Money Management for Kids: 12 Tips That Make It Easy

All parents want their kids to grow up to be responsible adults. And being able to manage their finances (and eventually leave the nest!) is part of the big picture. Children grow up seeing their parents handle money, write checks, use an ATM machine and purchase things with credit cards. Starting at a young age, teaching kids money management will help them in their understanding of financial matters.

1. When paying children an allowance, avoid tying it to specific chores. Instead, tell your child the purpose of their allowance is to teach them in managing money.

2. Encourage everyone in the household to pitch in with chores without compensation expected.

3. Avoid using money as a reward or punishment. Teach your child that money is a tool to help them in life.

4. Let kids make mistakes and learn from them. This might include a purchase they later regret.

5. If you pay your child an allowance or monthly salary, increase it as he/she gets older. At the same time, increase the number of things they're responsible for purchasing.

6. Let your child manage their spending money without your interference.

7. Encourage your child to save. Consider a matching program for long-term savings such as college or a car.

8. Encourage your child to give of their time, money and talent to a charity, church, synagogue, local shelter, etc.

9. Model needs versus wants by letting your child see you saying “no” to something you desire.

10. Encourage your child to delay instant gratification by comparing prices on something before purchasing it.

11. Once a child reaches his/her early teens, help them open a checking account. Oversee the writing of 3-4 checks each month as well as teaching your child how to balance their monthly statement.

12. While teaching money management for kids, be sure to talk about credit cards, how they work and the proper use of them. Discuss marketing techniques that will come their way, offering to-good-to-be-true no interest offers.

Money management for your kids doesn’t have to be complicated. Just follow these easy steps you your children will be well on their way to obtaining healthy life-long money management skills.

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