

# Talk Learn Dö

Teaching your children about money



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# Introduction

**This booklet provides ideas of ways to teach your children about money from as early as the age of three. You are your child's main teacher when it comes to money. But you don't need to be an expert to help them. Most of what your child needs to learn can be taught through daily activities.**

Children can start learning about money from a very young age. A lot of what they need to learn to manage money well as adults is already in place by the age of seven, for example learning to wait for things. They can also pick up new skills as they get older, so it's never too late to help them.

You might think that children shouldn't think about money until they are older but this is a great time to start. The key is to keep it right for their age.

This booklet is broken down into simple things you can do with your children at different ages. There are also ideas about ways to teach children about shopping, digital money and pocket money.

Go to the Talk Learn Do section on the MoneyHelper website for more activities you can do with your children.  
[moneyhelper.org.uk/talk-learn-do](https://moneyhelper.org.uk/talk-learn-do)



**Before you get started, if you have taken part in a parenting course, you may have spoken about empathy. Empathy is a great example. Children will ask for things, and at times get upset when they can't have what they want. Instead of simply saying 'no', show them empathy. Talk about what they want and explain why they can't have it. Showing empathy helps them to know that you hear them and understand.**

For instance, you might say:

*I can tell that you really want that. We can't buy it today as we need to keep our money for food this week, but shall we add it to your birthday list?*

*I can tell that you're so excited to have saved up for that!*

*I can see you're sad you didn't get what you wanted. Shall we talk about it?*

*I can tell you're not sure if you should save your money or spend it on sweets. I can see you're really thinking hard about this.*



**Another topic to consider is praise. Praising children helps to motivate good behaviour and tells them they're on the right track with their learning. You can do this with money as well.**

Examples might be:

*You're doing a very good job with keeping your money safe.*

*You're very generous.*

*You're doing so well at saving up!*

*You really thought hard about how to spend your money.*

*Thank you for listening when I said we couldn't buy that.*

*You really helped me to save money in the shop today. Thank you!*

# Teaching your children: ages 3-4

At this age, children learn through play. Using coins and playing shop are great ways to teach them how to use money.

## Playing shop

Set up a simple shop using toys or food you already have. You can help them to get the most out of the game by:

- making it as real as possible by adding price tags to items in their shop, using real coins and notes, and maybe a toy till
- showing them the different coins and notes, and counting out money to pay for what you've bought
- keeping money in a purse or wallet – this shows them that money is something to look after.



## Play

We know it's important to play with our children. Play is also a fun way to teach them about money. Remember what you've been talking about in your parent course. Follow your children's lead; let their imagination guide you. As you explore teaching your children about money through play, explain how money works and talk about what you're doing. As well as playing shop, you can make up games with coins, use role play, and tell stories together. Just keep it fun!

You can also show them the different ways money is a part of your life.

- Point out when money is mentioned in books or on TV and talk about what's happening.
- Get them a money box and talk about why it's important to keep money safe.
- Give them some money to buy something, even a very small amount – you can help them to count out coins to pay for it.
- Show them how a cash machine works
- Explain that not everything costs money. Take them to your local book or toy library so they can see what things you can do for free.
- Look out for adverts – explain how they aim to get you to spend money.

Remember it's okay to say no to your children when they ask for things. See our section on How to handle pestering on page 16 for ideas to make this into a learning experience.



# Teaching your children: ages 5–6

**Keep building on all the things you were doing when your child was younger. By now, you can also explain how money works and why we save.**

It's a good time to teach them:

- how to save up for something they want
- how to get the best value for money
- the difference between wants and needs
- that paying for things online also costs money
- how to spend less, by turning off lights or buying fewer things.

You could also think about giving small amounts of pocket money or paying your child for doing small jobs around the house. See our section on Pocket money on page 14 for more on this.



Children learn by watching and listening. Five and six-year-olds learn a lot from watching and listening. Talk about money and show them how it's used at home.

