



Talk, Learn, Do: **Teaching your children about money**



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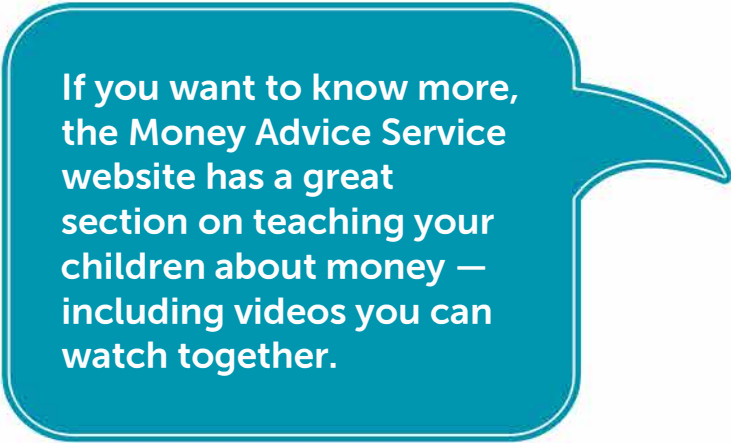
Introduction

This booklet provides ideas of ways to teach your children about money from as early as the age of three. As discussed in the money session of your parenting course, you are your child's main teacher when it comes to money. But remember, you don't need to be an expert to help them. Most of what your child needs to learn can be taught through daily activities.

Children can start learning about money from a very young age. A lot of what they need to learn as adults to manage money well is already in place by the age of seven e.g. learning to wait for things. They can also pick up new skills as they grow into adults, so it's never too late to help them.

You might think that children shouldn't think about money until they are older but this is a great time to start! The key is to keep it right for their age.

This booklet is broken down into simple things you can do with your children at different ages. There are also ideas about ways to teach children about money around the home or in the supermarket, and about pocket money. We've also included information on where to get help if you are worried about your own finances.



If you want to know more, the Money Advice Service website has a great section on teaching your children about money — including videos you can watch together.

www.moneyadviceservice.org.uk/en/categories/talking-to-your-children-about-money

Before you get started, remember that many of the things you talked about in your parent course will help you as you talk to your children about money. **Empathy** is a great example. Children will ask for things, and at times get upset when they can't have what they want. Instead of simply saying 'No', show them empathy. Talk about what they want and explain why they can't have it. Showing empathy helps them to know that you hear them and understand.

For instance you might say:

“ I can tell that you really want that. We can't buy it today as we need to keep our money for food this week, but shall we add it to your birthday list? ”

“ I can tell that you are so excited to have saved up for that! ”

“ I can see you are sad you didn't get what you wanted. Shall we talk about it? ”

“ I can tell you are not sure if you should save your money or spend it on sweets. I can see you are really thinking hard about this. ”



Another topic you talked about was giving **praise**. Praising children helps to motivate good behaviour and tells them they are on the right track with their learning. You can do this with money as well.

Examples might be:

“You are doing a very good job with keeping your money safe.”



“You really thought hard about how to spend your money.”

“You are doing so well at saving up!”

“You are very generous.”

“Thank you for listening when I said we couldn't buy that.”

