

Financial Literacy for Kids

No matter how enthusiastic you are, trying to formally teach finance to kids is a tall order that is likely to make their eyes glaze over. Hold their attention by keeping money lessons relevant, age-appropriate and a bit playful.

First finances

Preschoolers can grasp that money is exchanged for stuff. Teach them the names of coins, and as their counting ability develops, explain their values. Playing “store” lets them gain skills as they “buy,” “sell” and even “price” household items.

Begin giving your children a small allowance so they can experience money in the real world, and appoint them as valuable “assistants” on your shopping trips. They'll feel important while clipping coupons and helping you find items on the shelves.

Grade-school growth

Early grade school kids can understand goals, saving and [budgeting](#). Have them create and decorate wish lists and give them four containers for allowance labeled “spending,” “saving,” “investing” and “giving.” The spending jar is for inexpensive things kids want, such as candy or stickers. The savings jar provides a place to save for wish-list items, while the investing jar builds overall savings. The giving jar can encourage compassion as kids contribute to charities that are meaningful to them, or save to buy presents for family members.

Bring kids along when you visit a branch of a financial institution, explaining that the institutions keep your money safe and even pay you for letting it rest there. Make sure they understand the automated teller machine doesn't spew free money and only releases cash you've already put in your account. By the later grade-school years, kids should graduate to their own savings accounts. Look for those with no fees and full parental access.

Middle-school money

Middle schoolers are ready to be included in appropriate family financial discussions about basic living expenses and savings goals. Wish lists can be swapped for goal charts, and you may want to offer to match your children's savings as an incentive to help them make a special purchase.

Most kids this age enjoy the experience of running a garage sale where they can set prices, make change and bargain with customers. They'll have fun earning extra cash while you clear out space at home.

Teen finances

In the teen years, introduce savings certificates, bonds and securities as investments. You may even want to give your teens a small amount of money and let them choose mutual funds or [exchange-traded funds](#) to invest in. Encourage teens to work part-time and help them open a student checking account that has a debit card, mobile access and low or no minimum balance or maintenance fees. Consider downloading a mobile financial app to help them track spending and savings. When tax time comes, let them fill out their own return with your supervision and guidance.

No matter what the age, odds are kids would still rather play computer games than listen to you discuss money. Rather than get discouraged, [introduce](#) some fun financial apps and games. The experience kids gain through your efforts and a little help from technology will pave the way for a lifetime of financial savvy and success.

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