



For Release: July-September 2005

Helping your Child Learn about Money Management

Children who are given the appropriate opportunities to make a spending plan and implement it are more likely than others to develop good judgment about money use and learn to accept the consequences of their decisions. Below are some tips and ideas for parents to use with their preschoolers and school-aged children to gain knowledge of financial management.

Preschool children can learn a lot about money and begin to develop their attitudes toward money through:

- Play that helps preschoolers think about money. This helps children learn about daily consumer choices. For example, play restaurant, supermarket, post office, bank, gas station or car wash.
- Preschoolers can be taught that some family members go to work to earn money for family needs such as food, clothes and the home. Preschoolers can learn that other family members work at home so that the family does not have to buy some goods and services like laundry, cooking and yard work.

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FAMILY AND CONSUMER SCIENCES

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Family and Consumer Sciences (FCS) program staff at MSU Extension can answer questions or help you learn more about money management, parent, food, nutrition and health issues. MSU Extension educators integrate university and community resources to provide tools that help families succeed. For more information on FCS programs in Michigan, call your county MSU Extension office. Check the government pages of your phone book for contact information.

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Children often **learn best by doing**. Let them be involved in the buying process. In the store, give children a choice of three items and accept their choice. Then, let them go to the sales clerk and pay for the item.

- Suppose your child has just made a bad decision about spending money. If he or she is unhappy, **don't give them more money!** We all learn from our mistakes.
- Help your child understand the link between jobs and money. Family members work because the family needs or wants food, clothes, toys, etc.
- By giving your children chores to do without pay, they learn they are part of the family and share in the house workload.

School-aged children learn to read, write and play by experience. They can also learn about money management through experiences.

- Children can reinforce math skills by making change.
- They are ready to help with the family shopping (making lists, tracking expenses in the grocery store).
- Older children can help balance a checkbook and address envelopes to pay bills, or if you do it electronically, show them how it is done.
- Discuss reasons for buying or not buying family and household items.
- Let children be a part of family money decisions. Ask them: "What do you think?"
- Give children opportunities to earn money.
- Do not pay for good grades, chores or good behavior. These should be expected.

An allowance is a child's share of family income to be used as the child chooses.

Allowances help children gain experience in handling money and making decisions about how it should be spent. With your children, decide how much allowance they should receive. You can determine this by:

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- Keeping records of money used during the week for lunches, bus fares, other school expenses and entertainment. Or sit down with your child and draw up an expense account, deciding what items the child will pay for.
- Help the child develop a simple record to track income and expenses.
- The allowance can be paid daily for younger children or weekly/biweekly for older children.

For more information on parenting, money management, food, nutrition or health issues, contact the MSU Extension office. MSU Extension Family and Consumer Science educators are located in all 83 Michigan counties to integrate university and community resources to help families succeed.

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