

10 ways parents can teach their children about money

We are often asked for what our top advice would be to parents. Here are 10 practical tips on how to help your children learn about money at home.

1) Have a conversation.

Talk to your children about money. It sounds simple, but this is the most effective way to help your children understand personal finance. Explain how you arrive at financial decisions, what's in your budget (or if you don't have one, why not do one together?) and how different aspects of dealing with money make you feel.

2) Don't forgot about physical cash

Show younger children the coins and notes you have in your purse or wallet and ask them to help you count them. Talk about the different sizes, colours and numbers on them and how many different coins and notes there are altogether.

3) Explain how money is earned

Talk to them about where money comes from. We're an increasingly cashless society, and thanks to the invention of cashback it's easy for children to assume that the supermarket is the source of all of your funds. Showing your child your payslip and explaining what you had to do to find employment are good ways of building financial understanding. For older children you can look at the deductions made from the gross pay, and what they might be used for.

4) Explore the difference between need and want

Explain the difference between needs and wants. Contrast examples of goods they need every day, such as food and clothing, and items or toys they might want, but don't need. This is a great way of introducing the concept of saving and the need to exercise restraint in their spending, as well as helping them to understand that sometimes times will be hard and you won't be able to afford everything everyone wants.

5) Set Savings Challenges

If you give your child pocket money or an allowance, talk to them about setting a savings target and encourage them to adopt good habits early. This is a good opportunity to introduce ideas around keeping your money safe and planning for the future.

6) Involve them in the weekly shop

As you go around the supermarket, ask your children to choose the best-value combinations of set products and get them to do the adding up as you go from aisle to aisle. As well as learning valuable lessons, your new helpers can make your job easier at the same time.

7) Talk about different ways to pay

Talk about the different ways of paying for things – from cash and traditional debit or credit cards, to paying with contactless cards or even using your mobile phone. Have they seen any of these in action? Talk about some of the pros and cons of payment methods – e.g. using a contactless card is quick and easy, but there's a limit to how much can be spent in one transaction (currently £30).

8) Highlight the importance of security

Highlight the importance of keeping our personal details safe and secure, and not to share the passwords or PINs we use with others. If we think a password or PIN has been copied or guessed by someone we should change it as soon as possible.

9) Involve them in spending decisions

Involve them in appropriate spending decisions, such as buying a new computer or a kitchen appliance. Making real life spending and saving decisions about even small amounts of money can help children to understand more about managing their money.

10) Show them the cost of running a home

Look at utility bills together to explore the cost of running a home, can they help to manage the household budget? See if they can find any savings that could be made!

Interested in finding out more?

Our free Advisory Service offers a range of ideas, support and resources to help you teach children and young people about money.

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