



Easy and Fun Ways to Teach Your Kids the Value of Money

You can't overestimate the value of teaching your young children about managing money. The trick is to make the lessons fun and applicable to their daily lives.

You want to be the one to instruct your kids about money because if you don't, they will be vulnerable to all sorts of misinformation. Start them off right, and they'll develop a respect for money that can serve them well throughout their lives.

Start with a clear jar. Unless the piggy bank is clear, it doesn't provide the visual cues that are important for kids. Your children will see how the money grows with every deposit and will come to realize that the coins must have some value. It helps if you praise them whenever they add a coin to the jar.

Show them how to buy things. One strategy is to bring the coin jar to the store and use it to pay for something small. This will teach them that spending reduces the size of the coin stash, and that stuff costs money to buy. When you're dining out with the kids, comment on how you use your credit card to pay for the meal. They'll learn that the plastic card is another form of money.

Explain the tradeoffs. Kids might want everything they see, but it's up to you to explain that buying one item might require sacrificing the purchase of another item. Let your child weigh the decision and learn to understand how they influence the outcome. Later in life, the concept of opportunity costs might be easier for them to assimilate.

Teach them about giving. It's important for a child to learn that money has uses beyond personal consumption. You can have them pick a charity and explain how they can help others by donating some of their money. Over time, they'll learn that giving benefits the giver as much as the recipient and prepares them for the concept of charitable giving as a natural part of life.

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