



Tips for Teaching Preschoolers About Money

Children are born learners. By age five, they know a lot about themselves and the world. They also think they know a lot about money. But the rules for using money are not simple. They see people use money, checks, and credit cards to buy things. This can be confusing.

Children learn by example and experience. As they get older, some learn to handle money well and avoid problems. Others learn to live paycheck to paycheck in a state of constant worry. Here are tips for teaching preschoolers some basic rules for smart money use.

Reassure your child. Tell your child that you will provide food, clothing, and shelter. In times of crisis, such as a death in the family or the loss of a job, these messages are important.

Look for the “teachable moment.” You do not need a classroom to teach. A “teachable moment” is any time that your child is ready for new ideas. For example, getting cash from an ATM is a good time to explain that you put money into the credit union or bank earlier. The machine gives you your money back when you need it.

Know when the teachable moment is over. Preschoolers do not pay attention very long, sometimes only a few minutes. When you teach, stop as soon as your child’s mind wanders. You can teach more when you get another chance.

Keep it simple. Do not try to explain too much at a time. Young children learn more from a few short lessons than from one long lesson.

Ask “open-ended” questions. A single word can answer a “close-ended” question. (Examples: “Is the man working?” “What color is the man’s uniform?”) An “open-ended” question needs a longer answer. (Examples: “How can you tell the man was working?” “What happened when you took the toy to the checkout counter?”) Open-ended questions help children observe and learn more.

Try new things. Look for ways to change lessons to fit your child’s interests and abilities. For example, you can change many of the activities on this web site to use with a group.

Build on past learning. Children learn at different rates. There is no “right age” to teach a lesson. Children’s questions can come up at any time and in any order. Whenever your child shows an interest in an idea, connect it with other ideas that you have already talked about.

Let children make mistakes. Losing money and being unhappy with poor spending decisions are more effective lessons than a lecture.

Appeal to all the senses. The more senses that children use in learning, they more they will remember. Try to teach using sight, sound, touch, smell, and taste.

Read together. Books help explain the adult world. Read to your child and visit the public library often.

Play together. Children learn by playing. Make learning about money fun. Joining your child in play can lead to many teachable moments.

Plan together. Involve your child in family decisions. For example, children who help decide what to do on vacation are more likely to accept spending limits.

Watch TV together. Preschoolers cannot understand the difference between TV programs and commercials. Choose TV shows to watch with your child. Talk about the ads and what they are selling. Explain that choosing what to buy is like choosing what TV shows to watch.

Stick to your rules. To lower the chance that your child will misbehave in stores, set some shopping rules. Describe the actions you expect and what will happen if your child breaks a rule. Ask your child to repeat the most important rules before each shopping trip. Then enforce the rules calmly, no matter what.

Set a good example. Let your child see you using money wisely. For example, model how to make a shopping list. Show how you decide which items to buy and how you set spending limits for yourself.

Consider an allowance. Allowances are a good way for children to learn to make their own money decisions and live with them. As your child grows and becomes more responsible, increase the allowance amount as a reward.

Find “How can I teach my preschooler about money” activities at www.creditunion.coop.

