



BEYOND BELIEF NETWORK

Beyond Belief Network Guides: Teaching Kids to Manage Finances

It's never too early to educate children and teens about making smart financial decisions. Learning how to manage money wisely is a valuable skill that can determine the quality and stability of a child's adult life. This guide is designed for parents to find opportunities to discuss money management with children and teens. This guide was inspired by our Compassionate Impact Grant Beneficiary, [Dudley Street Neighborhood Initiative \(DSNI\)](#), which recently launched their program, [Fair Chance for Family Success](#). This program is designed to assist families in setting their own financial goals.

Laying the Groundwork

Teaching children to have a healthy attitude toward money management can start when they're young.

- What you want isn't always what you need. Children can be taught the difference between wants and needs. Helping them discern between the two at an early stage will help them control the expenses they incur as adults. Try making a question game out of it (Do I need or want a new toy? What would I save if I didn't buy the new toy?). This is a point that you can continue to reinforce as your child grows.
- Smart shopping. When a child is old enough to understand that money can be used to buy things, talk to them about the steps you take to save money. Make it a game. For example, if an item is bought on sale, show the amount that equals the full purchase price and take away the amount that you saved. For older children, list five items on a shopping list. The goal is for the child to match the item's price in a different column. See if they have enough money to purchase all or some of the items. Make them decide which they purchase.
- Money values. This game will help teach an elementary student how to count and learn the value of money. All you need is a die and some change. For beginners, use only two types of coins (e.g., pennies and nickels). More advanced players can use coins of greater

value (e.g., dimes and quarters). The child rolls the die and gets the number of pennies shown. As the child gets more pennies, he or she must convert them to nickels, and as the nickels accumulate, he or she must convert them to dimes or quarters. The winner is the one who reaches a predetermined amount.

Building on a Foundation

It's important to build and reinforce your child's healthy financial habits through responsible parenting and life lessons.

- **Consider an allowance.** An [allowance is a tool](#) that can teach a child how to use their money, not waste it. As they begin to make better decisions with their money, think about condensing their allowance into less frequent installments. A monthly allowance will reinforce the importance of budgeting and help them practice saving up for the things they need.
- **Earn it.** Here's a great activity to develop a child's work ethic. Show three large projects that need to be completed around the house or neighborhood (e.g., weeding the garden, painting a fence, organizing the basement). Explain how long each job would take and how much money they would earn. Ask your child which job they would choose and why.
- **Brain buster.** Kids love brain teasers, and this game will help develop their mental math skills. All you need is a small pile of coins. Reach into the pile (a money jar will also work) and pull out a handful of coins. Without the child seeing, count the number of coins you have in your hand and add up the value of the coins (you may want to write this information down). You can only tell the child how many coins you have and what the total value is. The goal is for the child to figure out exactly which coins you are holding. If the total is correct, but the types of coins are incorrect, allow the child to guess again. You can play a variation of this game whenever you have some change in your pocket. If the child guesses correctly, let him or her keep the change.

Preparing their financial future

Growing from adolescence into the teenage years is an exciting time, but it's also a vital opportunity to impart some lasting financial wisdom.

- **Budget basics.** Once your child has a regular income, like an allowance or part-time job, help them [plan a simple budget](#). Ask them to think ahead about their expenses and how they stack up against their income. Using your own household budget as a model will

demonstrate how setting aside portions of a paycheck can pay off over time. This exercise will also help. Get a couple of sheets of paper and a pen/pencil. On one sheet, have your child make a two-column list of expenses and income. Under expenses, he or she should list what they expect to spend on items such as movies, snacks, and music downloads. Have the child add all of the expenses and subtract the total from their income (allowance, spending money, etc.). If spending is more than income, ask your child to think of ways to reduce spending. Once the budget is balanced, help your child develop a savings plan that includes both short-term and long-term savings goals. Also, ask your child to use percentages when creating their budget.

- **What a bargain!** Preteens and teens are under constant social and peer pressure to “fit in,” usually with expensive items. It’s important to encourage their decision-making skills and teach them the advantages and disadvantages of bargain shopping. Use the advertising flyers from the Sunday paper for this exercise. Talk with your child to select an item that he or she would like to purchase. Pick a budget for the purchase that is a little low. Have the child look through the advertisements for the lowest prices on that item. Once the child finds the lowest price, ask the following questions:
 - Does this store have the lowest prices on most items?
 - Do they have the lowest prices on all items or just high-profile items?
 - How far away is the store with the lowest price?
 - How much time and gas will we spend going to this store?
 - Do you think the quality of this product is better or worse than the quality of higher-priced products from other stores?
 - Why are some brands priced higher than others for seemingly identical products?

Discuss the answers with your child.

- **Credit/debit cards.** Before you allow your preteen or teen free rein with a credit or debit card, discuss the pros and cons of using it. Discuss hypothetical situations when it would be necessary to use such a card. Teens often forget that they have to pay back the money they spend using a credit card. Make them consider ways in which they could pay back the money and how their purchases would affect their overall budget.
- **The college life for me.** For many, going to college is an important part of their future plans. The big question is how will they pay for it? Luckily, there are [hundreds of opportunities](#) from academic to athletic scholarships to grants and loans. However, high schoolers have to apply and qualify for them. Freshman year is the time to start planning to qualify. This is also a critical time for them to focus on saving. Still, if your teen has a job, check that they only work weekends and during the summer. During the school year,

a teen's primary job should be student. Keeping up good grades and taking college-prep courses will help them prepare for their future.

Questions or Concerns?

If you need help with planning your event or have additional questions, the best way to contact Beyond Belief Network is to use the contact webform, which enables us to track the resolution of your question: foundationbeyondbelief.org/contact-bbn. You can also email us at bbn@foundationbeyondbelief.org.