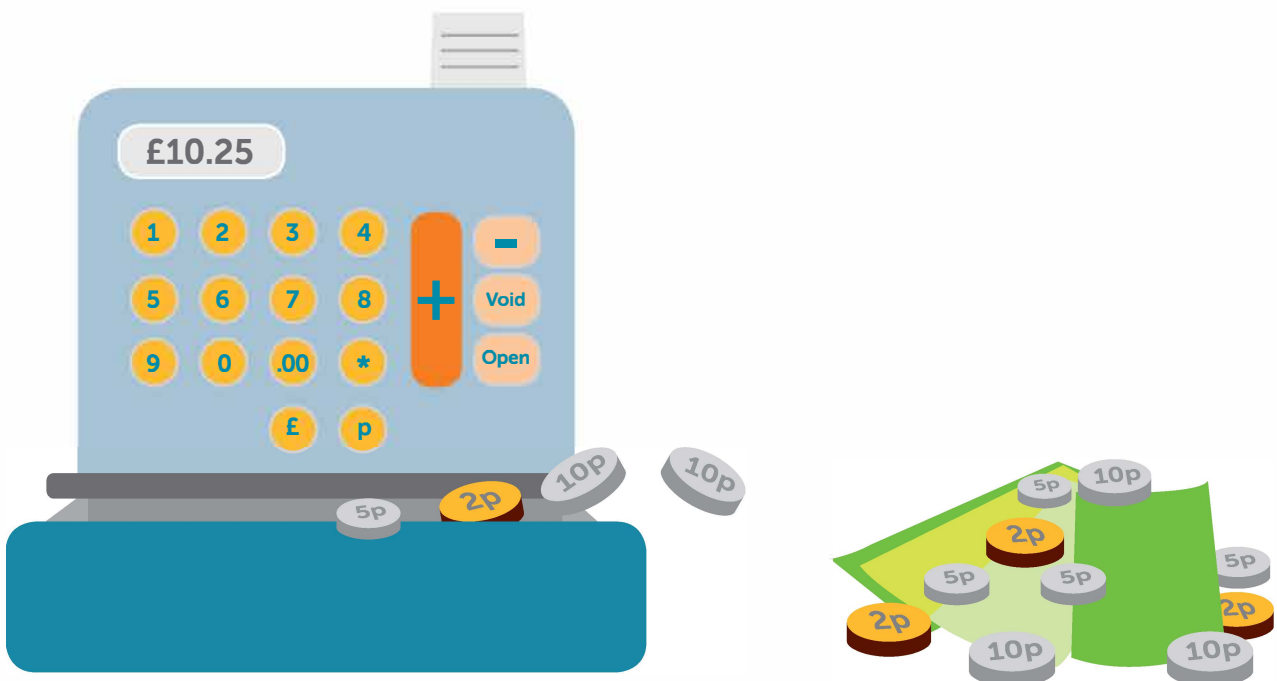
“You really helped me to save money in the shop today. Thank you!”

Teaching your children: ages 3-4

At this age, children learn through play and by watching others. Keeping it simple is key to having fun. Here are a few ways to start:

Through play

- ✓ Children love playing shop. Make it as real as possible, adding price tags to items to show that things cost money.
- ✓ Start showing your children the difference between coins. Explain that two 1p coins = a 2p coin, etc.
- ✓ Using real coins will help children learn that money isn't just play. Let them handle coins and get used to money.
- ✓ Use this as an opportunity to explain that when money is gone, you have to save up to get more. Set a budget for the play shopping trip. When it is used up you can't buy any more, instead enjoy what you have.



Play

We know it is important to play with our children. Play is also a fun way to teach them about money. Remember what you have been talking about in your parent course. Follow your children's lead, let their imagination guide you. As you explore teaching your children about money through play, explain how money works and talk about what you are doing. In addition to playing shop, you can make up games with coins, use role play, and tell stories together. Just keep it fun!

Around the house

- ✓ If your children watch television watch with them. Talk about adverts and explain they are not real and are trying to get you to buy things.
- ✓ Talk about what is going on around money in books, movies, or on TV with their favourite TV characters.
- ✓ Think about having a safe place for your child to keep money like a money box. Talk about why it is important to keep money safe and how we do it.
- ✓ Talk about saving—"Let's keep the money for something we really want later! When will we have enough for it?"



Out and about

- ✓ In the shops let children pay. Learning to handle money is important, so give children money to pay and help them to get the change.
- ✓ Give your child a small amount of money to buy something they want. Help them see what they can afford, show them how to pay and how to check the change.
- ✓ If you are using cards to pay or get money out of a cash machine, explain that the cards talk to the bank who have your money—that you can't use them without having money in the bank.*
- ✓ Using your local book or toy library is a good opportunity to explain that not everything has to cost money. Plan other free outings together.
- ✓ Talk about things that don't cost money that you can enjoy together.

