Empowerment through Financial Education

A Program of the Southeastern Credit Union Foundation

How to Foster Budgeting in Kids

From ages 3 - 18

Don't teach your kids that budgets are a necessary evil. Teach them that they can be fun, they stretch their money, and they allow them to do anything they want to do.

Things like a "fun money" category show your kids how budgets can be exciting. You can allocate X amount of dollars to spend on anything you want for that month, and not even feel guilty about it.

Hot Tip:

Most credit unions have youth accounts. When the children reach a certain age, they can access different levels of services such as share savings accounts, share certificate accounts, checking accounts, secured visa cards, etc. Starting early will also teach them how banking and interest rates work.

Nurture Budgeting Concepts in Kids

Introduce budgeting in ages 3-5: Start by incorporating the giving/saving/investing/spending jars. Get large, clear jars, and use actual dollar bills to fill them. Let them physically give their own money to whatever charity they decide to give to. Give them their own money to spend when they're making a purchase. Encourage a healthy balance between the jars perhaps start with 10% saving, 10% giving, 10% investing, and 70% spending. Money in the spending jar can be used at any time; the saving category is used for short-term, possibly lower value goals; investments are for long-term, high-value goals- help them understand investing by setting a small interest level you are willing to put up.

Observe budgeting in ages 6-11: Start teaching concepts such as goals, wants, and needs. Help them create a chart to track their saving towards their goal. Create a plan to reach that goal. If children do not stick to their plan, don't cover them- let them learn the valuable lesson of getting back on track. When you go grocery shopping, bring your children with you, and start opening the discussion to the family budget and how you decide what to purchase.

Start creating budgets in ages 12-14: For big events, like a party, give your child a fixed price budget and let them decide how to spend the money. You may need to help them at the beginning, but as they get used to it, they will be able to compare prices and items to decide which combination is best. This is also a great age to start the conversation on deciding whether they're buying their own car, you're buying the car, providing them with a 'parent loan', or a combination.

Be responsible for their budget in ages 15-18: It is time they can create a budget for themselves to track income from part time jobs, expenses for extracurricular activities, car insurance and maintenance costs, and 'fun money'. Most Credit Unions have checking accounts available to this age group, and it is a great time to teach them how to use a debit card, and how to track using online and mobile banking.

Before they leave home: If they've spent their entire life learning more and more about budgeting, they'll be a step ahead of everyone else. Before they leave home, create a sample budget with them, especially if they're moving out immediately upon graduating high school to attend college. See the Budgeting in College guide.

Helpful Resources:

- Read the Moneybunny Series (Earn It!, Save It!, and Spend It!) by Cinders McLeod
- Listen to the Million Bazillion Podcast
- For fun games to play with your kids try the US Mint Coin Classroom, or the Hit the Road: A Financial Adventure Game,

To find more Empowerment through Financial Education topics go to https://lscu.coop/foundation/financial-programs.php
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