

# MONEY SMART FOR A HEAD START

## Ways to Use Money

One important part of learning about finances is money. When we talk about money, there are four main things to think about:

- **Earning:** People use their time and skills to get money. Paper money and coins have different values.
- **Spending:** You need money to buy things. These things have different prices. Money can be spent only once – after buying something, a person needs more money to buy something else.
- **Saving:** Some things cost more money than we have at one time. Saving means putting some money aside until we have enough to buy what we want.
- **Sharing and Borrowing:** There are two kinds of sharing: Something shared that does not have to be returned or paid for is a gift. Something borrowed must be returned.



## 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.

- **Earning:** Count on Pablo, Ella Earns Her Own Money
- **Spending:** Lemonade in Winter, But I've Used all of My Pocket Change, How Much is That Doggie in the Window, Follow the Money
- **Saving:** Jenny Found a Penny, But I've Used all of My Pocket Change, Just Saving My Money, Deena's Lucky Penny
- **Sharing and Borrowing:** Those Shoes, Curious George Saves His Pennies

## What Children Understand

- **Earning:** Children can identify the different jobs people in the family and in the community do to earn money. Children have a safe place to keep money and keep track of how much they have.
- **Spending:** Children make spending choices with their own money (real or play money). Ages 7+: Can tell the value of different coins and bills.
- **Saving:** Children keep money in a safe place and keep track of the amount saved for future spending. Ages 7+: Can explain why money saved in a bank or credit union is still a personal belonging.
- **Sharing and Borrowing:** Children can explain the difference between lending and giving something away.
  - Ages 7+: Can explain why we pay for some things and not others.

## Fun Money Activities

Having discussions and doing activities together is a great way to learn about each of the key ideas when learning about financial concepts. Below are some ideas you can use to teach your child about each concept:

- **Earning:**

- (Ages 5+) Go for a walk around town. Point out different people who are working and talk about each job. Talk about the difference between work, play, and hobbies.
- (Ages 7+) When you are shopping or running errands, talk about the different jobs that people have as they help you. Who owns the store? If someone owns their own store, they are called an 'entrepreneur.' Ask your child what they would sell if they owned their own business.

- **Spending:**

- If the book you're reading with your child includes different types of coins and counting, a few variations on activities could include having a treasure hunt – instead of money, count different things around the house or neighborhood: How many windows are in our home? How many doors? How many chairs are in our house? How many houses are on our block?
- If your child has a few coins of their own, use an egg carton and have the child divide up the coins into the different cups. How would they like to sort their coins – the same types of coins in one section? Or one of each type of coin in each cup? Or maybe save 25 cents or a set amount in each section of the egg carton? Let your child play around with what makes sense to him or her.

- (Ages 8+) If you make purchases online, the next time you are shopping, let your child help you compare prices from a few different websites. Talk about how you pay for your purchase. How do you know the website is safe to buy from? What happens if you're not happy with what you buy?

- **Saving:**

- Creating a piggy bank or one with multiple sections/containers.
- Having a 'safe' place for things that are important to you – money or other items.
- (Ages 7+) Going to the bank to open an account. Talk about interest and safety.
- If your child has or earns money, pick one item they are saving for. How much will it cost? Is it a need or a want? Have visual cues for saving (like stickers or color in coins representing the value as they are saved, etc.)

- **Sharing and Borrowing:**

- Together with your child, talk with your librarian about how to take care of books or toys borrowed from the library. How do you take care of something from the library? What are good ideas to return items on time? What happens if a book is late or lost? How will you know when your child is ready for their own library card?

## 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

## Want to Learn More?

- Visit our website for more financial education resources. <https://finances.extension.wisc.edu>
- Contact your local Extension Educator: <https://counties.extension.wisc.edu>
- For help with balancing your monthly spending plan, contact the nonprofit National Foundation for Credit Counseling (NFCC) at <https://www.nfcc.org> or 800.388.2227.