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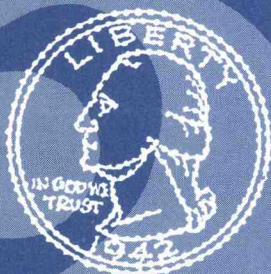
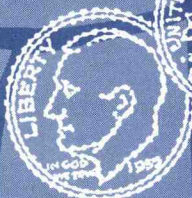
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# Developing money skills to preschool children

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# Teaching Money Skills to Preschool Children

IT DOES NOT TAKE a preschooler long to find out he is living in a “money world.” He finds it takes money to buy candy at the store, and it takes money to start the horse at the supermarket. When children discover the uses of money, parents can begin to help them develop attitudes and values about money.

## What Children Can Learn About Money

They can learn:

- Money is a medium of exchange. It is a commodity that can be used and its value is in what it can do, not what it is.
- Coins have names and coins have different values.
- The amount of money available is limited.
- Choices in spending are necessary.
- Money can be saved. A child can put money in a piggy bank, even if he does not understand the concept of saving. He can learn to save by caring for his toys and clothing. This is a better lesson than talking about thrift.

As the child grows older, he can save for a few days for something he wants. The idea of time and the future are difficult for a small child to grasp. Saving should be for something he can get in a few days.

- Money is a reward or a bribe. Parents often reward good behavior with money or things money can buy or punish misbehavior by denying them.

“If you’re good, I’ll get you some candy.”

“Be quiet and you can have a penny.”

“If you aren’t good, you don’t get the candy.”

- Money can be borrowed and loaned. Children learn when they borrow a nickel or a toy and return it.

- Money can be earned. Talking about father’s job aids in understanding. Paying for jobs other than regular chores gives firsthand experiences.

- Money can be shared. Children learn to share by buying some things to share with others. Parents teach sharing by their example.

## Age Makes a Difference

The baby or toddler does not see money as something to spend. He sees it as something to put in his mouth. At this time in his life, parents see money as a hazard to the child because they fear the child will swallow coins. Parents probably try to keep coins out of the child’s reach. They are a “no, no” to the baby or toddler.

The *two-year-old* may want coins to jingle in his pocket, and he begins to learn the names of the coins. Parents can help children learn about coins by having them repeat the names and by using the correct names for coins. The two-year-old is beginning to realize that money can buy

things he likes. A penny in the candy machine yields candy. Parents can now give the child an opportunity to use money.

The *three-to-six-year-old* has learned some ideas about money and will develop others. Coins, in addition to having names, have different values. At first the child may value coins according to size. If you ask a child whether he would like to have a nickel or a dime, he will take the nickel—the larger and therefore somewhat better. Eventually the child learns that the dime will buy more. He finds this out when he tries to spend the coins he has. A dime may be smaller but it buys a larger ice cream cone than a nickel. A child has to reach a certain stage in his development before he can grasp this idea.

Before a child can learn to handle money, he needs to understand numbers. Parents teach by involving him in counting things around the house. After he can count, he can be introduced to coins and money. He can learn numerical values and that five pennies make a nickel. When he is familiar with small coins, he is ready to have some money of his own.

A three-to-six-year-old can learn to make some choices. Parents should start with simple choices. Let him choose between two equally priced items, such as toys. Accept his final choice and let him pay the sales clerk for the purchase. It may take a little longer and may seem like play, but the child has had an effective learning experience. He has learned that money buys things; he cannot have both of the toys; a choice has to be made. He also has had a personal contact with the sales person.

## Ways to Learn About Money

Wise attitudes about money and skills in money management are not acquired automatically at adulthood. Parents need to help children develop attitudes about money and its uses in the home. They learn in a variety of ways.

- *From everyday experience.* Parents teach about money by their feelings and actions. An argument about money may be forgotten by the parents, but it may leave a lasting impression on a small child.

The way parents talk about money and the way they treat things of value in the home will probably affect the way their children use money in later life.

If parents have an easy-come, easy-go attitude about money, a child may come to feel that this is the way things should be. On the other hand, if money is spent grudgingly and seems to be valued for its own sake, the child may come to have that feeling. The child may learn that money requires careful management to get what he wants.

The key to money management is the ability to make choices—or decisions. Children learn to make decisions in everyday living experience as well as in the use of money. Parents can help children by setting a framework in which children can make a choice and in which the choices that are made by the children can be accepted.

- *By example and imitation.* Children learn to spend, share, and save money by imitating what they see their parents do. Going to the store with mother shows them how to shop. Buying gifts for others develops the idea of sharing. Being involved in the planning for a vacation helps the child develop the idea that money can be saved for something in the future.

- *By having experiences in using money.* The opportunity to make a simple choice about the use of a dime, whether to buy a candy bar or an ice cream cone, is an elementary lesson in money management. The child learns:

- . . . there is a fixed amount of money — one dime.

- . . . there are two uses for the same amount of money.

- . . . a choice must be made.

## A Good Beginning

Teaching money management to the preschooler is more than teaching certain skills in the use of money. The use of money is related to feelings about oneself and other people. Children will have made a good beginning in the wise use of money when they have developed:

- A feeling of trust and security in their parents.

- A feeling of self-confidence in themselves.

- The ability to cope with the everyday situations they face.

- The ability to make choices.

- The knowledge that they cannot have everything they want when they want it.

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