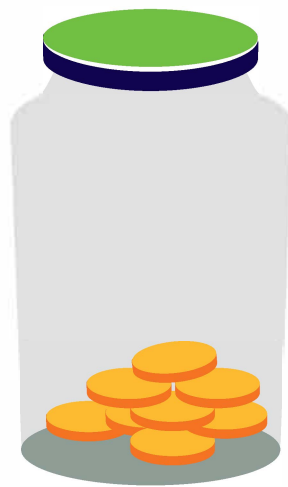
Remember it is okay to say no to your children when they ask for things. See our section on Dealing with Wants on page 16 for ideas to make this into a learning moment.

*We know getting cash with a card is not this simple, but this is one way to explain to young children.

Teaching your children: ages 5-6

Keep doing all the things you were doing when your child was younger. Children are still learning through play but are also starting to pick up more from what is going on around them. It's a great age to talk more about how you use money and to get them to help out with saving.

What can I do to save money?



Saving money

- ✓ Children can start to understand the idea that you have to save money for things. Learning to wait will help them as they grow.
- ✓ Think of something small to save for as a family. Save together in a penny jar or in the bank.
- ✓ Talk about ways to save money, such as turning off lights or buying fewer things. Ask your children to help you come up with ideas to save. They could make a picture of things they are going to try.
- ✓ Keep track of your savings together and when you have enough enjoy your treat as a family.

At the shops

- ✓ Children love a challenge—can they help you save money? Make a list with them and have them help you stick to it.
- ✓ Show children that some packages are bright and colourful and cost more, while others might be dull and less fun—but what is inside is nearly the same and can cost less.
- ✓ Talk about needs versus wants. You need food but what about treats like cake?
- ✓ Children can now better understand why you buy some things but not others. You can explain that you have money for what you need right now (like food) but have to save for extras like toys.
- ✓ Talk about the value of money...





Adverts

- ✓ What do they see and hear being said about money on TV or in movies?
- ✓ Talk about how adverts try to make us buy things, but we don't have to.
- ✓ If they are asking for things with characters, brands or celebrities on them talk about why. Does it really make it any better?
- ✓ If your child goes online, explain that app purchases or buying new games also cost money. Explain your rule about what you spend money on and stick to it. Make sure you have passwords to stop them buying things without your say so.

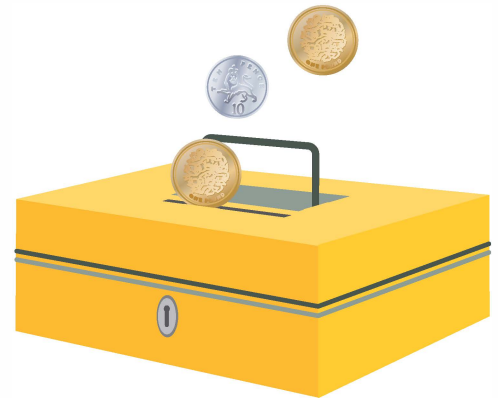
This is a good age to think about whether you want to pay your children for doing small jobs around the house. See our section on Pocket Money on page 20 for more on this.

Teaching your children: ages 7-8

Children at this age are more independent. They can save for things and make more choices around how they spend money. They can understand that when they spend money, the money is gone and that they need to save more to buy something else. Save, spend, save again!

At home:

- ✓ If your child is starting to get regular pocket money, talk about how they will keep it safe. Will they keep it in a jar or in the bank? How will they carry it when they go out?
- ✓ Children can have their own savings goals. Let them think of what they want to save for and how. How long will it take? How can they keep track of this?
- ✓ Think together about other things your family needs and things you all want.
- ✓ At this age you can start to teach your children more about the way money works. Explain that when you save money in the bank you earn money for keeping it there. This is called interest.



Don't worry if your child makes a mistake and spends all their money. This is a really good way to learn. If they buy a toy and realise they don't have money for something else, they'll know how to save and choose next time.

Try this!