### **At home**

There are lots of everyday activities at home you can do to help them learn about money:

- Use role-play games to help them experiment with making decisions about money in a fun and safe way. Games that are useful for teaching about money include:
  - Asking them to role-play shopping, including shop owner, customer and a parent/carer.
  - Asking them to pretend to be you, paying for shopping, bills, and things that they ask for.
  - Party planner – give them a sum of money, add price labels to buy food and drink (or print some pictures from the computer), and ask them to organise a party with the money they have. They'll need to make sure that everyone has all they need, including children, adults and different dietary needs.
- If they hear you talking about money to someone else, ask if they have any questions about what they heard.
- If someone is spending or saving money on TV or in a film, ask them questions about it.
- Explain how not everything costs money, such as playing in the park or going to the library or a friend's house. Ask them which free activities they enjoy.
- If they're asking for things with pictures of TV characters, brands or celebrities on them, talk about why. Show them cheaper alternatives to see if they can explain what makes their first choice better. Using real money, show them what they could save by buying the cheaper alternative and ask what they might do with that saving.

# Teaching your children: ages 7–8

**Children at this age are becoming more independent. They can save for things and make choices about how they spend their money.**

You can explain:

- the different ways to keep money safe – you can talk about whether they keep their money in a jar or in a bank
- about setting savings goals – let them decide what they want to save for and then help them work out how long it will take
- they can earn interest by using a savings account – if your child keeps their money in a bank, show them how they'll earn money for keeping it there.

## **Paying for essentials – the desert island game**

Put together a list of things you might need and want on a desert island, such as food, water, shelter, matches, rope, toys, books, phone, clothes, suncream and sweets. Ask your child to choose seven things to take with them to the island that they'll need to survive – not things that they would just like to have.

You can explain you don't live on a desert island, but do have to make choices about what you buy.

Don't worry if your child makes a mistake and spends all their money. This is a really good way to learn. If they buy a toy and realise they don't have money for something else, they'll know how to save and choose next time.

# Teaching your children: ages 9-11

**Your child will soon be going to secondary school and might be making more money choices on their own. By this age, children can take more responsibility for managing their money.**

You can start to teach them about paying bills, budgeting and how credit works.

You can show them how to:

- pay a bill, explaining the different ways to pay – such as Direct Debit, paying monthly and topping up
- check basic financial information such as receipts, bills and bank statements
- pay for things at secondary school – many schools use cards or fingerprints to pay, explain how this works.

## Budgeting

A budget, or money plan, will help them look after their money.

Encourage them to keep track of their money by writing it down – how much they have and what they spend it on. This can be pocket money or money from birthdays. Look at it with them regularly, maybe monthly. Talk about what it feels like to see their money going up or down.

Also, ask them to think about what they'll do when they've almost run out of money but aren't due to receive any more.

This is also a good opportunity to tell them how you budget to make sure you have money to pay for upcoming bills, planned purchases, and activities.





## **Borrowing**

Now your child has more experience using money, they can understand how borrowing money works. You can explain that when you borrow money, you pay interest (extra money). This means you pay back more than you originally borrowed. It's also important to explain the problems there might be if you can't pay back all the money you owe.

This is also a good time to discuss the importance of saving and having enough money for a rainy day. And the independence that comes with saving and not having to borrow.

## Mobile phones

Children may start asking for a mobile phone. It's up to you whether you think this is right for your child, but you can still talk about how you pay for one.

You can explain:

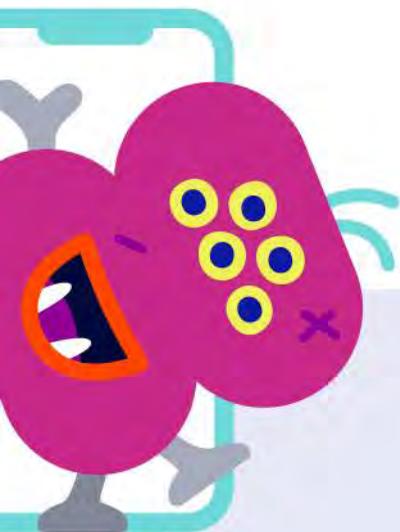
- how much phones cost
- how contracts work
- how 'pay as you go' works
- what happens when they run out of credit or lose the phone.

