



How to empower your kids with lifelong financial literacy

By Megan Nye

Has your kid taken a class on budgeting? Done a school project on debt repayment? Or gotten a grade for Insurance 101?

Most American children haven't.

But all of these topics fall under the umbrella of financial literacy – your understanding of personal finance topics and your ability to manage your money knowledgeably.

Financial literacy is invaluable to kids of all ages. It empowers them to make well-informed decisions about their money as they transition from opening their first bank account to paying for college to saving for retirement as adults.

So how we mold a generation of money-savvy kids?

Participate in a research-backed program.

Since 2012, the National Financial Educators Council has offered an online [Financial Literacy Test](#) aimed at identifying gaps in kids' financial knowledge.

As of April 2017, nearly 12,000 kids between the ages of 10 and 18 had completed the test. On average, those students correctly answered about 59% of the questions on important topics like budgeting, saving, investing, credit & debt, insurance, risk management, and entrepreneurship.

As a result of this research, the NFEC offers popular [workshops and online learning programs](#) tailored specifically to the financial literacy needs of kindergartners through adults. Likewise, non-profit Junior Achievement offers volunteer-taught [in-class programs](#) that educate nearly 4 million U.S. students in all 50 states every year.

If your student's school offers access to one of these curriculums or a program like it, encourage your child to sign up and learn.

Share your knowledge.

Think you need to be a financial analyst to qualify as a teacher for your children?

You know more than you think. Your day-to-day money management provides invaluable money lessons for your littles through your college students.

Here are a few ways you can share what you already know:

1. **Explain what money is . . . and isn't.** Money is necessary to pay for almost everything you use in life. No money? No house, no car, no electricity. At the same time, money isn't everything. Charitable giving and time with loved ones should be more important than raking in cash.
2. **Give them a peek behind the curtain.** Your household finances are the perfect teaching tool for making money management tangible for your children! And it works at every age. Explain a grocery receipt to your first grader, a recurring retirement contribution to your middle schooler, and a mortgage statement to your high school kid.
3. **Attach value to every dollar.** Respect for money comes from understanding its scarcity. Teach your kids that people work hard to earn money and then have to make thoughtful decisions about what to do with it. Every choice you make about where to spend your money means you're not able to spend it somewhere else.
4. **Provide age-appropriate financial responsibilities.** A kindergartner can understand the concept of an increasingly heavy piggy bank as she saves up. (And she knows that dumping out those quarters and buying a toy means her piggy has lost weight.) Older kids can learn to create a functional budget, automate their savings for a long-term goal (like a car or college), and even file their personal tax returns.
5. **Let your kids make mistakes.** Face it. If your children are going to make a lousy spending decision, it's better that they do it now when they're working with a net. As kids, they deal with small dollar amounts, small purchasing decisions, and lower stakes than those that adults face.

Money matters can be a big mystery for your kids. But you can take these simple, concrete steps to equip them with the financial tools they need to thrive!

Author Bio

Megan Nye is a [freelance writer](#) who crafts personal finance and lifestyle content for businesses, blogs, and publications. Her clients include *The Huffington Post*, *The Penny Hoarder*, *The Dollar Stretcher*, MindShift.money, *Vibrant Life*, Dealspotr, ChimpChange, and *Money Saving Mom*.