

Teaching Money to Children and Youth

Proverbs 22:6

6 Train up a child in the way he should go,
Even when he is old he will not depart from it.
NASB

That is a great proverb! But how do you train up that child? You are fighting against TV marketing, online marketing, movies, billboards, magazines, and peer pressure. Some of the stuff that is being marketed to our children really is fun and pleasurable, but not all that is fun and pleasurable is good for them.

Where can you start when you are looking to help your children become responsible money managers? The list of good options is ever growing and changing, but here are a few ideas and resources that might get you started.

Start with the Internet

Start with Dave Ramsey, a time-tested financial counselor who gives strong Biblical advice. Check out the course [Smart Money Smart Kids](#) taught by Dave Ramsey and his daughter, Rachel Cruze.

Also check out the website of [Crown Financial Ministries](#) founded by Larry Burkett. Crown claims it "is the world's leading global education and discipleship movement to teach God's people to apply His principles of total life stewardship."

And you can look at Creative Wealth International's [Camp Millionaire](#). Although the website makes a serious mistake in saying that "money doesn't come with instructions," we know that God gave us over 2,300 verses on money, wealth and possessions in His Word. There really are good instructions! Regardless, this website has information that can be used for financial education curriculum in schools or as a summer financial literacy camp curriculum.

There are many other Christian sources for training, courses and materials to aid you in wisely raising your children.

Outside of Christian training, there are other strong sources for materials and ideas for raising financially mature and responsible kids.

These include:

A [Financial Training Tutorial](#) with courses and materials covering grades 1 through 8 for reading and math.



[Practical Money Skills](#) is a website that offers resources helping older children increase their knowledge of money. For parents there are lesson plans for ages Pre K to college including Special Needs children. There are games including Financial Football, Financial Soccer, Cash Puzzler and many more. One cute game for children is Peter Pig's Money Counter, a secular resource disguised in a game. That counter is a free app, available for download on both Apple and Android devices that teaches young children about money through a variety of games covering saving, spending, coin counting and more. The site has excellent resources available for free.

[MyMoney.gov](#) is a website with free information for all ages. Children can start learning about currency, money handling and money symbols with games, follow along with a guide to begin coin collecting and more. Older kids can start learning about topics such as Social Security, taxes, and how to be a smart shopper.

The [Consumer Financial Protection Bureau](#) has free educational tools for parents and caregivers. The CFPB has a free "[Money as You Grow](#)" [book club](#). The club has free discussion guides and excellent books for children to learn about handling money.

For parents who give an allowance to their children, the app PiggyBot is a tool for training children to manage money and live with financial responsibility. This free app (available on iPhones® and iPads®) is excellent for children ages 5 and up. It allows them to set goals, assign chores, and keep track of IOUs and helps teach children spending, sharing and saving.

Remember, You Have Local Resources

Check out the free classes offered at the public library branch nearest you, a community center, church and after-school programs. There are many excellent resources available at most libraries, including *Make Your Kid a Money Genius (Even If You're Not)* by Beth Kobliner, *How to Raise Financially Literate Kids*, *Generous Living* by Ron Blue, *Raising Money-Smart Kids: How to Teach Your Children the Secrets of Earning, Saving, Investing, Spending Wisely* by Ron Blue and *Smart Money Smart Kids* by Dave Ramsey. There are also fiction books that train in money use including *A Chair for My Mother* by Vera B. Williams, *My First Book of Money: Counting Coins* by Eno Sarris and Masaaki Aihara, and *Bunny Money* by Rosemary Wells.

Go to your bank or other local banks and ask about accounts that might be available as teaching tools. For example, Wells Fargo has an account named a *Way2Save*® Savings account requires a \$25 minimum opening deposit and has no monthly service fees for account holders under 18 (the age may vary from state to state). Many other banks have accounts benefiting children

and offering higher than normal interest rates, reduced or no service fees and other account options and benefits.

Another resource that is available locally is [*Financial Peace Junior*](#), available online for purchase by parents. It's packed with tools, resources and step-by-step instructions for parents.

Talk and Share

With the resources identified above as well as with others available and easily attainable, you can be well on the way to teaching and training your children to be good stewards of money and property. The best lessons may come from your children watching you live what you are teaching.

The lack of parental education is almost certainly a major factor in the growth of consumer debt in America, now over \$12 trillion, and the student loan debt, over \$1 trillion. There is no responsible financial manager who would recommend debt of this magnitude. Good training in handling money would have prevented much if not most of that debt. The time to start that training to avoid repeat mistakes is now. And, as always, the best lesson is a life well lived, yours.

Start with these lessons in your handling of money:

1. Work hard.

Money doesn't grow on trees. It is something earned for work. A few ideas here are that allowances should be earned and not given, good and extra work may merit extra compensation, and it is real. Children often see their parents buy with a piece of plastic, or the press of keyboard keys or a few words over the phone. They don't see "real" money and they don't see the fact that it runs out and is hard to get.



Make your children earn what they get. It may be chores, assignments, studies, grades, academic goals, reading lists, or anything else that teaches a work ethic. This is a Biblical lesson that walks hand-in-hand with good money management, it is called the law of reaping and sowing. The passage is about spiritual sowing and reaping, but the lesson holds true for wise money management compared to reckless spending and behavior.

Galatians 6:7

12 So not be deceived: God cannot be mocked. A man reaps what he sows.

This starts early. Chores and household responsibilities start easy and grow as your child grows. At ages 2 to 3 start teaching your children numbers, counting and basic tasks like cleaning up after themselves, picking up their clothes, making their bed and other simple tasks. Start teaching them to count using coins. U.S. coins are well designed to teach the decimal system even though the sizes are not logical. Five pennies equals a nickel, ten equals a dime and 25 equals a quarter. Then let them "save" those coins. Open a savings account as described above. Set up a bank account and use some of the online resources mentioned above.