If you do decide to get them a phone, it's a good idea to use these questions to decide on the rules around paying for it.

Making choices about money  
- using your personal power

At this age you can explain to your children the power they have to make money choices. You can explain that this could be choosing:

- To buy or not buy something
- To save money
- To buy less expensive item
- To switch to a cheaper gas or electricity company .
- To give your time rather than gifts that cost money
- Not to buy something because it is "the latest"





# How to handle pestering

What to do when your child wants something you don't want to buy

**Children can pester you by repeatedly asking for things or ignoring you when you say no. It's normal for children to do this and have tantrums if they don't get what they want – but it can be hard not to give in to the pestering.**

## **Being prepared can reduce pestering**

As children grow up, they'll get better at tolerating disappointment and frustration. It's a hard skill to learn and it takes time, but there's lots you can do to help them get there.

One thing you can try is having a conversation, before you go out shopping, about what you will and won't be buying. This means you can say no to things you don't want to buy in a more relaxed situation, with the time you need to explain why you're not buying something. Also, if they get upset you can deal with it at home, where you'll have more privacy.

Another benefit of doing this is that it gives your child a chance to prepare themselves in advance for feeling disappointed. This should mean that they won't feel so overwhelmed by strong emotions when you say no to something they want at the shops.

## What to say to your child

We all give in to pestering now and then, and this doesn't do any harm. But you've probably also noticed that the more you give in, the more you get pestered. The key to reducing pestering is to have a few strategies you can use when you need them.

If there's something they're desperate to have and you've already explained why you're not buying it, you can try:

- suggesting they could do paid chores to help them save up quicker
- adding it to a birthday list (you can go through the list with them closer to the time if it gets too long)
- offering them a reward if they can give up the thing they're asking you for - the reward can be something simple that isn't going to cost extra, such as letting them choose which treat you're going to buy
- explaining that they can use their pocket money to save up for it - you could even write it down on a list to make it feel more real.





# Pocket money and saving

**Pocket money is one way you can teach your child the value of money. It's also a personal choice and you may choose to wait. However, evidence shows that giving children even the smallest amount of money regularly helps them learn how to manage money.**

## **How much pocket money should I give?**

There's no right amount – as it can depend on how much spare money you have and how old they are. The key is to give them money regularly as this helps them to learn how to save and budget.

If you don't have enough spare money to give pocket money, you could look at whether some of the money you spend on sweets, treats or toys could be used as pocket money instead.

You also need to decide how much responsibility they're ready for. Think about what you want them to use it for, such as:

- all their treats, toys, books and magazines – or just for a few extras
- trips out
- clothes
- mobile phone bills
- presents for family and friends.

It's also worth thinking about when you'll increase it. You could do it on their birthday or when they go to secondary or middle school, or sixth-form.



## **Giving pocket money in return for doing chores**

You could give your children money in return for doing chores. This helps them learn that, usually, you need to work for money. They might also be more likely to do chores!

However, this approach might not work for you if you want to use chores as a way for them to learn that they need to help out around the house. You might prefer to teach them that they should do chores because they're asked, not because they're being paid.

## **How often to give pocket money**

How often you give your child pocket money depends on how old they are, your budget and how much responsibility you want them to have.

## **Giving regular pocket money**

Giving your child an amount of money to spend each week, fortnight or month is a good opportunity for them to:

- learn how to save and manage money
- make mistakes with small amounts of money so they can find out what doesn't work well
- learn the value of things.

It should also mean that your children won't ask you for as many things, as they have their own money to spend.

## Giving when you have spare money

Giving your child money as and when you have some spare means you don't have to worry about spending too much and your child still gets the chance to practice with money.

It does mean they might find it harder to save up for things as they won't know how long it will take them to get enough money. And they also might still ask you to buy them things.

## Changing how often you give pocket money

When children are younger, giving weekly amounts gets them used to making their own decisions about what to spend money on.

