



In these crazy times as, we move closer and closer to a cashless society it becomes more important now to take the time to teach your children about money. There're very few trips to the canteen, or down to the milk bar anymore were you can budget, choose multiple items and hand over real money. For kids a tap of a card feels like absolutely nothing so it is important to help them understand when learning opportunities arise. Below are some helpful and fun opportunities to support your children in understanding money better at home.

Ages 3-5

The Lesson: You may have to wait to buy something you want.

This is a hard concept for people to learn of all ages. However, the ability to delay gratification can also predict how successful one will be as a grown-up. Kids at this age need to learn that if they really want something, they should wait and save to buy it. Money lessons at this age set the tone for later on. You really can't start too early.

Activities For Ages 3 To 6

- 1. When your child is waiting in line, say, to go on the swings, discuss how important it is to learn to wait for what he or she wants.*
- 2. Create three jars – each labeled “Saving,” “Spending” or “Sharing.” Every time your child receives money, whether for doing chores or from a birthday, divide the money equally among the jars. Have him or her use the spending jar for small purchases, like candy or stickers. Money in the sharing jar can go to someone you know who needs it or be used to donate to a friend’s cause. The saving jar should be for more expensive items.*
- 3. Have your child set a goal, such as to buy a toy. Make sure it’s not so pricey that they won’t be able to afford it for months.*

Every time your child adds money to the savings jar, help them count up how much they have, talk with them about how much they need to reach their goal, and when they will reach it.

Ages 6-10

The Lesson: You need to make choices about how to spend money.

At this age, it's important to explain to your child, Money is limited and it's important to make wise choices, because once you spend the money you have, you don't have more to spend.

Activities For Ages 6 To 10

- 1. Include your child in some financial decisions. For instance, explain, “The reason I chose the generic grape juice rather than the brand name is that it costs 50 cents less and tastes the same to me.” Or talk about deals, such as buying everyday staples like paper towels in bulk to get a cheaper per-item price.*

2. Give your child some money in a supermarket and have her make choices about what fruit to buy, within the parameters of what you need, to give them the experience of making choices with money.

3. When you're shopping, talk aloud about how you're making your financial decisions as a grown-up, asking questions like, "Is this something we really, really need? Or can we skip it this week since we're going out to dinner?" "Can I borrow it?" "Would it cost less somewhere else? Could we go to discount store and get two of these instead of one?"

Ages 11-13

The Lesson: The sooner you save, the faster your money can grow from compound interest.

At this age, you can shift from the idea of saving for short-term goals to long-term goals. Introduce the concept of compound interest, when you earn interest both on your savings as well as on past interest from your savings.

Activities For Ages 11 To 13

1. Describe compound interest using specific numbers, because research shows this is more effective than trying to just vaguely describe. Explain, "If you set aside \$100 every year starting at age 14, you'd have \$23,000 by age 65, but if you start at age 35, you'll only have \$7,000 by age 65."

2. Have your child do some compound interest calculations on [Investor.gov](https://www.investor.gov). Here, they can see how much money they'll earn if they invests a certain amount and it grows by a certain interest rate. A super read for everyone about how a man used compound interest to his advantage.

3. Have your child set a longer-term goal for something more expensive than the toys she may have been saving for. "Those sorts of tradeoffs, called opportunity costs — what are the things you're giving up to save money — is a very useful thing to talk about. At this age, kids are trying to not save because they want to buy stuff, but thinking of what long-term goals are and what they're having to give up shows that it's a good decision," For example, if your child has a habit of buying a snack after school every day, she may decide she'd rather put that money toward an iPod.