

5 Money Tips for Kids (Of All Ages)

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Parents who teach their children about [financial](#) literacy at a young age are doing their kids a big favor, new research has found. That's because children who had been taught about financial responsibility at a young age were found to be more responsible in their later financial behaviors.

In particular, those children were found to have lower levels of delinquencies and foreclosures in adulthood. The study, which was published in the journal *Social Work Research*, examined low- and moderate-income families.

"Nearly all parents agree that making sure children are financially literate is an important task — yet one that they may feel ill-equipped to carry out," said Michal Grinstein-Weiss, associate professor of social work at the Brown School and associate director of the Center for Social Development at Washington University in St. Louis. "But parents don't need special knowledge or skills to prepare their kids for [financial success](#). Routine family life is rich with opportunities to teach them the ins and outs of money matters."

To that end, Grinstein-Weiss, the lead author of the research, offers the following tips to parents on what they can do to help prepare their children for financial literacy from a young age

- **Discuss and [explain basic finances](#) around the dinner table, especially the difference between needs and wants:** Parents can and should have this discussion even if you are not saving enough or are deeply in debt — just cover the basics and don't scare your kids. New topics can be introduced as kids mature or the family situation changes. For example, house hunting is a natural time to discuss mortgages, interest rates and buying versus renting.
- **Teach kids how to save and set short-term goals (a new toy) and long-term goals (college):** Kids follow by example, so model this behavior with a grown-up piggy bank on the kitchen counter labeled with a goal, such as "family vacation," and save your pocket change each day.

- **Open a savings account for your child as early as possible:** Take a parent-child field trip to a bank or credit union and open an account for your child. Even if you're used to online banking, visit the bank each month with your child to make a **deposit** as actions reinforce behaviors. Review monthly online statements together.
- **Teach kids budgeting and money-management skills:** Look at the calendar or newspaper for upcoming events that your child is likely to want to attend and needs to start saving for. Help them research prices and figure out the time it will take to reach their goal by saving different amounts each week. Pizza night? While munching on a slice, help your child figure out the cost of each serving, adding in all costs, such as delivery, tip, or cost of gas.
- **Get kids involved in daily activities and decisions about spending:** Take them grocery shopping and have them compare prices of different brands. In a long line at checkout? Let older children estimate purchase cost, count out the cash and complete the sale with the clerk. And show them how you pay monthly utilities, balance the checkbook, and conduct Internet banking.