

# Kids & Cash

Teachings Children Money Skills

University of Wisconsin-Extension

Family Living Programs

## How Do Healthy Families Handle Financial Stress?

Healthy families have not eliminated money problems and worries from their lives. But the research on these families tells us they do have characteristics that help them deal more effectively with money stress.

### Healthy Families Talk About Money.

These families talk about money and argue less about expenses. By talking openly, they share fears, decisions, values, and budgeting. This doesn't mean they never argue over money issues or that they always agree. But when asked how they overcame a specific issue, the reply usually was, "By talking about it, and talking about it until we came to a solution we could both live with".

### Healthy Families Do Not Link Self-Esteem with Earning Power.

Unemployment or other reductions in income can be catastrophic for some families and strengthening for others, depending largely on how much the earners equate their self-worth with what they earn. Strong families tend to rally and support one another when there is a loss of a job.

### Healthy Families Develop Money Management Skills.

Most couples enter marriage with minimal financial skills. Healthy couples learn to control money together. Rarely is one partner exclusively in charge of financial matters. Nor is money regarded as his or hers. The four most common money management techniques used by healthy families are: budgeting, coping with inflation, developing effective purchasing patterns, and planning for retirement and old age.








### Healthy Families Teach Children About Money.

Families vary significantly on how they foster children's attitudes about money and how to use it, but the healthier the family, the more the parents recognize the need to devise policies on money that help children learn how to use it wisely.



## Healthy Families Talk About Money

Sometimes it is helpful for parents to think back to their own childhood about how they learned about money. It helps them to realize "why" and "how" they think and react to money situations as adults. Use the following discussion questions to help you begin thinking about this process.

-  What good memories about money do you have from your childhood?
-  What attitudes or feelings about money did you carry with you into adulthood?
-  Which of your attitudes or feelings would you like your child to have about money?
-  Were allowances given in your households?
-  Were there rules about allowances?
-  If you did not have an allowance, how did you get your money?
-  What feelings do you have about how you received money?






# “I” Messages About Money

**Why?** Talking things over isn’t always easy. It can be especially difficult to talk about money. However, preventing and overcoming money problems takes honest and candid communication. This means expressing feelings and concerns without insulting or fighting. This activity can help family member start talking about money issues and to be more specific about their feelings instead of blaming them on others.

## What Do We Need?

Prepare in advance:




-  Cut out enough message slips for the family.
-  Schedule time for everyone who wants to participate to get together. If someone doesn’t want to play, don’t try to force him/her.
-  Container to put slips in.

## How Long Will It Take?





15 to 20 minutes. Varies—everyone should get more than one chance to give an “I” message.

## What Do We Do?

1. Explain:

-  “I” Messages are a way to express feelings without blaming other people for the way you feel.
-  It’s against the rules to use “I” Messages to criticize, blame, insult, or say mean things about each other.
-  It’s also against the rules to make fun of or argue with somebody because of what they say when they use an “I” Message.

2. To play the game, follow these directions:

-  Fold the slips of paper and put them in a bowl or pile them on the table.
-  Each player takes a turn drawing a slip from the pile and filling in the blanks as he/she reads it aloud.
-  Read the sample “I” Message so everyone understands how they work.
-  End the game after each person has had at least two turns. Suggest family members make up their own “I” Messages the next time they have something to tell each other.

**Hints:** If someone can’t follow the rules, it’s better to end the game than to argue about it. Those who want to play can try again later.

**Option:** You can use the “I” Message slips on a one-to-one basis with individual family members instead of playing the game with everyone.

<i>I’m happy that we have money to</i> _____ <i>because</i> _____
<i>I’d like to see us spend less money on</i> _____ <i>because</i> _____
<i>I’d like to see us spend more money on</i> _____ <i>because</i> _____



# Spending and Saving

**Why?** Establishes a simple system for use of children's allowances that includes spending, saving, and sharing. Children need the opportunity to make choices on how an allowance is used. However, it is okay for parents to require that part of it be saved for buying something in the future and to share what they have with others. Providing planned learning experiences related to these financial concepts can provide children practical skills and knowledge.

## What Do We Need?

- Three containers
- Stick on labels
- Markers



## How Long Will It Take?

Up to 30 minutes

## What Do We Do?

1. The amount of the child's allowance and when it will be paid needs to be determined, if not already in place.
2. Provide child with three clear containers (clean empty peanut butter jars—plastic containers are suitable), some labels and markers.
3. Child creates a label for each jar—“Spending”, “Saving”, and “Sharing”.
  - **“Spending”** money can be spent at any time. Parents and child need to have a clear understanding of any basic expenses that are to be covered by this money, such as school lunches, club fees, etc. Write these items down on a piece of paper and put it in the jar. It is important that an allowance include enough money for some fun expenses.
  - **“Saving”** money must accumulate until a goal is reached. Write the goal on a piece of paper and deposit this in the “Saving” jar.
  - **“Sharing”** money means both the idea of sharing what we have with those who are less fortunate and obligations, such as taxes or Sunday School. Decide with the child where this will go. Write on paper and deposit in jar.
4. Decide, with your child, how much will go into each jar. Write this amount on each label.
5. Encourage the child to decorate each container with crayons or markers.
6. Place the containers in a place where the child can easily see them.
7. Deposit the first allowance.



# Ideas on Allowances



1. Be consistent. Set a day to give the allowance. Agree upon the amount and the limits for spending. Try an allowance contract that both child and parent (s) sign.
2. Children need to be able to spend some money however they wish. They need to practice making their own decisions.
3. Don't come to the rescue every time your child runs out of money. If your child is ever going to learn how to manage money, she/he must face the consequences of their own spending mistakes.
4. Money is not generally effective as a reward or punishment. Children who are given money for things like good grade, thoughtfulness, or helping at home learn to put a monetary value on character and achievement. Positive behavior can be reinforced in other ways. A special outing together or an expression of appreciation for a job well done often means more to children than a financial bonus.
5. The purpose of an allowance is to begin to shift some of the responsibility for goal setting, planning, implementing plans, and making choices for your child. A small investment of time and energy while the child is young can have big payoffs later.
6. Guide and advise your children's money decisions rather than direct and dictate. Encourage and praise rather than criticize and rebuke. Doing so will help develop confidence in their own ability.
7. Remember that your children will differ. Respect their individuality. Avoid making comparisons with siblings or other children.
8. Be patient. It takes children time to learn to manage money and develop financial responsibility. Frequent references to their mistakes should be avoided; they usually are already aware of them. Overreacting to mistakes with money leads children to believe that money is more important than it should be.
9. Give out an allowance in a variety of small denomination coins and bills. For example, if the allowance is \$3.00, you might give 2 one-dollar bills and 4 quarters. This helps children money equivalents and also makes it easier for them to set aside money for specific purposes, such as savings or charitable giving.
10. Kids who don't receive allowances get access to about as much money as kids who do. But the children with allowances are happier with the amount they receive, and they feel better off because they have more control over their money.
11. Learning to save is so important that parents should reward their kids for doing it.
12. An allowance needs to be large enough so that your children can squander some, but not so much that you'll be upset when they do.