Let your children make "purchases" of things they want using their "savings." This is also a great time to start teaching the fruit of the Spirit which includes patience or forbearance. Galatians 5:22. Make them wait before they can make a purchase. This is a great way to start training them how to avoid impulse buying. And no, buying on credit is not allowed, so they also learn to save for a goal.

2. Save early.

Time and compound interest can create great wealth. Time is essential in reaching that result. See [8 Financial Moves for Millennials](#) even if you aren't a Millennial. It has a good illustration showing the power of compound interest. If you save \$2,000 per year starting at age 19 and save for 20 years, while a friend saves \$2,000 per year for 37 years but only started at age 29, you end up \$120,000 ahead! That is the power of starting early!

Unfortunately, only 51% of Americans above the age of 60 believe they will have enough to retire comfortably, and 30% of Americans have saved absolutely nothing towards retirement, meaning they will live on Social Security and what they can earn even after they "retire." In effect, they have spent their retirement already.

Saving offers real benefits, lasting benefits. Train your children to start saving and to keep saving. They should have a chance to see the benefits so they can get excited about saving. How? Instead of buying that special toy, make your child save for it and buy it with his own hard-earned money.

Continue training your children to save and be patient. If you have not opened a special account at a bank, maintain one in a jar, not a piggy bank, where the child can see the actual money. And you can be the banker, adding interest to the savings. Don't just randomly put money in the jar or account, make it an official one-a-week or once-a-month activity where "interest" is paid. Start teaching the blessing of compound interest as soon as multiplication skills become a part of schooling.



Additionally, by ages 7 to 9, it is time for real chores and real allowance with an earnings system to begin. Continue with the simple chores that by now are a part of daily life. And add to them. You are doing this not to get work done around the home, although that is a side benefit. This is a teaching moment, actually a teaching lifetime. There can be deductions for work not well done and bonuses, modest ones, for work done with excellence.

Having money then presents new opportunity for parenting, teaching them to spend wisely.

3. Spend wisely.

Spending means making choices. Know that there is a difference between needs and wants. Making good financial choices starts with

Matthew 6:34

34 Therefore do not worry about tomorrow, for tomorrow will worry about itself. Each day has enough trouble of its own.

that distinction, the one between needs and wants. God has made it clear that our needs will be met. He has also made it clear that our wants may not be the same as His wants. Matthew 6:25-34.

Take your 4-6 year old children shopping with you. Let them see you make wise choices, avoid impulse buying and pay with actual money instead of a credit or debit card or with your phone.



Let them make purchases while they are with you. If they want something at the store, have them actually pay for it. They get to see money disappear and their savings decrease. They see the cost of items and the limits of a budget.

Often the wisest choice when deciding whether and how much to spend is to say “no.”

In the example at the end of section 2 above, the likely result is the child will realize the benefit of hard work and saving. Alternatively, the child may decide not to make the purchase because the effort was too great. In either case, a lesson was learned.

Perhaps the greatest lesson that was learned comes next.

4. Set goals.

If you aim at nothing, you’ll hit it that goal every time. On the other hand, set those goals with God in mind and hold them loosely because we God often has a better idea than we do. The old joke, “How can you make God laugh?” has a great answer, “Tell Him your plans.”

But we are made to try to look ahead.

What financial goals do you start them with? By ages 10 to 12, your children should be starting to think in a way that real looking forward is possible. It is easier to teach children to avoid impulse buying if they see the impact of impulse buying upon their own limited savings account. That is aided when they are saving towards a specific goal and the goals doesn’t move closer because of poor spending choices. At this age impulse control is weak, especially in boys. They will make mistakes and poor choices, so be patient yourself.

5. Learn the basics and more.

By the teenage years, it is time for your children to start thinking and handling their money like adults. Now the jobs and chores can move into “working” for the neighbors with yard work, babysitting and more. Show your children how you budget, spend, save and give. Show them how you make wise choices – actually, you should have been doing this all along.



Hopefully, by now the bank account started years ago has grown into an account where the numbers mean something – and so do the goals. Maybe it is a car, with the additional expenses of gas and insurance. Maybe it is saving towards college or a wedding. But this is also a time when the real power of compound interest begins to show itself. Go

back to the chart in [8 Financial Moves for Millennials](#) and see how quickly the money builds up after a few years when the balance is higher. This is a great time to show your teenager how to earn money without doing anything!

Now the financial literacy lessons begun at ages 2 to 3 are completed. Unfortunately, nearly two-thirds of Americans have somewhere between no and low financial literacy at even a basic level. The [National Financial Capability Study](#) from the FINRA Investor Education Foundation shows disappointing financial illiteracy. 32% of Americans were still paying only the minimum balance on their credit cards in 2015. High interest credit card debt in the U.S. is financially destructive. Making that even more damaging is the fact that 58% of Americans do not compare credit card “offers” and so do not select cards with lower interest rates or better terms.

One of the best lessons a beginner can learn is that mistakes will be made. Get over it, learn from it and move on. Teach them that!

6. Keep communicating.

Never stop sharing and communicating. Always remember that the best form of communicating involves listening. Listening is not an opportunity to learn what to correct, it is a part of your responsibility as a parent. Keep sharing lessons by living in a financially wise manner yourself. As your children grow, the lessons you teach and the life examples you show will become more complex lessons.

Overall, making money matters a part of your regular discussions with your kids will give them financial awareness now and ensure solid financial literacy down the road. Keep it positive and engaging and you can't lose.

