News Release

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Start Early to Learn About Money

Where did you learn about money? Did your parents say ‘Money doesn’t grow on trees!’ or ‘What do you think—I’m made of money?’ We all learn about money from a variety of sources—parents or friends or media.

Children get their first lesson on money management from the adults around them. By the age of three, children already have a good idea about how you feel about money. How you talk about it and handle it tells them a lot about how to approach money. You can actively help them learn what is appropriate for their age.

Making simple money choices can be learned at an early age and prepares children for much more difficult decisions as they grow. Talking about spending, saving and sharing help a child understand the role that money can play in their lives. By the age of four, a child can understand that money is for ‘trading’ for things they want. They can play ‘store’ at home with play money and household items, or they can learn that money must be given to someone else in order to own something. This age is a good time for children to learn about saving and sharing, not just spending. They can be the one who puts the money in the red bucket during the holiday, or have a piggy bank that collects some of the coins from your pocket.

School-age children have already started making decisions about wants; the next step is learning from mistakes, having positive experiences, and understanding the difference between ‘wants’ and ‘needs.’ An allowance is a large part of this; it is a child’s ‘paycheck’ that allows him or her to make choices about items. This provides practice in planning spending (which adults call ‘budgeting’).

During the teen years youth have more expensive ‘needs and wants’; money and decisions become more difficult. At this point talking about cars, gas, insurance, up-to-date clothing, and future education becomes important. Also debit, credit and loans (from parents) can be discussed. Teens are more able to understand the family’s
financial situation, so being included in family budgeting and decision making is more appropriate.

Continue to reinforce the concept of ‘spend, share, save.’ Teens can usually find many ways they want to spend money. A teen can choose to share either time, money or both with others in need. Guide them to establish a long term goal, like college, and then to save for the goal.

Teaching a child about money is a constant process of everyday living. It can be an opportunity for the child to study mathematics or discuss the cost of good nutrition while spending time shopping with you. Learning about money early in life helps a child to be a step ahead of those who have not learned how to manage money and will allow that child to be more successful in saving, spending and sharing.

Visit [http://www.extension.umd.edu/washington-county/money/news-articles](http://www.extension.umd.edu/washington-county/money/news-articles) and click on Online Learning for some online resources you may want to use with your children as you help them learn about money.

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