

Fun Ways to Teach Kids About Money

With the right approach, your child will learn valuable financial lessons

By [DANIEL BORTZ](#)

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Instilling [good money habits](#) in your children is arguably one of life's most important lessons. Fortunately, with today's technology, there are many ways to make learning about money fun for kids of all ages.

Teaching your kids about money should start as early as possible. "As soon as your child starts asking for things, I think it's time for them to understand that things cost money," says Anton Simunovic, founder of ThreeJars.com, a website dedicated to teaching kids about money management.

But what [lessons](#) should you start with? Neale Godfrey, author of *Money Still Doesn't Grow on Trees: A Parent's Guide to Raising Financially Responsible Children*, suggests beginning with the concept that money must be earned. "There's no entitlement program in life," she says. "Kids need to know that they can't just whine for a toy in a store and automatically get it."

As kids begin to learn about money, parents shouldn't feel intimidated. "The topic of money shouldn't be something that's taboo," says Jayne Pearl, author of *Kids and Money Guide to Learning Capital*. If you're uncomfortable talking about it, she says, it won't be an enjoyable experience for the kids.

You should also be careful not to argue about money in front of your kids. "If the parents are constantly arguing about money, their children are going to view money as a source of stress," says Jon Gallo, who coauthored the book *The Financially Intelligent Parent* with his wife, Eileen.

Starting to feel a little less anxious? Here are six more ideas for making money fun for kids:

Use cash. Showing kids purchases with a credit card won't do much good, the Gallos say. "Don't [buy items] on credit cards or with checks, because that's completely abstract," says Eileen Gallo. "Let your kids hold the money and see the money leaving their hands."

A fun way to accomplish this with young children is to deposit coins in a parking meter. "Let kids put the coins in," says Eileen Gallo. "That way, they get to see what money is and that you get something for it. And when kids are 3 or 4, they love putting the coins in the meter."

Utilize a piggy bank for the 21st century. A traditional one-slit piggy bank doesn't teach kids much about money management, says Susan Beacham, CEO and cofounder of Money Savvy Generation in Lake Bluff, Ill., a company that helps parents and educators teach children to make good money choices. "A lot of times, piggy banks make kids very distrustful," she says. "If kids can't see through it, they don't trust that the money is in there." So Beacham developed the Money Savvy Pig, a see-through piggy bank with four slots: save, spend, donate, and invest. With the Money Savvy Pig, kids learn that money isn't just accumulated to buy things.

Take advantage of the Web. The Internet is full of age-specific money games for kids. Just last year, PNC Bank and Sesame Street teamed up to create [fun videos and games](#) that teach kids about money. Many children will find it easy and exciting to learn about money from Elmo and his friends.

Pearl recommends Doughmain.com, which has an array of child-friendly tools and games centered on money.

A number of banks also have online tools for kids. Investment management firm T. Rowe Price offers [The Great Piggy Bank Adventure](#) which uses a talking piggy bank to guide children through various financial lessons.

Let them play games. Beacham says games are an excellent tool for approaching the topic of money with kids. "Games become something you can use to open the discussion, so it's not always you preaching about money," she says. Grade-school children can play Planet Orange at OrangeKids.com. In the game, kids travel through the planets by completing certain jobs to earn money for gas.

MassMutual, a financial advisory group based in Springfield, Mass., developed Save! The Game, an app for the iPad and iPhone that teaches kids the difference between wants and needs—a critical financial lesson, says Pearl.

Also, don't disregard old-fashioned board games. The Game of Life, for example, teaches kids about the various [expenses](#) they'll encounter from college to retirement. Another favorite is the Allowance Game, in which kids go around the board doing chores and collecting an allowance, then spend their earnings on the things they want.



However, Simunovic of ThreeJars.com expressed one concern: "I'm not a huge believer that games are going to teach our kids a whole lot about the way money is used in the real world."

Empower them to manage their own money. Let your child play an active role in how money is used by offering them an allowance. But consistency is important: Many parents promise an allowance to their kids but don't deliver. If parents forget to pay the allowance, children learn that money promises can be broken. Beacham says this can potentially lead the child to think somewhere down the road, "Hmm, maybe I don't have to pay my credit-card bill on time this month."

Pearl adds that while an allowance can be tied to certain household chores, it shouldn't be used to discourage bad behavior (i.e., for every day you don't kick your brother, I'll give you \$1).

Encourage them to give back. Giving to charity is fun for kids because they are instinctual givers, says Beacham. In addition to having your child donate money (to a charity of their choice), make philanthropy more enjoyable by getting the whole family involved. Volunteer together at the local soup kitchen or participate in a fundraiser at the neighborhood park.

Above all, don't be afraid to talk to your kids about money. Says Godfrey: "Our kids see us handling money every day, but we often forget to talk to them about what we're doing."

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