

Teaching Techniques For Parents About Money (I)

Teaching is part of parenting and I believe even if both you and your spouse have different views in treating your child, both of you need to be consistent in teaching your child about money.

You may be an indulgent parent while your spouse is the nurturing type. But for the benefit of your child's financial future and your love for your child, you need to compromise with your spouse to teach your child using the same teaching techniques.

You and your spouse may have different feelings and opinions about money, based on childhood experiences and the values and beliefs of each family's background. Very often, these experiences, values, and beliefs are different for each of you.

It is vital, for the healthy development of children, that both you and your spouse talk about these feelings and opinions and establish a consistent approach in teaching children about money.

These questions can help you and your spouse to focus the discussion:

- How will we create an open environment in which our family can discuss money issues?
- How should our children receive money? Will we give them allowances or use another method?
- What are our family values and attitudes about money

that our children may be observing?

- What do we communicate about money?
- How will we structure learning experiences about money?
- How will we deal with our children's differences in handling money? By stage of development, special needs, or personality differences?
- How will we respond to the effects of advertising and peer pressure on our children's buying requests?

I always stress that children learn mainly through indirect teaching by observation and example. To help you know whether your parenting style includes teaching your child about money, I have a simple personal assessment below for you to do.

In the personal assessment table, tick the "Yes" column to indicate that you are helping your child learn money management skills and the "No" column if you believe that you need to help your child more.

These are general questions for all children and if there are more areas where you think you are teaching your child about money, please add on to the list as a checklist to continue the teaching techniques.

Personal Assessment of Teaching Your Child about Money	
Yes	No
	1. Does each of my children have some money to manage without my interference?
	2. Have I helped my children set up a spending and saving plan?
	3. Do I avoid using money as a reward or punishment?
	4. Does each of my children do some regular household chores?
	5. Do I set a good example by being truthful about money matters?
	6. Do I give my children more financial responsibilities as they get older?
	7. Am I a good money manager, giving my children a good example to follow?
	8. Do I allow my children to make their own decisions about money when there are alternatives?
	9. Do I praise my children if they have made wise decisions with their money?
	10. Do I help my children find ways to earn extra money that is age appropriate and which suit their abilities and skills?
	11. Do I allow my children to make mistakes related to money and help them to understand the consequences?
	12. Do I sometimes deny my own desire to acquire more goods and services than my income can handle so that my children know that I say "no" to myself, too? 🗑️

To be continued...



Carol Yip is the Founder and CEO of Abacus for Money. She has been in the financial industry for the past 20 years. Her mission is to help people to unleash their life from financial distress, and live a meaningful and peaceful life instead. More of Carol's work experiences can be found at www.AbacusForMoney.com.



Teaching Techniques For Parents About Money (II)

At different stages of development, there are different levels of children's understanding and use of money as well as conflicts.

Depending on your family situation and your child's stage of development, some ideas or activities may be more useful than others. They may stimulate additional activities that fit with your family's values about money.

Activities appropriate for your child are those listed for his/her stage as well as activities listed for younger children. Children are unique individuals who develop at their own rate. In general, however, as children grow older they should be included to a greater extent in discussions on limits and consequences.

For Preschoolers

Developmental Characteristics	Suggested Teaching Activities for Parents
Understand the idea of saving when they can see and touch the amount	Play grocery shop or bank with play money.
See money as a way to get things they want	Teach children that family members work to pay for food and clothes. Let the child visit your workplace.
See all money as having the same value	Separate coins into piles by colour and size and discuss their value.
May think coins have more value than paper money	Let child pay for one item when you shop or put money in the parking meter.
Understand the concept of borrowing by borrowing something and returning it (e.g. a book from the library or a video from a store)	Borrow something they need to return.
Know everyone must do unpaid routine family tasks	Have children do routine chores without pay, such as setting the table or putting toys away.
Need opportunities to make limited choices	Put savings in a jar, pay interest, and let children hold the interest amount in their hands.
Understand what is theirs and what belongs to others	Read stories about money matters and responsibility.
Imitate much of what they see adults do	Provide two or three alternatives from which you help them make a choice, e.g. breakfast cereal.
Choose between two or three items to be purchased	Discuss products advertised in TV commercials.
Can't differentiate between reality (a commercial) and fantasy (a TV program)	Teach desirable money habits by your example.
Can't see things from the viewpoint of another person	

You and your spouse should keep these guidelines in mind when you begin the financial education of your child:

- Guide and advise instead of direct and dictate.
 - Encourage and praise rather than criticize or rebuke.
 - Allow your child to learn by mistakes and by successes.
 - Be consistent with your teaching approach even when your child is older.
 - Include all family members in money management discussions, decision making, and activities appropriate for your child's age.
 - Explain to your child what he or she can and cannot do and the consequences of violating the limits.
 - As your child gets older include him or her in discussions on limits and consequences when you and your spouse have financial issues.
 - Expect all family members to settle unpaid bills and perform routine household chores based on abilities.
- Express your desire to have things you can't afford.
- Your child needs to know that you say "no" to your own desires too.

Teaching your child about money helps him or her to understand the positive and negative meanings of money. For example, your child needs to learn that while it is nice to show someone love by buying a gift, it is just as important to show love through actions and words.

Your child and you should talk about each other's feelings, values, attitudes, and beliefs about money. This helps your child understand that conflict about money occurs and needs to be discussed in the family and that compromise is often necessary.

To be continued...



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