Teaching Kids Modern Money Lessons...

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1. Start with Hands-On Activities

As children grow, the way parents teach them about money should grow with them. Young kids can start by filling piggy banks or savings jars with coins and cash. As they get older, help them open bank accounts to see how their balances change over time. Introduce budgeting by letting kids make some of their own spending decisions, such as choosing a snack or deciding whether to go to a movie or save for new headphones. Older kids can get involved in family decisions, such as planning a weekend trip within a set budget.

2. Encourage Smart Saving and Investing Habits

Learning to save and invest early can help kids see how financial decisions pay off over time. Start with a savings account and show them how compound interest can help their money grow. As kids enter their teen years, look for ways to give them hands-on experience with investing. A teen investing account can give young people a real-world opportunity to research investments, make decisions and learn how to manage money with a parent's guidance and oversight, helping them better understand risk and reward while building financial skills and confidence.

3. Teach Teens About Debt and Credit

Before teens begin using credit themselves, help them understand what borrowing actually costs. A credit card may make a purchase feel easy in the moment, but interest and fees can make that purchase more expensive if the balance isn't paid off. Talk about the importance of living within their means, how credit scores work and how interest and late fees can cause debt to grow. Real-life examples, such as comparing the cost of paying for something now versus the cost of carrying a balance, can make these lessons easier to understand.

4. Introduce Kid-Friendly Digital Tools

For today's kids, learning about money also means learning how to manage it digitally. When children are old enough to have their own devices or use a parent's device with supervision, introduce them to age-appropriate banking and budgeting tools. Show them how to check a balance, track spending and follow progress toward a savings goal. These everyday experiences help connect the money lessons they learn at home with the tools they'll likely use as adults.

5. Keep Talking About Money

Building financial confidence doesn't happen through one conversation. Make money an ongoing, age-appropriate topic by asking kids what they think about spending and saving, and what short- and long-term goals matter to them. Invite them to ask questions and, when appropriate, include them in everyday household money decisions. Giving kids a safe place to learn and make choices (and sometimes mistakes) can help them become more comfortable managing money.

Learn more modern strategies for teaching kids and teens financial literacy at SchwabMoneywise.com.