

Teaching Children About Spending and Saving

As a parent, you want your children to learn to be smart about handling money, especially in today's fast-changing world. Being able to buy virtually anything online with a smartphone means that [teaching children about finance](#) is that much more important than it was when you were their age.

The impulse to buy can be tempered by activities and real-life contexts. Even trips to the grocery store can become recurring money lessons. In time, finding opportunities to teach [financial literacy](#) as you go through your normal routines will help your children learn to save and spend wisely.

Try starting with a few of these ideas:

Three piggy banks

Instead of giving children one place to save money, how about three? Designate a special [piggy bank](#) for saving, one for spending and another for charity, and explain the differences in how each should be used.

The spending piggy bank should be for cheap activities, candy or toys they want right now. The savings piggy bank should be their option for more-expensive games or hobby items that they need to save up for over time. The charity one is for donations to organizations they are interested in.

Birthday money or earnings from household chores can go to each of them. You could also ask them to reach a certain savings goal for each piggy bank. This will help them see how money can be broken up into different uses and how budgeting sometimes requires that you make hard choices. At the same time, it will give them some freedom to choose where their money goes.

Spending limits at the supermarket

As you pay for the weekly groceries, bring your children and have them carry some of their spending money with them. When their favorite snacks tempt them, ask them if they have enough to buy them. If they don't, remind them that they can bring more money, perhaps from their savings, with them next time.

Casually making them aware of spending limits will help teach the concept of budgeting. If they can't afford a snack this time, encourage them to wait until they have enough. Remind them of spending limits also when they ask for treats online or at toy stores. Delaying that spending impulse will help them understand the difference between a want and a need.

Opening a savings account

When your [children start saving](#) on their own, consider having them open a savings account. At financial institutions like Catholic and Community Credit Union, there are [youth accounts](#) for children for all ages that pay quarterly dividends, helping instill important lessons about interest.

Using an ATM

When you receive your paycheck, which might be directly deposited into your savings account, make an effort to go to an [ATM](#) and have your children go with you. Explain how you transfer money from savings to a checking account in order to get spending money. Then withdraw part of your money for cash purchases. Because money is becoming more digital with online banking and mobile apps, showing both the physical and online processes can help illustrate their similarities.

When the situation is flipped and your children receive money, remind them about depositing it in their savings accounts. Have them go to a branch office or an ATM to experience the transaction.

Through real-life situations, your children can learn the value of saving their money. Instead of buying items on impulse, teaching them how to budget and use a savings account can put them on the path of financial stability for years to come.

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