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Children and Money

Did you know that children start forming attitudes, beliefs and behaviors about money before they even start school? Early lessons around money help set the stage for lifelong money habits.

Learning starts at home

Parents are the first and most important teacher in a child's life. A recent study found that about half of the people interviewed said their parents talked to them about money as they were growing up. People whose parents talked to them about money did better on a financial quiz than people who didn't have money talks at home as children. (Plus people who later took a class on money did even better on the quiz. It all adds up!)

A goal for many parents is for their child to be financially responsible and comfortable. Modeling healthy attitudes toward money will help teach preschoolers important early lessons about saving, using credit, setting goals, and choices about how your family spends their earnings. Even if parents don't sit down and talk with their children about money, chances are children are still watching and learning. Through fun activities, play and reading, you and your child can begin to learn and build healthy money habits that may last a lifetime.

What can preschoolers learn about money?

Think about the last spending decision you made. You likely had to plan, prioritize, maybe even save up and control impulse spending along the way? There's a lot that goes into managing money. New research shows that children between 3-5 years old are at an ideal age to start learning skills that could help with long term money habits.

Planning: Preschool children can understand the idea of delayed rewards, such as finishing work before playing or getting a reward only after something is done. Making a choice and comparing what is good and not-so-good about each one helps preschooler's learn and practice decision-making skills.

Money: At a very early age, children start to figure out that you need money to buy things and that some things cost more than others. Parents can talk about how people use their skills and time to earn that money. As children learn about counting, sorting, and patterns, that's a great time to learn the difference between coins and paper money too.

"Me": Preschoolers are busy learning about themselves and their place in the world. Ask any parent who has ever had a 2-year old tell them "no!" Young children are beginning to learn self-control, flexibility, and follow through. These are all important skills for setting—and sticking with—personal money goals.

Fun Money Activities

- **Make a Piggy Bank.** Your child can make their own piggy bank using a clean empty food tub or plastic jar. Use craft items and scrap materials from around the house to decorate it. Let your child find a special place to keep their new bank.
- **Have a Scavenger Hunt.** Hide a few coins in your home and let your child look for them. As your child finds money, you can tell them the name of each coin and let them add the coins to their new bank. Young children can learn to sort the coins into patterns, such as all pennies or nickels, or all brown and silver coins. Children older than 5 years start to learn that each coin is worth a different amount of money and can practice adding up their coins.
- **Make a Savings Chart.** Making a chart will help your child think about and keep track of something he or she wants. It might cost money or it could also be for a special treat, like having a friend over. To make a chart, draw as many boxes as your child would need to earn in coins or stickers for special chores to reach the goal. Your child can color in the boxes as they add coins to their bank, or add stickers to the boxes as they are earned. When the boxes are full, celebrate reaching the goal! (Parents can make a goal chart too.)

For More Information...

Contact your local UW-Extension Family Living Educator for more financial education resources. Go to www.uwex.edu/ces/cty/ to find your County office.

For help with balancing your monthly spending plan, contact a non-profit Certified Consumer Credit Counselor online at www.debtadvice.org or by calling 800.388.2227.

Reading About Money

Reading can be a fun way to learn about money. Books can help start positive talks about goals, saving, and spending.

Tips for reading to your child:

- Hold the book (or have your child hold the book) so that all of you can easily see it.
- Have your child guess what happens next.
- Talk about what people in the book do with their money and the decisions they make.
- Ask, “What did you like about the story?”

Recommended Children’s Books:

Below are just a few of the children’s books that have a financial lesson. Some libraries may even have a parent guide that will be given to you when you check out the book.

- Just Shopping with Mom
- A Bargain for Frances
- A Chair for My Mother
- Alexander, Who Used to Be Rich Last Sunday
- Sheep in a Shop

Visit the website <www.consumerfinance.gov/money-as-you-grow> or ask your local librarian or UW-Extension office for more information on the “Money as you Grow” program.

To \$um It Up:

- \$ Preschoolers can learn skills that will help them handle their money well as adults.
- \$ Family activities can spark talks about earning, saving, and planning.
- \$ Reading books with stories about money is a fun way to talk about spending and goals.
- \$ Talk about spending decisions at the store to make the most of those everyday money moments!

UW-Extension “Money \$mart” is provided by UW-Extension Family Living as part of the “Money \$mart in Head Start” Financial Capability Project funded through the Annie E. Casey Foundation and reviewed by Peggy Olive, Financial Capability Specialist, UW-Madison/Extension. Authored by Nancy Vance, Family Living Educator, UW-Extension Clark County. University of Wisconsin, U.S. Department of Agriculture and Wisconsin counties cooperating. Copyright © 2016 by the Board of Regents of the University of Wisconsin System doing business as the division of Cooperative Extension of the University of Wisconsin-Extension. All rights reserved. An EEO/Affirmative Action employer, the University of Wisconsin-Extension provides equal opportunities in employment and programming, including Title IX and ADA requirements.