**4 Priceless Money Lessons for Kids**

*Financial literacy is a gift that lasts a lifetime.*

Financial tradeoffs, interest rates and the importance of having an emergency fund: Our current economic circumstances are full of teachable moments we can and should share with our children. After all, they’re probably not learning these topics in school. Only 1 in 6 students will be required to take a personal finance course before earning a high school diploma, according to nonprofit Next Gen Personal Finance.

That’s why we’re equipping you with money tips and topics to discuss with the children in your life, plus independent study materials (ahem, videos and games) that will hold kids’ attention while teaching them money management. Keep reading to get to the head of the class.

**Being in charge of the budget**

Are your children constantly asking you for money? One Florida father found a way to nip that in the bud: He had his teen and preteen sign a contract stating what expenses he would pay for, then gave them a set amount of money to spend each month for clothing, cellphone bill and extras. “My son’s hard lesson came when his friend pushed him into a pool along with his cellphone. He learned why it’s important to build a reserve for unexpected expenses,” the father said. Giving your kids a paycheck allows them the chance to make financial decisions – and experience the consequences firsthand.

**The economics of higher ed**

We’ve all asked a kid, “What do you want to be when you grow up?” Instead ask what their interests are, and help them explore how they might be applied in a future career. This teaches them adaptability, something of value in a changing economic landscape.

As they get closer to making a decision about whether to attend college or trade school, help them think through the costs and benefits. Junior Achievement’s Access Your Future app can help them crunch the numbers. And if you have a child already attending college, know that timing is everything. Yale researchers have found that graduating from college in a bad economy has a lasting negative impact on wages – and many students are considering gap years and grad school because of this.

**The roots of retirement**

Raise your hand if you want to raise a child who will hit the ground running when it comes to saving for retirement. Personal finance experts say we should let our children know that retirement is the biggest expense they’ll ever save for, and it’s important to start early. To help them understand the value of compounding, help them open a savings account (or guardian-type brokerage account) where they can experience the power of this phenomenon for themselves.

**Extra credit knowledge**

When you’re young and don’t have much money, it’s easy to rely too much on credit and jeopardize your financial future. Help your child understand the importance of a good credit score, and explain how you keep yours up. Share stories about how you financed your first car or house, and explain in concrete terms how the interest rate affected the overall purchase price. Finally, consider adding your teen as an authorized user on your credit card and teaching them how to read a statement and pay the balance in full each month.

**Homeschool resources**

For teens:

* Search [ngpf.org/arcade](https://www.ngpf.org/arcade/) for web-based games like “Money Magic,” “Payback,” “Stax” and “Credit Clash”

For younger kids:

* Schoolhouse Rock! vintage videos like “Budget” and “Dollars and Sense”
* [Cha-chingusa.org](https://www.cha-chingusa.org/) offers Money Smart Kids videos like “Do it Passionately” and “Saving for Success”

In giving your child the gift of financial literacy, you’re helping set them up for a brighter future. Through a purposeful approach, we can all do our part to raise the next generation of resourceful citizens.

**Next steps**

* Have family or friends share stories of how they thrived during a recession or found creative ways to stretch a budget.
* Consider helping your child get started with investing, keeping in mind their investments will change calculations for college aid.
* Introduce your family members – even the younger ones – to your advisor, who can act as a teacher’s aide for financial literacy.

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