.
- 4. Refer to books they love.** If a character in your kid's favorite book is saving up for something special or going shopping, talk about what is happening and if your child thinks the character is making good decisions.

It's Elementary: Teaching Kids in Grades Three Through Five

Kids this age are ready to develop primary financial habits and learn positive behaviors through everyday activities. Model and encourage good financial behavior. This is also a good time to introduce an allowance when kids complete assigned chores. Here are some tips for financial parenting at this stage:

- 1. Be their example.** Show your kids how an ATM works and explain that you can't withdraw money you don't have. Explain your grocery purchase decisions and why you use coupons. Invite them to watch you pay some bills and explain why paying them on time is important.
- 2. Let them learn through experience.** Introduce the concept of a small allowance in exchange for the successful completion of chores or assistance with a task.
- 3. Get them thinking about goals.** Once your kids have earned some allowance, start a conversation about needs versus wants and saving for long-term goals rather than spending earned money right away. Help kids come up with short-term savings goals, like for a toy that caught their attention, and long-term goals for something more expensive or meaningful—like a bike or a pet.
- 4. Captivate them with compound interest.** Ask them what's better: a million dollars today or one penny doubled every day for a month? Then amaze them with the answer—the penny,

which becomes \$5,368,709.12! Then, help them open a savings, investment, or college fund account so they can watch their money grow over time.

Talking to Tweens: Grades Six Through Eight

Financial parenting your middle-schooler means more emphasis on experiential learning and guidance to navigate the challenges of peer pressure, impulse spending, and determining needs versus wants. What can you do?

1. Let their voice be heard. Include tweens in some family purchasing decisions, letting them observe your decision-making process and asking for their input. Adventurous tweens might even be willing to help you plan family parties, outings, or vacations—with guidance.
2. Make the work-wealth connection. On top of an allowance, offer extra money for household chores, or even consider letting your kid take on a small job, if they seem ready—like babysitting or dog-walking for neighbors. If your tween shows an entrepreneurial spark, encourage it.
3. Encourage big-picture thinking. As they begin to earn more money, your tween can consider more significant future goals, like buying a car, saving for college, or traveling somewhere new. Once your tween has identified a goal, help them make a plan to save for it.
4. Introduce some financial tools. Visit your financial institution's website and show your tween the different kinds of accounts available and how you use mobile and online banking. Explain how checking accounts and debit cards work.

Supporting Teens' Smart Financial Decisions: Grades Nine Through 12

Most teens prefer to learn by doing instead of being told what to do, but they still need your advice and guidance. How can you help your teen build a solid financial foundation?

1. Assess their natural tendencies. Give your teen a little freedom to make some financial decisions. Then, use a simple budget worksheet to show which choices were good and which were not so good, based on whatever money they're bringing in from an allowance, a part-time job, or holidays/birthdays. This process can give you an idea of whether your teen is a natural saver, spender, or over-spender.
2. Help them open an account. Put them in charge of managing and monitoring a simple checking account under your supervision. Guide them through making deposits, checking their balance, and reviewing their transactions.
3. Consider credit. Depending on your teen's maturity level and how much responsibility they've shown, a co-signed credit card could give them an adult financial tool to be used under your supervision and guidance. Not only will this help them build credit, but it can also impart key lessons about the importance of making timely payments and the extra expense if they don't.

4. Take advantage of teachable moments. Explain your teen's part-time job pay stub. Guide them through the college financial aid and loan application processes, and discuss how they and you plan to fund their higher education. Consider having them contribute to or cover certain expenses, like their phone bill and gas for their car, and guide them through the payment process, reminding them of their responsibility each month.

Coaching College Students and Young Adults

Your freshly minted adults will likely need—and want—your advice and shared experiences as they start to navigate the real world on their own. Support them with this guidance:

1. Live by a budget. Advise your grown-up kids to think in terms of three-month periods, listing all of their expected and possible expenses. Encourage them to track expenses, then review them together to learn what's working, what isn't, and how they can adjust. Encourage good habits, like saving 20% of their gross monthly income.
2. Invest in your goals. Suggest that they start with short-term goals, like buying a car, and then work on longer-term goals, like buying a house. Talk to them about how saving and investing can help them achieve this exciting prospect. Review various investment tools and reintroduce the power of compound investing over time. If they're getting ready for full-time employment, it's also a good time to talk about IRAs, 401(k)s, and HSAs.
3. Understand the importance of insurance. Use a car purchase, apartment rental, or a doctor's appointment as your opening to show your young adult how big expenses can be reduced with insurance. Help them comparison shop to find the best rates.
4. Be resourceful. Encourage your young adult to consider budget-friendly ways to have fun, when to buy used versus new, and how to save money with coupons, discounts, group rates, and more. Suggest that they look for additional grants and scholarships to help fund their education. Give them advice on avoiding potential scams and untrustworthy individuals that could get them in financial trouble.