

Money Management for Kids

As parents, carers and teachers, we can all agree that we want nothing but the best for our little ones. Equipping them with the skills that will set them up for everyday life is something we all worry about getting 'right'.

Teaching our children how to budget, spend and save can help them to understand and appreciate the value of money from a young age. Similarly, these skills will enable them to build savings accounts, set and reach their financial goals successfully and prevent them from accumulating unnecessary debt.

I believe providing children with these skills as early as possible will have a long-lasting positive impact and the earlier they acquire these skills, the better prepared they will be.

Now, on such a taboo subject, I guess the question is where do you start?

Don't worry, I have got you covered. Throughout this guide, you will learn how to introduce the value of money to your child whilst they themselves develop the habit of saving.

Why should you teach your kids about money?

Studies have found that money habits in children are formed by the time they're 7 years old. Scary, right? From the age of 3, your child will have most likely started to develop the basic concepts of money such as exchange, choices and value. Once they reach the age of 7, they would have started to develop a deeper understanding of numbers and began learning about money at school. During their time at school children will begin to learn the difference between wants and needs. However, most children learn from 'doing' (practical learner) rather than being 'told' what to do. Therefore, introducing basic habits at home will help your children to develop a good understanding of how to manage money effectively.

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How to introduce money at home?

Ensuring your child can physically see and handle the money is key here. Hiding money away in a piggy bank or keeping the savings in a bank is a very 'abstract' concept to children. In other words, the money doesn't seem 'real'.

Introducing the Jar system where the money can be seen and easily accessed is a great way to teach your children how to manage their money whilst also developing their ability to save and delay gratification (spending).

What is the Jar System?

The Jar system teaches you children the 3 key aspects of money management: saving, sharing/giving and spending.

Label each jar with one the either 'saving', 'sharing/giving' or 'spending'.

Unfortunately for many of us, what we want is not handed to us on a plate.

Ensure you have discussed with your children beforehand what each jar means and the impact of each.

Examples:

- If you spend all your money, you can buy what you want now.
- If you spend some of your money but save some, you can treat yourself and plan to use that remaining money at a later date.
- If you decide to share some of your money, you will be able to help someone else. will allow you to help others. – This will develop your child's sense of purpose.

For this strategy to be most effective, children should be given a small task to complete around the house. This may be a weekly task completed on the weekend. This is to teach children the importance of working for what you want. Once the task is completed to required standard, the children will receive their reward – MONEY!

Examples of tasks:

- Loading the dish washer.
- Vacuuming
- Wiping the tables
- Setting the table/cutlery for dinner
- Folding clothes.

Of course, these tasks will vary depending on their age. However, the chore does not need to be exhausting. Remember the purpose of this activity is to teach your children that in life, we have to work for what we want.

Let the games begin!

Decisions, decisions, decisions.

Now, this is where the fun begins.

Your child will decide for themselves how they wish to handle the money they have earned. They can decide how much they wish to save, share/give or spend. Physically placing the correct amount of money within each jar will help to develop your children's ability to recognise and understand whether they have enough money or if they need more.

In addition, this fun, simple and practical activity will not only give your children practical basic number knowledge using the 4 operations (addition, subtraction, division and multiplication) but also introduce other mathematical concepts such as percentages, fractions and ratios – when appropriate.

Spending Jar

Once your child has decided on how much they wish to spend, they can now decide how they wish to spend it. However, once the money has gone, IT HAS GONE.

So, little ones, remember to take your purse or wallet out with you, otherwise, you won't have any spending money for your shopping trip

Sharing/Giving Jar

This jar is the most purposeful and overtime will have the most positive effect not just on your child but on others too. The giving jar is the money your child wishes to use to help others with. They may do this by giving to charity, such as giving to a church or donating to a cause or person. Similarly, they may wish to use their 'share/giving' money to buy toys or gifts to donate to others for example: a Christmas donation box.

Saving Jar

This is the money your child has chosen to save and agreed they will not dip into. Once this jar is full, you may wish to your child to the bank – with the jar- to then deposit their savings into the bank.

You use this trip to introduce discussions about what is the bank, how it work and the difference between having 'cash' and having money in the bank, which you may spend using a debit card.

As you can see, this simple activity is a great way to get your children talking about money. I know this can often be a topic which is not discussed around children as it frowned upon. Plus, we often believe children are too young, and money and finances is non of their concern. However, now you can introduce your children to the basic concepts of money through a fun, engaging and practical family affair activity.

Your child is now on their way to developing their financial literacy!

Additional activity.

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You may also use this activity as a way to introduce goal setting with your children.

- How much do they want to save?
- How long will it take them?
- How much money will they earn a month?
- How much will they save monthly?
- Reflect on their spending habits.

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