

# Four Things Every Parent or Grandparent Should Teach Their Kids About Money



## Layin' It on the Line

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"Want to give your grandkids a lifetime gift? Teach your kids good money habits early."- Stephen Dybwad

Achieving financial literacy in the United States has always been a challenging proposition. With few exceptions, financial education is virtually non-existent in the school system, and teaching kids how to have better relationships with money is generally left up to parents and grandparents. If you are a parent, you may feel overwhelmed by the task.

Even though you may not feel qualified, you would be surprised how easy it is to impart basic financial education to the children in your life. Children are naturally curious and eager to please the adults in their lives. With a little experimentation and practice, teaching important money lessons can be fun and rewarding.

By the way, while it is advantageous to start a financial literacy training early, perhaps as early as age 3, that does not mean you cannot impart money wisdom to your middle-schoolers or teens. Expect some initial push-back but know that they will thank

you for your efforts later.

### Teach kids how to SAVE

The human brain has a tough time envisioning the future. That's why asking someone to delay gratification now in order to receive a future reward doesn't usually work that well. Instead, making saving fun and entertaining NOW. Try things such as banks that automatically count coins and give a running total, transparent containers, or even traditional piggybanks. If you have more than one child, try having a contest to see who can save a pre-set amount the fastest. "Grandma script" consist of coupons you print and give out as rewards when a child finishes their chores, homework, or does an act of kindness. Some parents establish "stores" where a child can spend their script on treats, stickers or other fun items.

### Give them a healthy skepticism about marketing.

Game, toy, and candy manufacturers hone in on kids, especially those who are still in a magical thinking stage of life. Children are bombarded by ads each and every day for things they probably never thought they needed or wanted. The American Psychological Association says that the average American child sees over **40,000 ads** per year. While it is difficult for you to stop the influx of this marketing, you can hammer home an important message to your young ones: **"Don't believe everything you see or read!"**

### Explain how credit works

You may not think your child or grandchild notices when you pull those little pieces of plastic out of your wallet at the store. But they certainly do. While you may have your own issues regarding credit, that doesn't mean you can't explain to a child who is 8 or 9 or older, what credit is

or how it works. Explain to them the legitimate uses of credit and the traps they could encounter if they abuse it. For older kids, it might be instructive to let them go on a credit reporting site to understand what goes into credit scores and why they're so important.

### Make sure they can answer the question, "Where does money come from?"

An elementary school in the inner city of Chicago once decided to take their first graders on a field trip to a dairy just outside the city. Teachers reported that many of the students could not imagine that the milk they drank every day came from cows and was not made at the store. In our transactional society, young children see the adults in their lives getting money from ATM machines and think, "Money comes from a machine. You just push a button to get it." Explain to your little one exactly HOW money is made, how it gets to the bank, and how the bank gets it into that machine.

It's never too early or too late to have the money conversation with the children you love. Doing so will have a life-long positive impact and foster a healthy, productive relationship with money that will pay off again and again.

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