



How to Teach Kids About Money:

An Age-by-Age Guide

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Introduction

Understanding how to handle money is an essential life skill, up there with brushing your teeth, driving a car, swimming, and figuring out the internet. However, schools don't always teach financial literacy to kids alongside reading, writing, and arithmetic.

Most often, children learn about money at home. They observe how their parents earn money, buy things, pay bills, and make financial decisions. Parents can also teach their children about money-earning and -saving habits by having them put spare change into a piggy bank or having them do chores around the house to earn an allowance.

As your children's most important teacher, it's your responsibility to teach them about money and finances as they grow. This guide offers suggestions on how to talk to your kids at any age about money so they have a strong financial foundation that will benefit them as they grow up.



Toddlers

It's never too early to begin teaching kids about money—and you can start with the coins in your pocket. Start with telling your children the names of coins and how much each is worth. Trace the shapes and sizes of coins with them, and encourage them to separate coins by type (e.g., “Let’s put all the pennies over here and the quarters over there”). They might not understand the value behind each coin, but they will begin to understand that money is important and can be fun. (Of course, supervise toddlers with coins, so they don’t put any in their mouths.)

You’ll need to provide the coins, but a first piggy bank at this age can be your toddler’s first experience with saving. A transparent bank, perhaps with separate sections for each coin, offers a fun way for kids to see their money in action.

This age is also a good time for you to start saving on behalf of your children. Open a savings account for them. Start a college fund. Deposit monetary gifts from friends and relatives so they will start earning interest. When they get older, they’ll discover how you saved for them at a young age—and maybe apply those habits when they have their own kids.



Financial Lessons at a Glance

- ✓ Play counting games.
- ✓ Work with them to identify coins.
- ✓ Give them a piggy bank.
- ✓ Open a savings account for your child.

