

Transcribed from the Family Album Radio Program, a co-production of University of Florida IFAS Extension, the Department of Family, Youth, and Community Sciences and of WUFT-FM. If you'd like to learn more, please visit our website at [familyalbumradio.org](http://familyalbumradio.org)

*Listening, learning,  
and living together:  
it's the science of life.*

## Teaching Children About Money<sup>1</sup>

*Donna Davis<sup>2</sup>*

In today's society where the consumer is king, at what point do we address the spending habits of our children? Few schools offer financial education, but parents can teach their children about the importance of sound money management.

UF researchers say children should be introduced to the concept of money between the ages of 3 to 5. Have children handle money so they can see and understand it. Begin teaching them that two nickels equal a dime, five nickels equal a quarter, and more.

Children should not have allowances until the ages of 6 to 8. Researchers say the amount of an allowance should be based on maturity of the child and the budget of the family. Also, do not tie the allowance to household chores. Instead, offer children money in addition to their allowance for completing extra, age-appropriate activities around the home, such as cleaning the garage or mowing the lawn.

During the pre-teen years, parents should help children develop a spending plan. Teach them how to save and spend allowances based on their plan. This is also a good time to open a savings account and show children that a dollar deposited today will be worth more in a year. They can begin to understand risks and rewards related to saving and investing.

1. This document is FAR9002, one of a series of the Department of Family, Youth and Community Sciences, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. First published November 2007. Reviewed December 2010. In the interest of time or clarity, the broadcast version of this script may have been modified. Please visit the EDIS website at <http://edis.ifas.ufl.edu>.
2. Donna Davis, Senior Producer, Family Album Radio, Department of Family, Youth and Community Sciences, Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL 32611. Reviewed by Jo Turner, Department of Family, Youth and Community Sciences, University of Florida.

Introducing children to money at an early age can help increase financial understanding, making the transition into teen years when they will have control of their own money easier.

Listening, learning, and living together: it's the science of life. "Family Album" is a co-production of University of Florida IFAS Extension, the Department of Family, Youth and Community Sciences and of WUFT-FM. If you'd like to learn more, please visit our Web site at <http://www.familyalbumradio.org>.

To listen to the radio broadcast:

[http://www.radiosource.net/radio\\_stories/teaching.mp3](http://www.radiosource.net/radio_stories/teaching.mp3)

[http://www.radiosource.net/radio\\_stories/teaching.wav](http://www.radiosource.net/radio_stories/teaching.wav)