Put together a list of things you might need or want on a desert island such as basic food, water, a bin bag (for shelter), matches, rope, toys, books, phone, sweets, etc. Ask your child to choose 7 things to take with them to the island to survive (there will be no more coming!).

- 1
- 2
- 3
- 4
- 5
- 6
- 7



You can explain you don't live on a desert island, but do have to make choices about what you buy.

Teaching your children: ages 9-11

This is a great age for learning, particularly as your children will soon be going to secondary school and may be making more money choices on their own.



- ✓ Talk about bills and where money goes. Explain ways to pay including direct debits, monthly bills, topping up your meter, etc.
- ✓ Have children help you find the best price by comparing prices in stores or online.
- ✓ A budget, or money plan, also helps with looking after money. Explain what you spend money on and how you know where money has to go.
- ✓ Keeping track of spending helps to manage money and children can start to do this. Have them write down any money they get, how much and what they spend it on.
- ✓ Talk about their friends and money. What are they talking about? Why do they want some brands over others? Does branding make it better?
- ✓ Many secondary schools use cards or fingerprints to pay. Children will need to choose what to buy every day. Help older children to make a budget. What happens if they go over their limit?





Around this age children may start asking for a mobile phone. What age they get one is up to you, but you can start to talk about money and phones. How much do they cost? What is a contract? Pay as you go? What does it cost each month? What if they use up their credit? What happens if they lose it? This is a good time to set up family rules if they get one.

Children can understand more about borrowing money now. Explain that when you borrow you pay interest or extra money. This means you pay back more than what you borrow. You can talk about being careful with credit and what problems there might be if you can't pay it back.

Personal Power

At this age you can explain to your children about personal power around money—the power they have to make money choices. You can explain that this could be choosing:

- ✓ To buy or not buy
- ✓ To save money
- ✓ To buy less expensive brands
- ✓ To switch to a cheaper gas or electricity company
- ✓ To give our time rather than gifts that cost money
- ✓ Not to buy something because it is “the latest”



Dealing with wants

When your children ask for things, there are ways to help make it less stressful for you and teach them at the same time. **Being prepared will help you deal with their requests.**



Here are a few ideas:

- ✓ Before you go out shopping, **make a list**. Let children help. Explain that you will only buy what is on the list as this is what you have money for today. **Get them to help you stick to it.**
- ✓ If you are going somewhere tricky like a toy store **plan ahead**. Explain what you are buying and why. Keep reminding them of what you've agreed.
- ✓ Let children **save up** for things they want. If they decide to spend money on something else it is their choice. If they later regret it they will learn not to do so next time.
- ✓ Suggest they put what they want on their **birthday or holiday list**. Often this helps children feel heard and deals with the want, and they may even forget about it. When you get close to their birthday, if they don't want the items anymore, they can make a new list. But it is a good way to show children how things they want change and are not always things they need.

- ✓ Don't just say no to children, **explain why**. If you are not happy with what they want explain to them what you choose to spend your money on and why.
- ✓ Saying we have money for what we **need** (food, heating, our home) but not **wants** (or extras) right now helps them understand choices we have to make about money.