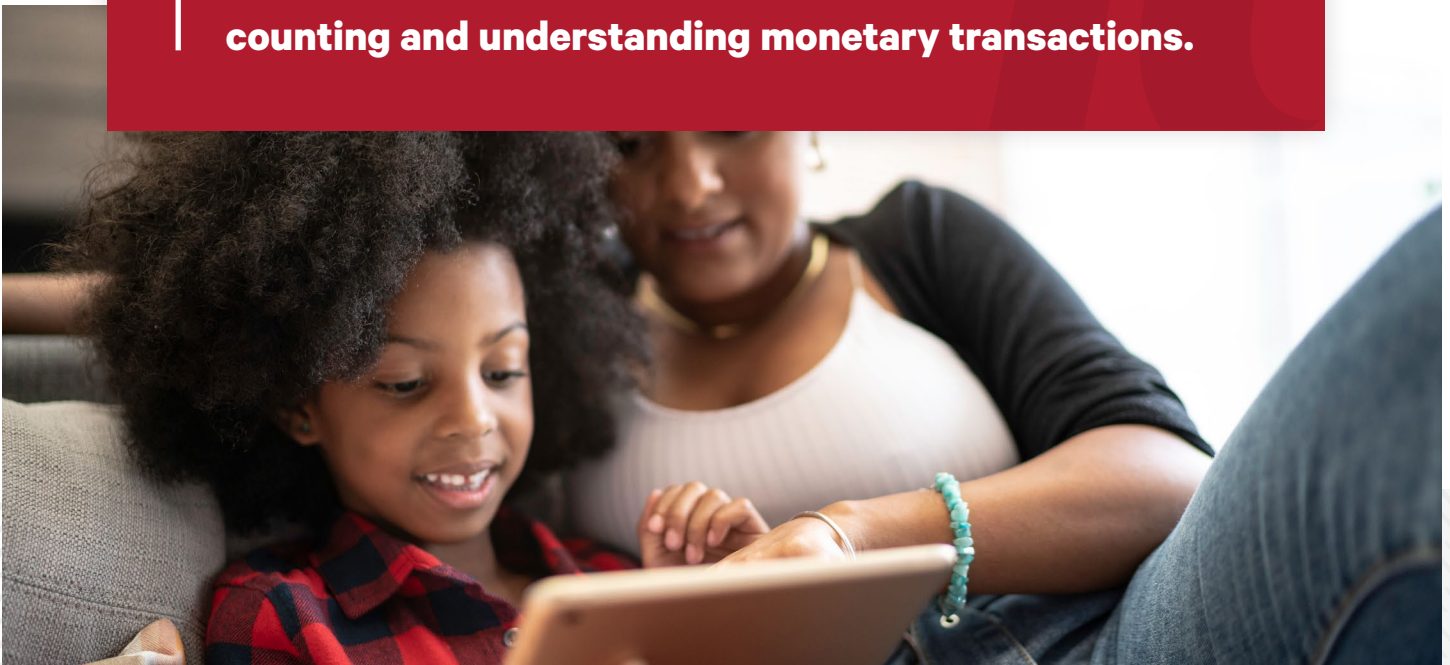


Preschool and Kindergarten

When kids start learning how to count, they're ready to learn basic concepts of exchanging money for things. Expand the coin game for toddlers to count out pennies, nickels, dimes, quarters, and paper bills.

By this age, kids have seen you buy things at the supermarket or department store. Toy cash registers make a great gift; they not only drive kids' imaginations at this age but also help with counting and understanding monetary transactions. Let your child pretend they're the store and you're the shopper, and "buy" things from around the house, with the prices set by the kid. Then switch roles so that they get an early idea of what it's like to be a consumer.

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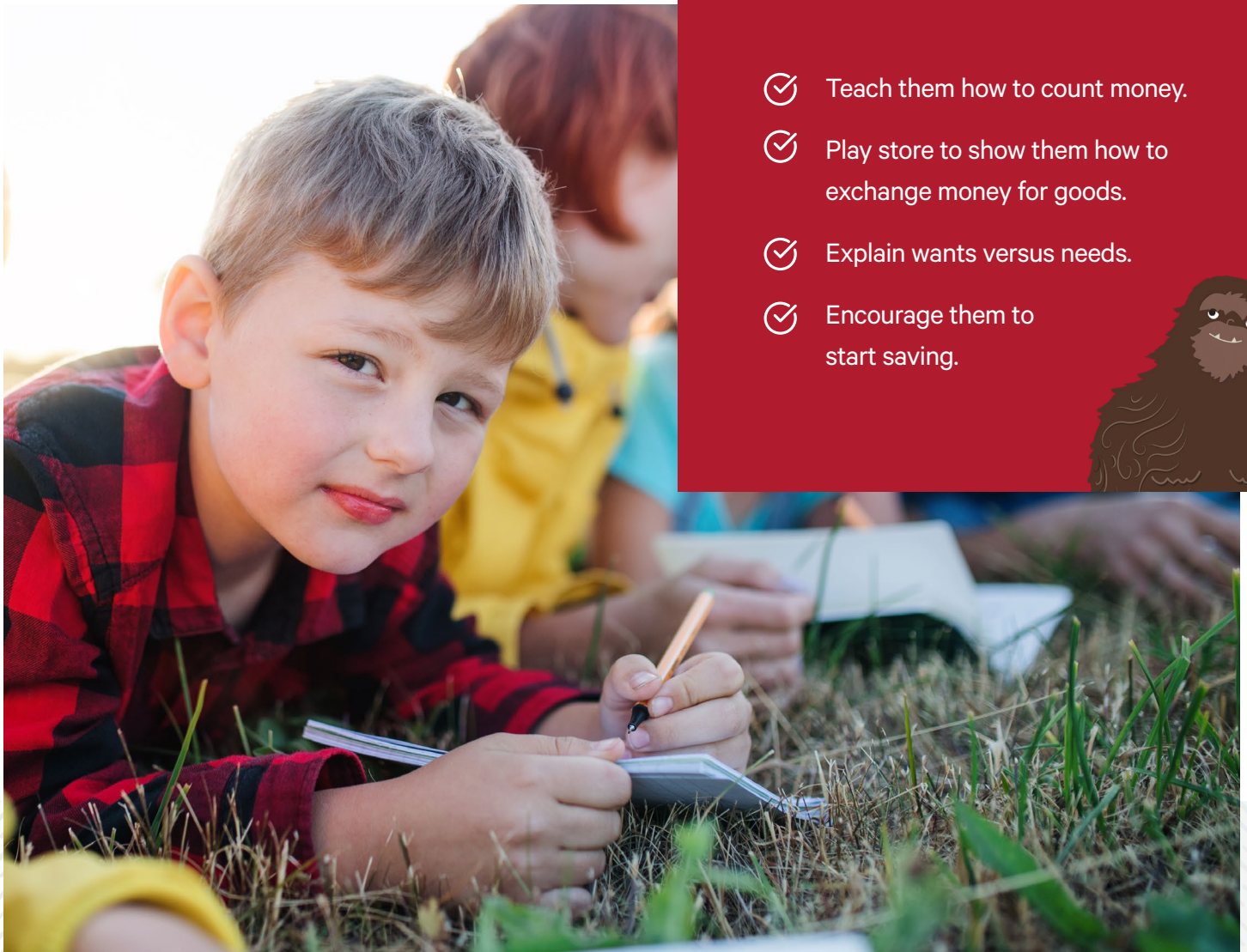