As they get older, a monthly allowance can help them to budget over longer periods of time, which could help them to prepare for managing a student loan or even a salary.

## Saving

Saving together as a family can teach your child how to wait for something they want and the value of money. You can save online or by using cash.

## Saving together

If you're using cash, you could set up three jars labelled: 'treats', 'holidays' and 'long term'.

After you've paid for the essentials, show your child the money you have left to put in the different pots. Let them put the money in and count how much you have. When you've saved up enough, show them the choices you all have.

You can do the same thing online using different accounts or one bank account that lets you split up your money into different categories.



# Shopping trips with children

**Taking children shopping is a great way to teach them skills that will help them manage their own money as they grow up.**

They can learn:

- how to keep your money safe
- ways to cut costs
- how to resist buying extras that you don't need.

## Plan ahead

Shopping trips provide lots of real life opportunities for your child to learn about the value of money. But let's face it, they can be stressful.

There's a lot to juggle – from keeping them from wandering off and remembering what you need to buy to avoiding spending too much.

Planning ahead can give you the headspace you need to teach them a few simple money management skills once you're out, without also having to deal with distractions you hadn't planned for.

## Get ready

There are lots of ways that you can involve children when getting ready for a shopping trip. For example, they can:

- help you make a list – this is a good opportunity to explain which things on it are 'needs' and which are 'wants'
- get involved in choosing what to buy, such as what snacks or fruit they'd like
- check the cupboards with you to see what's running out
- see how much money you have to spend.



## Sticking to the plan

When you get to the shops, remind them about the list and show them what you're buying first.

As you go round explain how the shop is laid out to get you to buy more.

Show them the tactics the supermarkets use to get you to buy things that aren't on your list:

- Essentials are spread out all over the store – you have to walk past lots of temptations to get to them.
- Cheaper brands are down low with the most expensive products at eye level.
- Children's products are at their level.
- Fruit and veg are often at the entrance as supermarkets make a big profit on these.

## Learning how to make money go further

You can show children how to make better decisions and help them to feel involved by asking them to find things on the shopping list. Encourage them to:

- check prices and find the cheapest item – this is a good opportunity to talk about which items you like to spend less on and which things you think are worth paying more for
- find products aimed at children – get them to explain why they like it (this is a great way to talk about how marketing encourages people to spend more)
- spot special offers – you can explain it's only a good deal if you need it.

## At the checkout

If they're getting tired by this point, letting them know how helpful they've been might avoid a tantrum. Even if they did get cross when they couldn't have something, praise them for the times they stayed patient.

Involve them in checking out the shopping so they don't get bored:

- If you're using cash, get your children to count out the money and pay. Older children can work out how much change you'll get.
- If you're paying by card, explain where the money for this comes from.
- Show them how you keep your cards and PINs safe.

## Shopping online

When you shop online, even if children can't see you using cash, you can explain that you're doing the same things and making all the same decisions you would if you were at the shops. Talk them through what you're doing, as you're doing it.

You can:

- ask your child to compare prices and talk about which is the best value for money
- spot special offers together but only buy them if you need them.
- click past the extra offers and products that are advertised after you've finished your shop – explain that this is how the shop gets you to buy extra things you don't need.

Shopping online also gives you the chance to explain how you can keep your digital money safe. You can show them the checkout and explain that you never share your card details with anyone – the information on your cards needs to be kept safe, just like real money.



## → Explaining digital money to children

We're fast becoming a cashless society. Many of us pay for our shopping with debit and credit cards, and check our balance on our mobile phone. While it's quick and easy for us, it can be tricky for children to understand that we're spending real money.

### How to explain digital money to children

#### Learn how digital money works

It's worth taking the time to explain digital money, so they understand that you're not getting things for free when you make a cashless payment.

Even very young children can learn about how digital money works.

You can start by explaining the basics, such as:

- digital money is a way of paying for things without using cash
- you can pay with your phone, card or watch
- phones have an app on them that connects to your bank account (show them the app on your phone)

- cards take money out of your bank account through a card reader (show them next time you use contactless)
- your bank account is where you keep your money
- you can also use an app to move money from one account to another and pay for things you buy online.

