

# Teaching Kids About Money in a Plastic World

Teaching kids about money has changed. Since cash has mostly been replaced by debit and credit cards, the lessons you learned at home growing up are harder to teach.

Online bill pay and mobile banking make financial transactions look the same to our kids as posting to social media. It's all on our phones. Even donating to church and charity has gone electronic.

One thing that hasn't changed is that fact that helping children understand money is a lifelong lesson. These tips can help you.

## Model Good Financial Habits

Whether you talk to your kids or not about your spending decisions, your behavior is teaching them a lot.

- Do you talk about your budget or monthly bills as they get paid?
- Explain how debit cards work while you swipe them to pay at the gas station or grocery store.
- Show your kids that you volunteer or donate to charity or put gifts in the offering plate at church.
- Do you and your spouse stress about bills or unplanned expenses?
- Talk about your savings goals and why it's smart to have money in the bank for unplanned expenses.

It's okay to make mistakes and talk about them as a family. What you do—and don't do—with your money makes an impression on your children.

## Teach Share/Save/Spend at Every Age

From a very early age, teach your children about the three things they can do with money: share it with your church, favorite charity and other good causes, save it for future goals, or spend it. As a family, decide what percentage of each dollar to allot to each category and stick to it. You might share 10 percent, save 15 percent and spend the rest.

## Put Your Child to Work

Some parents give their kids an allowance and some parents do not. There's no correct approach to giving your kids money to spend. If you do give an allowance, do your kids need to earn the money by doing chores? Consider creating "job cards" with household chores. Your children pick a chore, and once it's completed, they earn a certain amount.

## Money Lessons for Kids Under 5

At this age, keep the money messages simple, and repeat them often.

- Show coins and dollars and talk about their value.
- Set a tone for delayed gratification by purposely waiting to buy something your child wants. Talk about the importance of making sure you really need to spend money on that item.
- Introduce the concept of share/save/spend (see above) in very simple terms at this age. For example, putting coins in three jars will help small children visualize the options.
- Kids are never too young to learn about generosity. Look for ways to involve them in family donations, such as coins or canned goods at church or community events.

## Money Lessons for Kids 6-10

As kids grow, they are ready for money conversations that inform and challenge.

- Look for ways to show children that once they spend the money, it is gone. This lesson can be challenging with online purchases and the quick swipe of a credit card at the check-out. Pay with cash when you can to help kids truly see the money go away.
- Include your kids in decisions at the grocery store. Should you buy the name brand or save money for the family by choosing the store brand? Welcome kids' questions.
- Once your children are sharing, saving and spending, have them open their own savings account and begin setting goals. Help them visualize goals by drawing a picture or writing a list.
- Talk openly about paying bills or what payday makes possible for your family. Casual conversations over time will help kids absorb unfamiliar terms, such as 401(k), interest rates, checking account balance and other words they might not hear otherwise.
- Volunteer as a family when possible. You simply cannot put a price tag on good habits instilled during childhood.

## Teaching Tweens and Teens About Money

Kids at this age may become more independent, but they still look to you for guidance. Whether they can admit that is a different conversation.

- Continue to look for ways to use cash. Money as a tangible tool rather than a vague concept is a lifelong lesson.
- What is going right as your tweens or teens learn to set goals, and which lessons need work?
- Encourage kids to write down their commitment to save and put it somewhere visible. This will help them stay focused on their goals, even with the smallest purchases.
- Start having what will likely be many conversations about college or technical school. Comparing colleges and their respective costs will take time. Learn together about financial aid and potential scholarships.
- You may decide to use a debit card to teach responsible spending habits to teens. A small balance will help them learn about managing wants and needs.