



Raising Money-Smart Kids: A Family Guide to Financial Literacy

Financial literacy is about helping children build a healthy relationship with money that will serve them for life. Starting early and tailoring lessons to your child's developmental stage can make learning about money fun, engaging, and meaningful.

Ages 3–5: Learning What Money Is

This age is the perfect time to introduce the basic concept of money. Teach:

- Money is used to buy things;
- Coins and bills have different values; and
- We make choices about what to buy.

Turn everyday moments into opportunities to learn. Point out how you pay for items at the grocery store. At home, set up a pretend store with toys and play money. Let your child “buy” snacks or toys.

You can also play sorting games with coins, helping them recognize differences in size, color, and value. Another fun activity is creating a “needs vs. wants” collage using magazine cutouts to show that not everything we want is something we need.

Use simple language and questions like:

- “What do we use money for?”
- “Do we need this toy, or do we just want it?”

Ages 6–10: Building Habits

As children grow, they begin to grasp more abstract concepts. This is a great time to introduce earning, saving, and spending. They're also ready to start making small financial decisions. Teach:

- Money is earned through work;
- Saving helps us reach goals;
- Spending choices have consequences; and
- Giving is part of financial responsibility.

Consider giving your child a small allowance tied to chores or responsibilities. This helps them connect effort with earning. Use the three jars method—one for saving, one for spending, and one for giving—to help them manage their money visually.

Let them help with budgeting. Give them \$10 to spend at a store and guide them through comparing prices and making choices, or involve them in planning a grocery list within a budget.



Ask questions like:

- “If you earn \$5, how would you divide it?”
- “Why do you think saving is important?”
- “What could happen if we spend all our money right away?”

Ages 11–13: Financial Responsibility

Middle schoolers can learn about money in terms of goals, trade-offs, and long-term impact. Teach:

- Budgeting helps us manage money wisely;
- Bank accounts and interest grow savings; and
- Credit and debt have risks and responsibilities.

Let your child plan a small event like a birthday party with a set budget. Encourage them to make choices and compromises. You can also open a savings account and teach them how interest works.

Introduce the concept of credit by explaining how borrowing works and why it's important to pay back loans. Use real-life examples like car payments or student loans to make it relatable. Set a savings challenge for a goal they care about, like a new gadget or game. Help them track progress and celebrate milestones.

Engage them with questions like:

- “What's the difference between a debit card and a credit card?”
- “How can saving now help you later?”