

## Extension News

### Family and Consumer Sciences

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#### **Teaching children about money**

As national and international economic uncertainty lingers, parents have an opportunity to talk with their children about finance, budgets and money. This helps children gain a deeper understanding of how money allows families and other units, such as organizations or governments, to function. The big-picture financial news headlines provide an opportunity to teach children how those stories apply on a very personal level— to their own family.

Parents are important role models for children of all ages, and communicating family needs and values to all family members is important. Children are sometimes left out of financial conversations, but because family finances affect them, it's important to involve them as early as possible. These conversations also teach children responsibility and decision-making, important concepts to which they need to be exposed.

To begin your child's financial literacy, explain topics such as paying bills on a monthly schedule, the importance of saving, and how the banking system and credit work. Tailor this information to your child's age and comprehension level. Give financial lessons when they make sense, for instance, as you drive to the bank or sit down to pay monthly bills. Allow young children to handle money, whether wrapping accumulated coins or handing money to a clerk or

bank teller. Physical contact with money is a powerful learning lesson; activities handling cold hard cash provide a framework and a practical application that helps them absorb information.

Younger children obviously have to go along with decisions made by their parents, but as they grow older, they will have their own opinions, such as how to spend a vacation, or even where to spend long weekends or major holidays. For example, if finances are tight, a “staycation” that offers great day trips to museums, parks or events might suit your children, especially if they feel they have a vote (when appropriate) in how family financial resources are spent. Allowing them to voice an opinion is a powerful way to reinforce their importance within the family.

For older children and teens, the back-to-school season opens conversations about decision-making, budgeting and spending for school supplies and clothing. Use this as an opportunity to discuss “needs” versus “wants,” particularly if the family is in a tough economic situation.

Children respond positively to those kinds of financial disclosures, and it can help them make smart decisions that support the family’s needs.

For more information, see the University of Kentucky Cooperative Extension publication titled, “Money Management: Family Communications about Money,” available at <http://www.ca.uky.edu/agc/pubs/fcs5/fcs5106/fcs5106.pdf> or contact the Livingston County Cooperative Extension Service at 270-928-2168.

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*Source: Carole Gnatuk, UK child development extension specialist & Jennifer Hunter, UK extension specialist in family financial management*