For an even more real-world lesson, take your kids to a dollar store and tell them they have \$2 to get whatever they want. (You can cover the sales tax.) This is a great way to teach them the difference between needs and wants. Everything costs money, and they'll need to decide what's most important to them as they browse the store with you.

By kindergarten, children are ready to learn about saving on their own. Encourage them to put spare change into their piggy bank or a coin jar. As the bank gets heavier or the jar gets fuller, they're seeing firsthand how their savings are growing.

Financial Lessons at a Glance

- ✓ Teach them how to count money.
- ✓ Play store to show them how to exchange money for goods.
- ✓ Explain wants versus needs.
- ✓ Encourage them to start saving.



Elementary School

As your children enter grade school, they are ready to learn about the power of money and what it can buy. Find opportunities to talk about why you're buying things, why you comparison shop, how you use your debit and credit cards, and how you pay bills.

Grade school is also the perfect time to show your children how to earn money. You can start providing an allowance, but you can also give them opportunities to earn money for extra chores apart from their normal chores. Doing the dishes or folding laundry doesn't seem quite as bad for kids if they're earning extra cash for it.

At this age, kids might be ready to graduate from a piggy bank to a [youth savings account](#). This gives them their first exposure to the wonder of compound interest and how to save for the things they want. They can also learn about banking tools such as debit cards and online banking to view their account balance.

When kids learn how to earn money, they also learn how to set financial goals—even for something as simple as a new video game or some Pokemon cards. Work with your children to show them how to achieve savings goals. For more expensive items, such as a new bike, offer to match their savings as an incentive to save.





iQ Credit Union offers [CashCamp](#) to help kids establish savings goals and manage their money. For example, using CashCamp, you can check off their completed chores, and the money is automatically transferred to the child's account. CashCamp also offers trophies for achieving savings objectives and uses gamification so siblings can compete to meet savings goals.

In addition to spending and saving, you can also teach kids about giving. Model this behavior by giving to causes that mean something to you. Even putting change in a donation box at the store checkout will help kids understand how giving affects not only the recipients but also the giver.

Although kids this age might leave their toy cash registers behind, plenty of board games teach financial decisions while being fun. Even Monopoly—which, yes, can take forever to play—gets players counting out cash and assessing how much they can safely spend.

Financial Lessons at a Glance

- ✔ Pay them to complete extra chores to learn about earning money.
- ✔ Open a youth savings account.
- ✔ Teach them about banking tools such as debit cards and online banking.
- ✔ Share the benefits of giving.



Middle School

By the time your child reaches sixth grade, they should have a firm grasp of the building blocks of personal finance. Now is the time to take the conversation to the next level and discuss income and budgeting.

At this age, children may begin to think more about what they want to be when they grow up. As they start discussing real-life career choices, you can add to the conversation by exploring various job options, including what each job entails and is likely to pay.

Middle schoolers aren't far away from getting their first jobs. Get ahead of the curve by teaching them about paychecks, taxes, deductions, and withholdings. If you feel comfortable doing so, show them one of your pay stubs and explain what's coming out of it and how your salary and take-home pay differ.

Sixth graders are also ready to learn about comparison shopping and budgeting. You can use the family food budget to teach them about planned spending and how to shop for bargains. Get them to help you with your grocery list, and take them along to go shopping and track whether you're staying within budget or going over.



CashCamp also offers a way for parents to teach their kids about loans and interest. If they want to buy something but don't have enough money, a parent can make the purchase and then set up a schedule that allows their kid to pay them back on a certain date and with interest. By doing so, you're teaching your middle schooler a safe way of borrowing versus saving before they're even old enough to open a credit card account or loan.

