

Parental FAQ

Is it too early to help my child understand the value of money? If not, how should I go about this?

From
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It is never too early to help your children develop an understanding of how to handle money as one of God's gifts to them.

Consider the following question: Your second grader has

asked for an increase in his or her allowance. What should you do?

- a. Give it to your child without discussing it.
- b. Deny it because the family can't afford it.
- c. Deny it because your child has been behaving poorly.
- d. Help your child figure out how to accomplish his or her financial goals using the present allowance (make a budget) or negotiate an increase if you determine it is needed.

Most experts would agree that the last approach is by far the best because an allowance can be a powerful teaching tool. Children can learn important principles of money management by participating in the process.

Here are some suggested guidelines for teaching your children about money.

It is never too early to help your children develop an understanding of how to handle money.

Consider giving your child a basic allowance as a member of the family and then allow him or her to earn extra money by doing chores. The money amounts will depend on many factors, but one or two dollars as a member of the family and the ability to earn that same amount by doing chores is a general guideline.

Help your child create a budget: some to give, some to save and some to spend.

If your child breaks something or loses something, it's OK to have him or her pay for the item. An appropriate guideline to follow is for parents to pay for half

of the item and for the child to pay the other half, possibly through installments.

As your child gets older, you can increase his or her allowance, both the base amount as well as the amount the child can earn. At the same time, you'll want to discuss with your child how he or she will gradually become responsible for paying for more and more things (entertainment, gifts for friends, etc.). Obviously the goal here is that when your child leaves home, whether for college or his or her career, he or she will be better prepared to manage money—to be a good steward of the provisions given to him or her by God.

A Challenge to You

1. Discuss with your spouse or a friend the concepts you were taught about managing money when growing up. Did you have an allowance? Could you earn extra money? Could you spend the money on whatever you wanted? Were you encouraged to save and to tithe?
2. Consider implementing one or more of the above suggestions to assist your child in becoming better equipped to understand the value of money and to manage it in wise ways.