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### **Tips for Teaching Your Kids to Be Financially Literate**

Money is something people don't like to talk about, but it's essential to bring up the topic with your kids. Starting early with financial literacy helps your child learn how to manage money well, so that when they reach college age they'll be prepared to live away from home. [UniversityParent](#) outlines some ways to teach your child to be financially literate.

#### Pay an Allowance

Rooster Money reports that around 56% of parents [give an allowance](#) that averages \$9.80 per week. Decide what amount makes sense for your family and what your child has to do to earn it, such as doing certain chores. Set requirements for saving some of the money or spending it on certain things.

#### Start a Savings Account

If your child isn't one of the [49% of kids](#) who have a savings account, start one now. Take your child to the bank to help you set up the account, so they can see the process. Many financial institutes offer special kids' [savings accounts](#). Putting money in the bank instead of giving cash helps reduce spontaneous spending.

#### Set Savings Goals

Work with your child to [set savings goals](#) for meaningful things, including what will be needed when they reach college. A young child might want a toy while a teenager might want to save for their first car. Help them break down the costs and find ways to earn the money. Track the money together to help your child stay motivated.

### Play With Numbers

Play games that involve numbers or money to help kids understand values. Games like Monopoly or Life that use pretend money are easy options. Playing with toy money and a cash register can also help your child practice financial skills.

### Be Open About Money

Talking about money and budgeting familiarizes your child with the decisions adults make. You can talk about how owning a home comes with lots of expenses, like paying for electricity and repairs on the home. Talk to older kids about mortgages and interest to save money. Also explain what it takes to get a loan, including how one of the initial [criteria](#) lenders consider is a person's debt-to-income ratio. This is a great time to define debt to your youngster, and how having less "bad debt" is a good strategy.

Discuss how to refinance your home and how your [credit score](#) affects your finances. Grown & Flown notes that you should also talk about how much [spending money](#) your college-bound kiddo will need while in school, and how to budget it accordingly. Everyday conversations prepare kids for financial decisions they'll make as adults.

### Say No

If you buy your child everything they want, they never learn about delayed gratification, prioritizing, and budgeting. Even if you have the funds and want to say yes, hearing no occasionally is an important lesson. When you say no to a purchase, explain why. Talk about budgeting and that money isn't allocated to this impulse buy. Discuss saving for larger purchases, such as a car they'll need while away at college.

### Teach Prioritization

Teach kids to prioritize and relate that to money decisions. If they want new shoes and a new bike, help them prioritize savings. [Prioritizing](#) doesn't have to be financial. If they have lots of homework, help them decide how to prioritize the work.

### Take Them Shopping

Have your child help plan your grocery list and go shopping with you. If they're old enough, have them keep a running total of how much you're spending as you shop. Point out price differences between brands and talk about how you compare the options.

### Improve Financial Literacy

Learning financial literacy from a young age helps your child grow into a responsible adult with a healthy relationship with money. This is especially important as your kiddos transition to college life and beyond.

[UniversityParent](#) empowers college parents with the information they need to maintain healthy relationships with their students and provide support throughout their student's college experience. Read more informative articles today!