



by Karen Stephens

Money Matters: Learning the Value of A Dollar Starts Early

Knowing how to manage money well, being financially literate as it's called today, is a life skill every child needs to develop. You've already taught your children some money lessons. Your actions communicate them every day, whether intended or not.

A five year old in our child care center entertained himself by pulling a loose thread from the circle-time carpet. A teacher snipped it off; but I later came upon him pulling it loose again. I said, "Tay, please stop. That's makes our carpet come apart. I don't have money to get new carpet, do you?"

Of course I expected him to answer that he didn't. But I was surprised when he replied, "No, but I've got a credit card you can use."

Yikes, this boy knew about borrowing money before he knew about earning it; a dubious sequence, I fear. Together Tay and I pressed clear packing tape over the carpet's snag to slow the damage. While we did, I wondered if Tay had heard just one time too many, "Can I put that on a credit card?"

Tay's not the only child aware of tight family budgets. Children as young as three years old sense them.

In a parent group, a mom told us she was stopped for speeding. Before she got her license out, her daughter yelled to the officer, "Please Mr. Police Man, don't give my Mama a ticket. She can't afford one."

Mom confided she had no idea her daughter knew one thing or the other about their money. She felt guilty she hadn't realized her child was silently worrying about money right along with her. That's a time when a child's unexpected empathy rips at a parent's heart.

It's a balancing act showing children how household resources are managed, while not laying a premature burden on them. It's a particular challenge for single parents whose budget is typically more limited.

Some parents fear money talk will make the world seem too harsh too soon for children. It doesn't have to be that way. Parents can show children the good money can accomplish when it's managed well. That promotes a positive, hopeful view of the world.

Money Basics Kids Need to Learn

Illustrate respect for money and how to use it responsibly. Let children see you put financial literacy to good use in your daily family routines.

As soon as children will no longer pop it in their mouths, let them handle money. Include your child in errands so they see how money is exchanged for goods or services.

Talk about wants, desires, and wishes and how they differ from basic needs. Sometimes we buy what we wish, but usually we should stick to buying what we really need.

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Dispel “magical thinking” that mom and dad will make every wish come instantly true with money. When children beg for a new treasure in the toy aisle, use that as a teachable moment to talk about wants and needs.

And take heart, it’s not harmful to let child experience some temporary, age appropriate disappointment. If children believe a toy purchase will take place every time you enter a store, the outcome could be an over-indulged and spoiled child.

Illustrate how a family lives within its means and you will teach your child to live independently as an adult — and with much less stress.

Take children with you when you grocery shop. Prior to shopping, include children in making a list. Even preschoolers can look into a low cupboard to report cereals needed.

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Use coupons to model being an intentional consumer. Preschoolers can identify coupons in magazines or newspapers. Kindergarteners and older children can cut them out.

When you shop, keep to your list. Let kids help cross off items. Resist impulse buying. At the check out, let children hand money to the cashier to help them understand food requires money.

Expect children to perform some chores for no allowance. This could include bed making, putting toys away or taking dirty clothes to the hamper. This shows appreciation for family support and helps children feel like contributing members.

By age four years, begin giving children an allowance to manage. It should be pay for doing the “extra mile” chores, such as helping to gather aluminum can recycling, feeding pets, raking leaves, sweeping the porch, etc.

Make an agreement on which chores deserve an allowance and set standards for a job well done. A rule of thumb is a dollar per week pay for each year of your child’s age, but it really depends on your values and resources. When you get a raise, children might be eligible for a raise, too.

Some families require children to save a bit of allowance, spend a bit, and give a bit away to charity. Others let children spend the allowance however they wish, believing children will learn best from the consequences of their spending.

Find ways to make saving and giving money tangible. Together, make a homemade piggy bank and let kids fill it. Then open a savings account at a bank or credit union that offers “Kids Clubs” savings programs.

At least yearly, with children’s input, select a charity and personally deliver a contribution to their door. Call to see if someone can be there to personally receive your child’s donation.

As a family, talk about goals and how you’ll achieve them. For younger children, selecting an affordable restaurant for a meal is an appropriate goal. As children grow, they can participate in family vacation plans that fit into your family’s needs and budget. Create wish lists and make a savings plan so children can work toward them until they can afford the item’s cost.

Don't attach a price tag to everything. Don't reward grades or good behavior with money. Intrinsic motivation and pleasure of personal accomplishment will be reduced if children expect a monetary reward every time they apply effort.

Pay bills or balance a check book in an area where children can see you. Include children in the process of stamping and mailing bills "on time."

Before you purchase large items, research the product's quality for price. Include your child in the process.

A seven-year-old boy being raised by a single-parent dad once told me, "My dad and I don't have a lot, but what we buy is good. We check things out."

I asked how they did that. And yes, you guessed it; he and Dad turned to *Consumer Reports* magazine. Out of necessity, but also good common sense, dad was helping his child become money-wise.

Read children's books about money. As with any other topic children need to learn about, there are books available worth exploring. They'll provide good information and open the door to "teachable moment" discussions. A suggested list is below.

Children's future security depends on how responsible — how financially literate — they become. Generations before us simply called it teaching kids to know the value of a dollar. Whatever you call it, some of the resources below can help you achieve it.

Parenting Book for Toddlers to Teens

Raising Money Smart Kids: What They Need to Know about Money and How to Tell Them by Janet Bodnar (Chicago: Kaplan Publishing, 2005)

Children's Books — Preschool to Age 8 Years

The Coin Counting Book by Rozanne Lanczak (Watertown, MA: Charlesbridge Publishing, 2001)

Berenstain Bears' Trouble with Money by Stan and Jan Berenstain (New York: Random House Children's Publishing, 1983)

26 Letters and 99 Cents by Tana Hoban (New York: HarperCollins Publisher, 1987)

Children's Books — Ages 8 to 12 Years

Neale S. Godfrey's Ultimate Kids' Money Book by Neale S. Godfrey (Minneapolis: Sagebrush Education Resources, 2002)

Money by Joe Cribb and Laura Buller (New York: DK Publishing, 2005)

Parent's Web Resources

Teaching Kids about Money — <http://life.familyeducation.com/money-and-kids/parenting/47213.html>

Money Talk for Parents — www.extension.uiuc.edu/~vista/html_pubs/moneytlk/moneytlk.html

Children's Web Resources

Common Cents™ from State Farm Insurance (kindergarten and up) — www.statefarm.com/learning/kid_stuff/kid_stuff.asp

Kids.gov (for ages 8 years and older) — www.kids.gov/k_money.htm

U.S. Mint (for ages 6 years and older) — www.usmint.gov/kids/campCoin/kidsGuide.cfm

About the Author — Karen Stephens is director of Illinois State University Child Care Center and instructor in child development for the ISU Family and Consumer Sciences Department. For nine years she wrote a weekly parenting column in her local newspaper. Karen has authored early care and education books and is a frequent contributor to *Exchange*.

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