

Let's Talk



Talking to your children about money



Children start to learn about money from early childhood.

Parents and carers have the most important influence on how children deal with money in adult life. Children also learn about money from the TV and their friends. Teaching children the basics of spending, budgeting, and saving will equip them with the knowledge and skills they need to manage their money effectively now and in the future, helping them to become financially confident as adults. There are lots of age-appropriate ways to do this by keeping it simple and making it fun.

Children who do better with money tend to have parents/carers who talk to them about money and give them responsibility for spending and saving from an early age.

Research from the government's [Money and Pensions Service](#) shows that children's attitudes about money are well developed by the age of seven.

How to start talking to your child about money will vary depending on their age.



For the youngest, start with the basics and get them touching and handling coins, notes and credit cards. This is a key first step in getting young children confident around money. You could play shops at home using play or real money.

Giving small children a piggy bank can be a great way to help them get to grips with the basics of how saving works. Encourage them to count the money as they add it to the piggy bank and regularly check how much it is growing by emptying it and counting it. Talk about why it's important to keep money safe. This can also help you encourage them to save for something they really want.

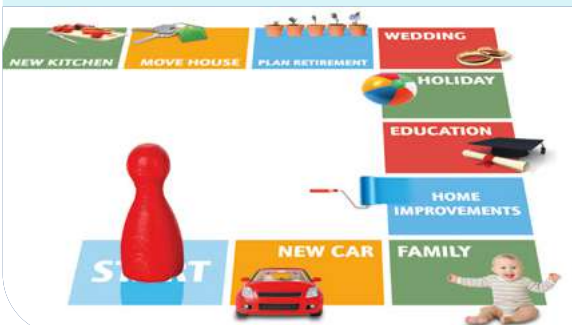
When you're out at the supermarket, take your child with you and make money-related decisions and compare prices out loud in front of them. After your shopping trip, go through the receipts together.

As they become more familiar with money, they'll start to understand how it's used day to day, including the different ways of paying for things. This is where you could explain budgets and setting spending limits. You could show this, for example, when going back to school allowing them to choose their own lunchbox or backpack with a spending limit.

In order for your child to fully understand money, it's important they have choices, this is where regular pocket money can help. They can then choose to spend or save this money or a combination of both. The amount isn't important, it can just be a small amount to help them with the ability to manage their own money. You may also want to let them earn money by doing chores around the house. This can help them think, those sweets or toy cost me 2 chores, so puts money into perspective and how its earned. You may want to increase their pocket money as they get older.

It's worth regularly discussing with them how they feel about money, what they might want to spend it on or save for. If there is a particular toy or item that they want, help them work out a plan for their savings.

If there is something big, they want to save their money for, help them work out how long it will take them to afford it by saving all or a proportion of their pocket money each week/month. Remember to praise them when they reach each saving goal. You could help them track their progress by filling out a chart or drawing and colouring in a section each time they receive more money.



Board games can also be an enjoyable easy way for children to learn financial concepts. Monopoly (or the Junior version), or similar games introduce, earning money, paying rent, mortgages and going bankrupt. There are also online games which help children get to grips virtually with spending and saving.



They will begin to understand the difference between wants and needs. This is a great age to talk about how they can start achieving some of their own wants through earning and saving.

They will probably now have a bank account where they save their money. You may even be paying their pocket money digitally, so it's important they understand how bank accounts and interest work.

If you'd like them to have a 'card' to pay for items, a prepaid card is an option for younger children.

[GoHenry](#) is an established provider of prepaid cards for children as young as 6 years old. There is however a monthly fee to consider. Another option is [RoosterMoney](#), a money app with an accompanying debit card. This card has an annual fee. **Before deciding on any bank account, prepayment card or money app make sure you read the terms and conditions and understand the fees involved.**

Using mobile phones and other technology is how we now mainly manage our money. So, children will be exposed to virtual money from an early age. Explain to your child how banking apps work and how money goes in and out of your account for various reasons.

As your child gets older and uses online banking and debit cards, ensure they understand how to stay safe online and to keep their PIN secure. For more information on helping your child stay safe online read our guide [here](#).

As your child gets near to becoming a teenager, they will want more independence, so you can focus on getting them to take responsibility for their own spending and saving choices. As their aspirations get bigger, when they are more interested in what they wear and then wanting the freedom to learn to drive, then money really starts to matter to them. Especially with University and first jobs around the corner. It's now really important that your child understands how to budget and save.

Conversations about money don't stop when children become adults. Whether they're still living with you or have their own place but are struggling to save for a deposit for their first home or taking out their first credit card, money is a topic that often needs revisiting.



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