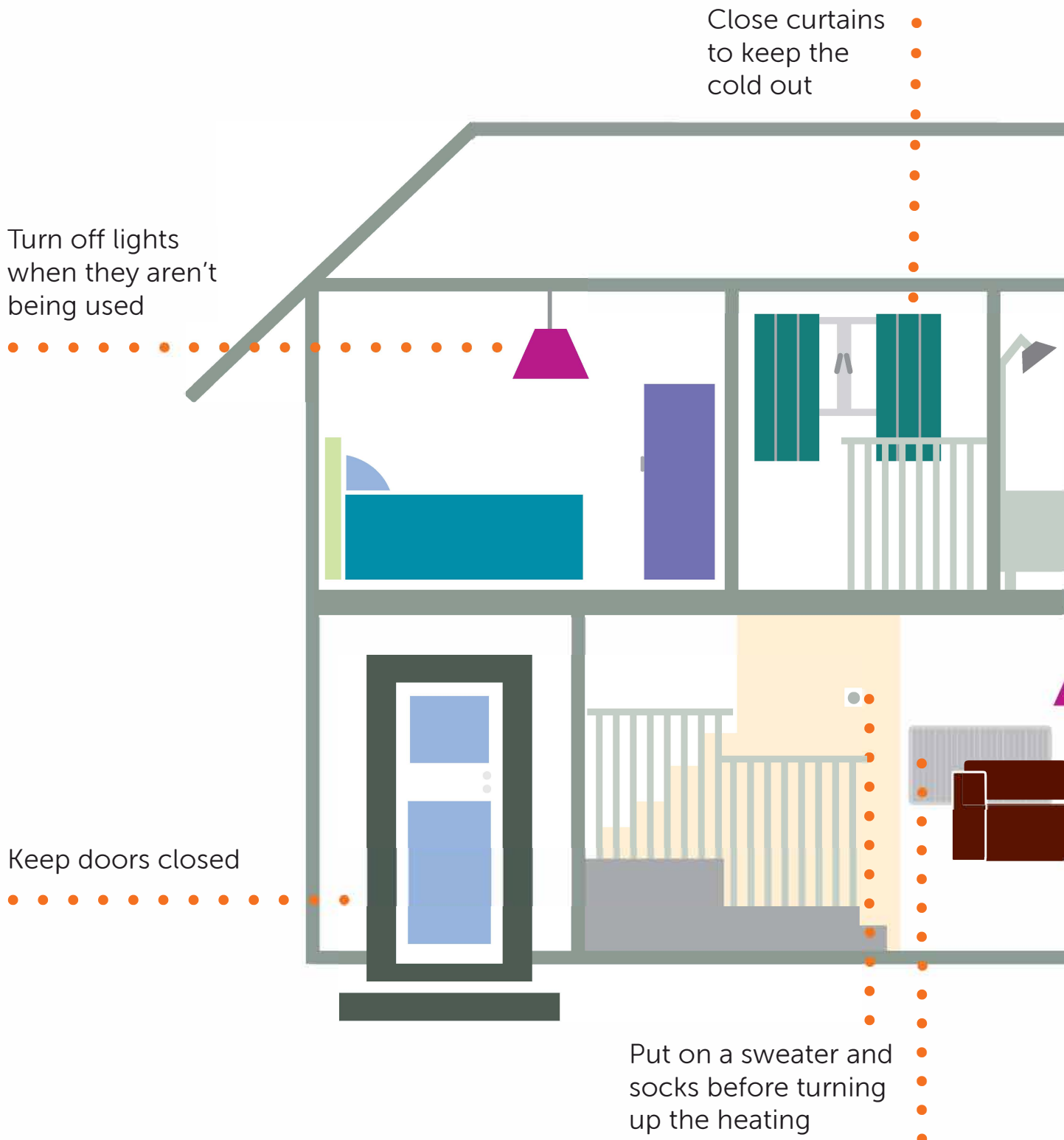


If they get upset or throw a tantrum, that's okay, children are still learning to deal with their emotions. Use what you learnt in your course to deal with the situation but **you don't have to give in**. It only teaches children to do the same thing next time.

When they are calm, talk about why you wouldn't buy what they wanted. Remember, if children are used to getting what they want, it may be hard at first, **but if you stick to it they will learn and ask less**.

Saving money around the house

Teach your children to save money around the house by using this picture.





Can you
add your
own ideas?

- Have a shower instead of a bath

Switch the TV and game consoles off at the wall—don't leave them on standby

Plan meals and only buy what you need

Keep the fridge door closed

Cook extra to reheat, saving time and money

Pocket Money

Pocket money is a great way to help children learn how to manage their own money and give them the opportunity to save up for things. How much they get isn't important, what matters is that they practice with their own money. Even getting 10p a week will give children a place to start.

