

# Helping children build their money skills through hands-on learning

Financial literacy is increasingly being recognized as a necessary life skill. After all, fluency in the language of finance can help pave the way to greater economic security, especially when proficiency is learned early on. That's why core curriculum for children as young as elementary-school age now includes financial education alongside other basics like reading and math. Nevertheless, one of the best places to learn about money continues to be at home. As a parent, you can help your kids build their money skills through hands-on learning and experiences rooted in the real world. Here are some easy-to-implement ideas for raising financially literate children of all ages.

## The early years

Truly understanding the value of money is a process that takes time. You can probably start talking to your kids about it sooner than you think. For young children, simple activities and games that help them identify coins and bills are a fun and practical way to introduce money concepts.

Another approach is to encourage them to save with a piggy bank using a clear glass or plastic jar so they can watch their money grow before their eyes. Once you feel they're ready to advance, you can even have them divide any funds they receive among different savings and spending buckets, emphasizing the importance of earmarking money for long-term goals as well as the unexpected.

## The grade-school years

Organizing a yard sale or lemonade stand can help your kids apply their knowledge of dollars and cents, while teaching them how to budget for supplies and manage profits or losses, as the case may be. It's also a chance for them to experience firsthand how much time and effort it can take to make money.

When your children are old enough, you can open chequing and savings accounts for them to periodically deposit their "earnings" and track their spending. Review their statements with them so they know what the numbers mean and how much cash they have in the bank. This is an ideal way for them to learn about interest, and it lays the foundation for lessons on investing and getting their money to work harder for them.

## Teenager to young adult

For tweens and teens old enough to understand the value of a dollar, review the household bills together to help them recognize how their actions – like leaving on the lights or running the tap for too long – have financial consequences. Similarly, explain what you're doing when you use an ATM card and take time when you're shopping together to point out money-saving opportunities.

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Most teenagers want autonomy and to contribute to their lifestyle needs, so part-time work can be rewarding and help them learn to save better. Once they have a steadier income, give them responsibility over some of their expenses, like a phone or internet bill, and enforce real consequences for late payments if need be. They'll see how their saving and spending decisions impact their lives, and it reinforces the idea that they should create – and stick to – a budget. As your child gets closer to being financially independent, you can tie in budgeting and living within their means with conversations about using credit responsibly. As these lessons sink in, it will set them up to start their own life as debt-free as possible.

### **The sooner, the better**

With money being such an integral part of daily life, teachable moments can be found everywhere. Take advantage of them when you can. Remember that talking about how to best use money is most effective when it's an ongoing and routine conversation that evolves as your kids do. That said, most important isn't when you start, but that you start in the first place. Guiding your children along the path to financial literacy is a gift that costs nothing, provides unlimited potential and offers lessons to last a lifetime.

For more information on how to help your children become more financially savvy and take the first steps in developing a plan for meeting their life and money goals, [contact one of our Investment Advisors](#) today.