### **Spend a gift card together**

Another way to show children how digital money works is by spending a gift card together.

Because gift cards only have a set amount of money on them, they're a really useful way to teach kids that once they've spent the money, it's gone.

It also gives them the chance to:

- make decisions about how to spend their money
- decide whether they want to spend all their money at once or save some – you can show them the balance on the card and explain how much would be left after they pay
- use an online checkout by entering the card details.

### **Get money out of a cash machine**

Next time you draw cash out from a cash machine, talk your child through what happens:

- explain how you keep your PIN safe and why you don't tell anyone your number
- tell them how much you're getting out and show them the notes
- get a receipt so they can see your balance go down.

# Nurturing ourselves

**We know that thinking about all this can feel like a big job, so why not go and do something nice for yourself! Looking after ourselves doesn't have to cost money.**

Here are ideas of things you could do that are low cost or free.

- Going to playgroups
- Getting a book you like out of the library
- Listening to music
- A nice bath
- Attending a fun class
- A cup of tea
- Chatting with a friend
- Cooking something you like
- Hugs
- Watching a DVD
- Joining a sports club
- A picnic
- Walking
- Going to the park
- Making things

As your child grows, talk to them about the importance of looking after ourselves and ways we can do this that don't involve spending money. We don't need to go shopping to relax there are so many other choices!



# Where to get more information

If thinking about your children and money has also made you think you would like to get some help managing yours we can help.

## MoneyHelper

MoneyHelper is independent and set up by government to help people make the most of their money by giving free, impartial money and pensions guidance to everyone across the UK – online and over the phone.

For free and impartial guidance on any money or pension queries you can contact us by calling on:

### Money guidance

0800 138 3944  
Mon - Fri 8am-6pm  
+44 20 3733 3495  
if you're outside the UK

### Pensions guidance

0800 011 3797  
Mon - Fri 9am to 5pm  
+44 20 7932 5780  
if you're outside the UK

Or visit [moneyhelper.org.uk](https://moneyhelper.org.uk)

Webchat:

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For debt help, you can also find a debt adviser near you on the MoneyHelper website:

[moneyhelper.org.uk/debt](https://moneyhelper.org.uk/debt)

Welsh language version:

[moneyhelper.org.uk/cy/debt](https://moneyhelper.org.uk/cy/debt)

All the above are available in Welsh via [helpwrarian.org.uk](https://helpwrarian.org.uk)

# And finally ...

**We hope that this has given you some new ideas about how to teach your children about money.**

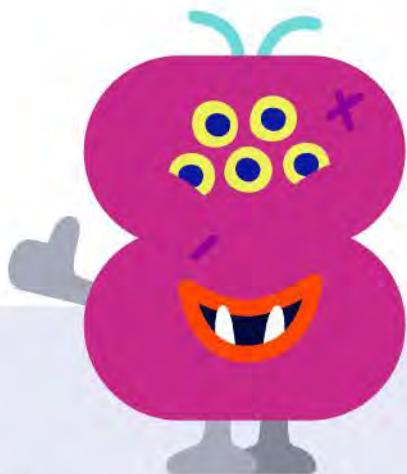
Remember, you are your child's best teacher when it comes to money. You don't need to be an expert, just having conversations about decisions you have made about spending, how to manage money, ways to save, shopping, and how money works, will be enough to teach them what they need to know. Keep it simple, fun and right for their age.

Remember, that helping children to learn through managing their own money is key. They may make mistakes, that is fine. It is better that they make them now. Use mistakes as an opportunity to learn and talk about what they would change next time. And remember that as your children grow so will their understanding-making teaching about money very rewarding for both of you.

**[moneyhelper.org.uk](http://moneyhelper.org.uk)**

We would love to hear what you thought about the money session and this booklet. Please email your thoughts to:

**[TLD@maps.org.uk](mailto:TLD@maps.org.uk)**



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