There are lots of ways to handle pocket money. Here are a few ideas of what some families do:

Give them weekly pocket money to buy their own sweets, toys, and other treats

Let them save up for what they want and only give toys or treats at special times such as birthdays or holidays. Some parents say this helps to stop children asking and teaches them to budget and save.

Give them weekly pocket money, but still buy extra toys, treats, etc

This way they get money of their own to manage but you still buy them extras. While this way might seem easier and avoid children getting upset, parents say the downside is that their children still pressure them and don't learn the value of things.





Children earn their pocket money by doing chores around the house

For some parents the idea of earning all your money sends a good message. Others think children should help out because they are part of the family, not for money. Children may also not get regular money if they don't help, which will make saving harder.

Give them weekly pocket money and have them earn extra by doing jobs around the house

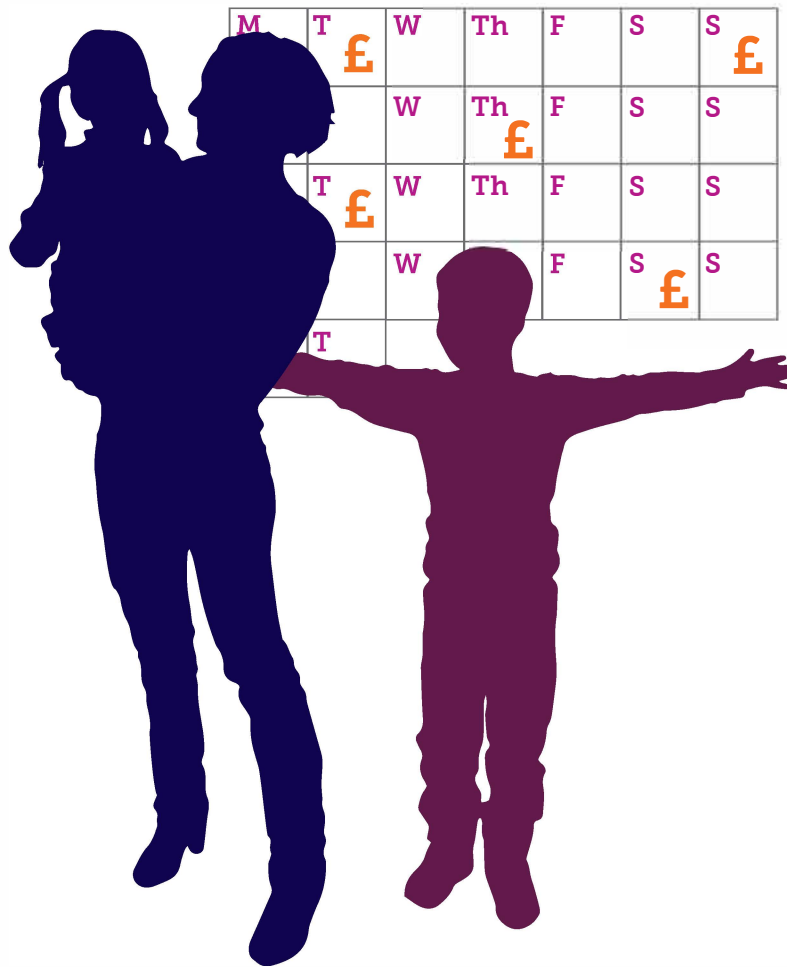
Some parents like this as their children get regular money to manage but can earn extra. They say children help out more but do think about what you can afford. And again some parents do not like this because they want children to help as part of the family and not for money.



Before you decide what you are going to do think about what your children will have to buy from their money. Will you buy them extra toys, sweets, magazines or do they pay for it all? Remember needs change as they get older. What about going out? Phone credit? Thinking this through will help you to budget and your children to learn what they need to save for.

Pocket money is a good opportunity to talk about saving for longer-term goals like university or a car, and about giving money to charity. You may want to suggest that your children set aside a small amount each week to go to the bank or credit union, or give something to charity. Some families have 3 jars—one to spend and save for treats, one to save for long term, and one for giving.





