

Things Your Preschooler Should Know About Money

For some parents, the thought of teaching preschoolers about money may seem a little premature. However, this is one of the most vital ages to begin developing lifelong lessons and creating important habits about saving and spending money.

Here are some simple money concepts that you can introduce to your preschooler.

What is Money?

The first lesson preschoolers should learn about money is what it is and how to use it. Start by explaining that money is what people use to buy things. Without money, it's not possible to easily purchase items people need or want in our society. The next time you go to the store, take them along and show them how you pay for things.

Even though actual currency isn't used as much as it used to be, children still need to understand what each piece of money is and how much it is worth. It is helpful to create fun activities they can participate in to begin learning the value of a penny, nickel, dime, quarter, and dollar.

What is the Value of Money?

While teaching your preschool child about the value of specific coins and bills, it's also wise to teach them how that value pertains to items purchased. For instance, if your child likes carousel rides, explain to him or her that it requires two quarters to ride the carousel. Or, that it requires a dollar to buy an ice cream cone.

What's more, use this opportunity to highlight the value of things that are free. These could include playing with their friends, going to the library, or playing at the park.

How to Earn Money

Understanding how to earn money is also a valuable lesson that kids should learn as early as possible. Explain to them that by working, you make money. Describe what you do for work and show them examples of other people at work in your community. Point out that people earn money as waitresses, law enforcement officers, librarians, sales staff, doctors, business owners, and in many other ways and professions.

Spending, Saving, and Giving

Preschoolers are the perfect age to begin receiving an allowance. Make sure to tie the allowance to an actual activity or chore. For instance, if they make their bed, they'll get a quarter. Or if they help unload

the dishwasher, they'll get two quarters. From this allowance, have your child organize their money into three categories: Saving, Charity, and Spending. This will help teach your child the importance of saving, the value of giving, and how to manage his or her own buying decisions at an early age.

Setting Financial Goals

It won't take long for your child to understand how financially limiting an allowance can be – especially when there is a new pricey, hit toy on the market. This is where you teach your child the importance of saving so that they have money available when something they really want comes along. And because they had to save for it, and delay that gratification somewhat, it'll be more valuable to them in the long run.

We're Here to Help!

The earlier financial education begins, the better. If you're interested in learning more about youth accounts, simply stop by the Credit Union or give us a call at 410-687-5240. We're here to help you and your family throughout every stage of life.

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