

Fun Ways to Teach Kids About Money

By Rhonda Sweeney



As I meet with perspective clients, it becomes ever so clear that many of us, were not modeled healthy money habits. As I work with my families, I thought, we really need to address these healthy spending habits while folks are developing the rest of their life skills. Developing healthy money habits teaching your kids the benefit of saving and delayed gratification is a very important part of financial security. The main concept of putting aside a want now so that we have something for later will lay a great foundation for your child to build on.

There are many ways to show this. Two methods are what I call the cost method and the reward method. The cost method of money handling is looking at how much having this item now will cost you. For example, you want a bike now that costs \$100. You only have \$25 but Dad is willing to loan you the other \$75 but with “cost” of 5% (could be 5% interest rate, 5% more chores, a missed activity, lose time on game, ect). Additionally, point out what child could be doing with time or money instead (additionally a cost). I refer to this is the cause-and-effect principle. Placing a value on the money or time you “could have spent” is a concept to introduce at a young age to really get children thinking beyond immediate desire and really thinking things through. Planting a seed that you can build on later on.

With the reward method, you will need to have a list of your child’s wants and the cost of each item. It is good for them to research items and shop for a price. It will get them thinking about sale prices, picking just three wants is hard. You could break this task down over several days. Finding lots of wants on day one, looking up prices then next, then narrowing down to realistic list that child could save for. I would use bins and have them tape the picture with price and put a goal purchase date. Next help them figure out a suggested weekly amount to put in each bin or envelope to get the item buy the date they chose. As the child does the chore, they get a sticker and when the chart is done for the week, the child gets their money but they put the money in a bin for each item. They can choose to put it all in one bin, split amount all the bins or keep some for spending. For example, child wants a bike, a new game and go on a trip to a zoo. The bike is \$250, the game is \$75 and the trip to the zoo is \$350 per person. You have offered to pay \$200 for the trip but each child must pay \$150 if they want to go. The child has earned \$25 for additional weekly chores, and walked the neighbor’s dog this week for an additional \$50 so your child has \$75. They choose to put \$25 toward the trip, \$15 toward the bike and \$10 toward the game and keep out \$25 for weekly spending. Explain that goals change. For example, the item might go on sale or perhaps they find the game used from a friend. Among money handling, it also teaches your child to keep their eye on the prize and not to be distracted by all the other things. Goals change and that is okay. We adjust goals and move on! More great seeds to build on.

Both methods help your children learn the importance of waiting and delayed gratification, researching cost, and looking for deals. There are non-monetary ways to introduce these concepts as well. It might be not eating all the candies or fruit so they have some to share (which has it’s own good feel rewards) or to save for when needed. There are a lot of great books out there that can reiterate these concepts. [Here](#) is a link to a website that has some great books listed with descriptions and links to buy the book.

I encourage letting children help with writing the family budget, let them see you putting money aside for a home repair, a family trip or whatever you have going on. I often will put families on an envelope system when they first start working with a budget. It is easy to see where all the money needs to go and if I am \$5 under here but \$10 short there...what am I willing to go without to pay this bill? A concept today’s buy now, pay later society just does not give much thought to. Most importantly, as you are sharing healthy money habits-

have fun! Helping children learn that budgeting is a necessary part of life in order to achieve all their hopes and dreams doesn't necessarily have to be a chore.

Some More Fun Things You Can Do With Your kids This Summer To Teach Them Good Money Habits Include:

- ✓ **Playing Grocery Store:** You can buy the play food or cut out food pictures from the newspaper or print food pictures from the internet. Better yet, put out real food items with price stickers. You can prepare a Shopping list and make a store for them to buy items for the days dinner. Give each child a budget and the one who comes closest wins a prize. Older kids can search the web for prices of items or shop the weekly sale flyer and make a weekly menu while sticking to a budget.
- ✓ **Candy shopping budget:** Give a child a set amount of money to spend on candy. Let them decide whether to spend their budget on one large item or buy several smaller pieces of candy.
- ✓ **Save/spend/give jars or envelopes:** You can use beads, play money, or colored rocks. Tell the kids that these items represent money. Have them label jars or envelopes as different expenses or things they want. Keep it simple for younger kids. Make them put the right amount into jars for needs, then savings. Then let them add the remainder into the fun money jar. For older children use it as an opportunity to teach them about credit and interest with "borrowing"
- ✓ **Budget for a special event:** If you have a family day out coming up, put your child in control of the budget. Check they've included the cost of parking, gas and meals. If you're saving for a vacation, get them all involved. Tell them how much you've saved and what else you need to budget for. See if they can come up with ways to make some extra money to help reach your savings goal. You could assign them each a part of the trip or have them each plan a trip and then discuss each trip and incorporate items from everyone's plan in your family trip. Getting them involved with the decision making will make them look forward to the trip.
- ✓ **Budget worksheet or spreadsheet:** To teach your kids how to change their budget and add something unexpected. Put some scenarios on pieces of paper—a bonus at work, job loss, or buying a car—and get your child to draw one. Help them see where to cut back and what to do with an unexpected income or expense. Or use a budget worksheet to spend an "allowance" is a great way to teach kids about budgeting. Each week during the summer they'll have a set amount of money to work with. They decide where it goes and how best to make it last. For older kids, a monthly allowance will help them learn to stretch their budget for longer periods. You could start with fake allowances but then convert to the real money when they seem to really understand the concept. If you decide to pay your kids for doing extra chores, they'll be able to boost their earnings. It'll help them grasp the relationship between work and money too. [Here](#) is a great tool from the Economic Policy Institute to help learn about cost of living for a household if you want to discuss household expenses.



Learning about money doesn't have to be a chore! Playing house, monopoly or even poker all teach kids the cost and value of things. Learning that and delayed gratification at the earliest of ages will get your child a head start at looking for real life solutions!

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