If your middle schooler already has a savings account, consider adding a checking account. This will allow you to teach them how to manage their money, including budgeting and moving money from checking to savings. You can also start teaching about digital banking and how to deposit and transfer money using a smartphone. Be sure you have access to their bank account to help them manage their money, including making deposits and transfers as needed.



Financial Lessons at a Glance

- ✓ Discuss how they can earn an income.
- ✓ Teach them about paychecks, taxes, deductions, and withholdings.
- ✓ Take them shopping to compare prices.
- ✓ Explain budgeting basics.
- ✓ Consider opening a checking account for them.



High School

By the time they reach high school, teenagers must be ready to start thinking about money issues on an adult level. Start talking to them about more complex financial topics. Share aspects of the household budget and show them how you pay bills, deal with taxes, and tackle other financial issues that go with being an adult. The more honesty you show now, the less nervous they might be when they're dealing with those issues in a few short years.

Teach your children how to use debit and credit cards. A credit card with a spending limit may seem a little dangerous, but if the limit is low, it will show them how to manage credit without getting them into trouble. At iQ, parents of teens under 18 can open a separate lower limit credit card and let their child have access to the account. Parents would still be able to monitor their child's purchases and make sure they're using the card responsibly.

Digital wallets have also become extremely popular. By the time they reach high school, your kids are probably already using services such as Venmo and Zelle. Consider adding Apple Pay, Google Pay, or another digital wallet tied to your child's bank account or credit card.



High schoolers with part-time jobs will need to file taxes. Help them the first time they do. They will likely love seeing a refund deposited into their bank account for the first time—and that feeling never quite goes away!

When your teenager gets a driver's license, a whole new area of money management comes into play. This starts with insurance: How much do you expect your kid to contribute to premiums? Then there's gas, oil changes, car washes, and everything else that goes into keeping a vehicle running. These real-world lessons prepare your child for the real costs of car ownership.

Perhaps the most important financial discussion you can have with your children at this age is about college. Be frank about what you can contribute, what you expect them to contribute, and what's reasonably affordable. Review the impact of student loans and discuss strategies to minimize college costs. That private school in New England may be a dream for your child, but is it affordable, even with merit aid? If a school is nearby, is living on campus worth the cost? These questions and more make college decisions complex, but the conversations need to happen.



Financial Lessons at a Glance

- ✓ Teach them how to use debit and credit cards and digital wallets.
- ✓ Share aspects of the household finances.
- ✓ Discuss and begin saving for college.
- ✓ Help them file taxes.



College

When they head to college, your children should be ready for financial independence. They need to be able to manage school costs and their day-to-day living expenses without overspending. Offer your help to set a budget, but ultimately, empower them to manage their expenses on their own.

The conversation about college costs doesn't end on the first day of freshman year—it must continue all four (or five or more) years they're in school. You'll likely be filling out a [Free Application for Federal Student Aid](#) every year during college, so you and your college student will need to discuss how to pay for tuition, housing, and other costs every year as well.

Being a parent never really ends, even when children become adults themselves. After your children get out of college, don't be surprised if they come to you for financial advice from time to time. No matter how well you've taught them—and especially if you've taught them well—they always may find value in your guidance.

Financial Lessons at a Glance

- ✓ Discuss college costs.
- ✓ Fill out the FAFSA together.
- ✓ Help them set up a budget for living independently.
- ✓ Stress the importance of long-term financial planning.



Model Good Financial Behavior

It's never too early to start teaching your children about sound money management. Even if you don't have a formal plan in place, your children are learning from observing. How you handle your own finances sets an example for your children, so it's important to model good fiscal behavior.

iQ Credit Union has tools to help teach financial literacy to kids, including special accounts for children up to age 17. Our [CashCamp program](#) is free and available through our digital branch, offering automatic allowance transfers, trophies for reaching savings goals, and even a loan program where kids learn to repay money borrowed from their parents. We also offer Adventure Boxes to help teach basic money concepts. And we offer a variety of financial education programs and resources for children and adults.

Take charge of your child's financial education with [our resources](#) and see how iQ Credit Union can help.





Looking to establish a solid financial foundation for your child's future? Open a youth account at [iQ Credit Union](https://www.iQcu.com) and give them the tools they need to grow their savings, learn about money management, and prepare for a bright financial future.

Start investing in your child's financial success today with iQ!



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