



For Release: October - December 2006

Teaching Kids About Managing Money

According to all of the evidence, we are not doing a very good job at preparing the next generation to manage their personal finances. A survey done by the University of Minnesota Extension reported that 47 percent of youth say that their parents rarely or never discuss household budgeting with them. In the most recent Personal Financial Literacy survey done by the Jump \$tart Coalition, 5,000 high school seniors in 37 states scored a dismal 52.4 percent on questions about knowledge of personal finances.

When is the right time to begin teaching children about financial matters? According to the experts, children as young as two or three years of age can begin to understand the basics of spending and saving. They can understand that money is a medium of exchange, has value and can be exchanged for things they need and want.

At this age, children should also begin to understand that saving can get them what they want and need. Because a child's attention span is very short at this age, the savings goal should be for something immediate. Having to wait too long to reach a savings goal will only make the child feel that saving is a hopeless endeavor. They can, however, successfully save for a small toy or other item they want.

- more -

FAMILY AND CONSUMER SCIENCES

Michigan State University • 240 Agriculture Hall • East Lansing, MI • 48824-1039
517.353.9102 • FAX: 517.353.4846 • <http://www.fcs.msue.msu.edu>



Family and Consumer Sciences (FCS) program staff at MSU Extension can answer questions or help you learn more about money management, parent, food, nutrition and health issues. MSU Extension educators integrate university and community resources to provide tools that help families succeed. For more information on FCS programs in Michigan, call your county MSU Extension office. Check the government pages of your phone book for contact information.

Michigan State University Extension programs and materials are open to all without regard to race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, marital status, or family status. Michigan State University, U.S. Department of Agriculture and counties cooperating. MSU is an affirmative-action, equal-opportunity institution.

Children of school age often have a significant amount of money from gifts, pay for completion of household chores or an allowance to manage. It is important for parents to help them set spending and savings goals. Parents should help the elementary-school-age child set up a savings account at a bank or credit union and encourage regular saving. Parents should also include kids in family discussions about household budgeting and vacation planning. Take kids on shopping trips and share your thoughts as you compare prices and quality when making spending decisions. Let them know that you sometimes say no to yourself about a purchase you cannot afford.

Adolescents are under a great deal of pressure from their peers to be a part of the “in” group, and more often than not that means spending. Help teens begin to think carefully about spending within their means and understanding the difference between needs and wants.

Lastly, be a good role model. Children will not learn to treat money with respect if they do not see the behavior modeled for them by the adults in their life. Take the time to help them understand these important concepts. They will then be able to use them every day in their adult lives. Teaching children about money is one of the greatest gifts you can give them.

###

Submitted by Linda Huyck, Extension Educator, Gratiot County Michigan State University

References:

Youth and Money, University of Minnesota Extension,

<http://www.extension.umn.edu/Youth&Money/>

Parent Smarts: Credit Information Series for Parents, University of Illinois Extension,

<http://www.ace.uiuc.edu/cfe/credit/parentsmares/>

Thrive by 5; Teaching Your Preschooler About Spending and Saving, Credit Union National

Association, http://www.creditunion.coop/pre_k/