What if you are not able to give them regular pocket money, or don't want to?

Have a look at your budget. You may find that you're already giving them money to buy things so you won't be any worse off setting a weekly amount. Remember it doesn't need to be much.

If you can't, or don't want to give your children pocket money, you could talk to your children about this. Think about other ways they can learn the value of money. Are there ways they can earn money? Will they get the opportunity to handle their own money so they can learn? Children are great at coming up with ideas, so it's worth spending time talking to them about this.

Things to talk about when out and about

- ✓ Help children notice where products are placed in the shop. Where are the children's products like cereal? Where are the adult ones?
- ✓ Whose eye level are brand names at? Store brand?
- ✓ Compare how much things cost together.



- ✓ Look at deals together. Talk about it's only a good deal if you really need it.
- ✓ Talk about where things are in the shop and why.
- ✓ Notice smells, are they there to make you hungry?
- ✓ What is by the till and why?
- ✓ Find adverts and talk about what they are trying to do and how.



Out and about

- ✓ Let children help you compare prices in the shop. Look at brand name and store brand, which costs more? Why? How can you save?
- ✓ Talk about adverts. Are things always as good as they look?
- ✓ Keep talking about ways to save money. Can they borrow a DVD from the library or a friend, or make ice lollies rather than buying them?
- ✓ Children often want what their friends have. This is an opportunity to talk about branding, peer pressure, and money. Why do they want it? What does it mean to have the same things their friends have?
- ✓ Let your children spend money when they are out so that they learn to handle money and make spending choices.

Nurturing ourselves

We know that thinking about all this can feel like a big job, so why not go and do something nice for yourself! Looking after ourselves doesn't have to cost money.

Here are ideas of things you could do that are low cost or free.

- ✓ Going to playgroups
- ✓ Listening to music
- ✓ Attending a fun class
- ✓ Chatting with a friend
- ✓ Hugs
- ✓ Laughing
- ✓ Walking
- ✓ Making things
- ✓ Enjoying beauty
- ✓ A nice bath
- ✓ A cup of tea
- ✓ Cooking something you like
- ✓ Watching a DVD
- ✓ A picnic
- ✓ Going to the park



As your children grow, talk to them about the importance of looking after ourselves and ways we can do this that don't involve spending money. We don't need to go shopping to relax—there are so many other choices!

Where to get more information

If thinking about your children and money has also made you think you would like to get some help managing yours, there is lots out there!


Find out where your local **Citizens Advice** or **free advice agency** is.

For information on **family services** near you:

 www.familypoint.cymru

For debt help you can also contact:


Stepchange

 0800 138 1111


 www.stepchange.org

Payplan

 0800 280 2816

 www.payplan.com

National Debt Line

 0808-808 4000

 www.nationaldebtline.co.uk

Where to get **free debt advice** near you:


 www.moneymadeclearwales.org

 www.moneyadvice.service.org.uk/debt

If you would like to receive money savings tips and advice by email direct to your inbox, sign up to receive our FREE newsletter:

 www.moneyadvice.service.org.uk

Don't forget that the **Wales Money Advice Service** gives free and impartial money advice:

 0300 330 0520

And finally...

We hope that this has given you ideas of ways to teach your children about money now and in the future.

Remember, you are your child's best teacher when it comes to money. You don't need to be a money expert, you just need to start having day to day conversations about things such as making choices, how to manage money, ways to save, shopping, and how money works. Keep it simple and fun when you can, and right for their age.

Remember, that helping children to learn through managing their own money is key. They may make mistakes as they go along, that is fine. **It is better that they make them now!** Use mistakes as an opportunity to learn and talk about what they would change next time. And remember that as your children grow so will their understanding—making teaching about money very rewarding for both of you.

If you have any questions, talk to your parent worker or visit the Money Advice Service website:



www.moneyadvice.org.uk

We would love to hear what you thought about the money session and this booklet. Please email your thoughts to:



TLD@moneyadvice.org.uk

Now you are ready to
talk to your children
about money!





Talk

Learn

Do