

Money Wise Children: Learning By Doing

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The guidelines used to teach children about money vary depending on age.

Children grow and learn at different rates. It will be frustrating to both the parent and children if parents try to teach money skills or concepts too early. What follows are some general developmental guidelines to use in teaching children about money. These are general guidelines. Some children will be ready sooner and some later depending on their experience and maturity.

Preschoolers (Ages 3-5)

Where Children This Age Are

Think the larger coin is worth more. Use concrete thinking so they're more excited about spending than saving. Easier to see results when money is spent, not when it is saved. Have a short attention span and little concept of time, space and numbers. Realize money can be exchanged for items in a store but the actual value of money is not apparent to them until several years after they can count.

Learning Activities

- Talk about each coin. Do rubbings or clay impressions.
- Give them 50 cents in coins at the store and let them choose one treat (with guidance from a parent) and pay for it themselves.
- Have them count items as they are put into the cart at the store.
- Play “store” at home to help them learn about each coin.
- Save money in clear containers so they can see it increasing.
- Make a savings bank and save for an inexpensive item (i.e. box of crayons).
- Treasure hunt for coins in a room at home. Sort into like piles and count.

- Give the child 5 pennies and one nickel. To show they are worth the same amount, have her “buy” five animal crackers together with a nickel or singly with a penny each.
- Point out ads on television. Sometimes children don't know when a show ends and the commercial begins.
- Play counting games with pennies, nickels and dimes.
- Rent a movie and have the child return it.
- Read stories about using money.
- Help the child find ways to give gifts with little or no cost (ie. give a backrub, play a game, dust, fold clothes, visit someone, take a walk together).
- Make a savings chart. The child can color in or put stickers on as they make progress towards an amount they need to save.

Early Elementary (Ages 5-7)

Where Children This Age Are

Attention span still short. Making choices is difficult. Money means more to them now but they may be careless in handling it. May not be able to name all bills and coins correctly.

Learning Activities

- Open savings account with them at a bank or credit union.
- Tour a credit union or bank and learn about how money is kept safe.
- Help recycle aluminum cans and take to the recycler to earn money.
- Take their own lunch money to school.
- Clip coupons with a parent. Put the amount saved in their savings account.
- Play “store” to help children recognize and count coins.
- Give their allowance in various coin amounts so they can split it up into savings, sharing and spending.

- Keep a giveaway box in their room for out-grown clothing, toys and books. Take children along when items are donated.
- Give them a certain amount of money at the fair or theme park. Once it's spent, that's all the money they get for the day.
- Tell them why it's important to get and save receipts.

Late Elementary (Ages 7-10)

Where Children This Age Are

Unrealistic about what money will buy. Nine-year-olds can postpone satisfaction of buying something about one week. Can count coins and convert them into dollars.

Learning Activities

- Open a saving account with them if not already done so.
- When a savings account statement is received, show how interest accumulates on the account.
- Read ads and clip coupons prior to shopping.
- Plan to buy an item at the store.
- Give the child \$10 to buy lunch for himself and a friend.
- Children can begin to help with check writing and bill paying. They can learn to fill out everything on the check except the signature.
- Challenge them to buy a box of cereal for the family for less than a certain amount.
- Learn about unit pricing, taste testing and looking for the best value.
- Make a spending plan listing expenses for items spent each week and income received by the child.
- When the parent uses a credit card or ATM card, explain how it works.
- Have them make a "wants and needs" list or poster.

Middle School (Ages 10-14)

Where Youth This Age Are

Ready to plan longer-term spending and savings. May look to their peers for leadership and approval. May try to buy friendship with treats if they feel left out of a group. May be able to assume more responsibility. Can take on more demanding tasks for pay.

Learning Activities

- Open a checking account with them.
- Give them an imaginary budget to buy a wardrobe from a catalog or store.
- Plan a take-out dinner within a budget for the family.
- Keep records of expenditures.

- Continue budgeting for items. Help them set spending limits by listing their needs in order of importance.
- Do family grocery shopping together. Later let them do it on their own.
- Discuss how to buy stocks, bonds and explain compound interest.
- Allow them to borrow from the parent but have a repayment plan including interest for a realistic experience using credit.
- Complete a family savings activity where all jobs done by members of the family are listed, what it would cost to have someone else do those jobs, the actual cost when a family member does the jobs, and the savings for the family (ex: if someone else cuts their hair, it costs \$12. If Mom cuts their hair, it costs her time and the family saves \$12 once the hair-cutting supplies and tools are paid for.)
- Let them begin to make decisions about their clothing (style, color, fabrics, etc.).
- Plan gifts for birthdays and other occasions as one way to help them see that sharing can be one of the goals of saving.
- Help them buy a certificate of deposit or a mutual fund share for college savings.

High School (Ages 14-18)

Where Youth This Age Are

Great changes are occurring in their lives sometimes marked by turmoil and an inner conflict. They need for freedom yet a desire safety and security. Want to be independent but usually financially dependent. Have a great desire to be with the "in" group — to have what the group has, go where the group goes, dress like the group dresses, etc.

Learning Activities

- Comparison shop for clothing or other major purchases for the family.
- Show them how to keep records of income if they have to file state and federal tax returns (based upon the amount earned, not their age).
- Help them to buy stocks and track a company's profits/losses.
- Open a checking account if haven't already. Add an ATM card.
- Understand the difference between using cash versus credit.
- Understand the difference between using a credit versus a debit card.
- Do the family grocery shopping.
- Call financial institutions for savings and investment information.
- Get information on financing a car or college costs.
- Figure miles-per-gallon for a vehicle.
- Set aside money from a job for long-term goals such as a car or education.

- Discuss family finances and records with them.
- Return an unsatisfactory purchase or write a letter of complaint.
- Explore career options.

Resource Used

Walker, D. (1993). *Money Wise: Helping Children Learn to Manage Money*. C-731, Kansas State University Cooperative Extension Service.

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