

5 Tips for How Preschoolers Learn

Teaching preschoolers about money requires patience and creativity. Complicated tools or techniques are not required, and your neighborhood and home make a good classroom. Here are some tips:

1. **Keep it simple and brief.** Explain limited amounts of information at one time. Young children learn more from a few short lessons that from one long lesson.
2. **Keep it active.** Learning requires more than listening and being involved helps children stay focused. The more senses that children use in learning, the more they will remember.
3. **Keep it spontaneous.** Children learn at different rates. There is no "right age" to teach a lesson. Children's questions can come up at any time and in any order. Whenever the child shows interest in an idea, connect it to other ideas you have already talked about.
4. **Keep it fun.** Children learn by playing. Make learning about money fun and join your child in the play—this can lead to many teachable moments. You may want to involve your child in planning a family vacation and its budget.
5. **Use open-ended questions.** Open-ended questions encourage conversation and begin with words like "who," "what," "when," and "how." Another useful technique is to begin by asking the child "Tell me about..."

Activities for Teaching Your Preschooler

These simple, short and inexpensive activities may be used at home to teach your preschooler some basic money lessons. Adapt the activities to the children's abilities and interests.

1. **Home-made Gifts.** Children often assume that gifts must be purchased at a store. However, gifts that children make at home do not cost any money. Doing something fun with someone can also be a special gift.
2. **A Savings Chart.** Children need to practice waiting to become good at it. Savings charts can help children learn how to wait to spend money. Charts can show how much money children have saved and how much more money they need. This can encourage them to keep saving.
3. **Shopping Helper.** Young children sometimes want to help their parents shop. Giving them simple jobs at the store can make them feel that they are helping. One job is to help you find items on your shopping list. This shows children how you make shopping decisions.
4. **A Play Store.** Children often see adults exchanging coins and bills when they buy things. However, they do not usually get a chance to see and count the money. Playing store is a good way for children to learn how to use money.



1-800-748-4302
www.macu.com

Value of a Dollar: Teaching Your Preschool Child About Money



INSIDE:

- How parents influence their children's behaviors regarding money
- How to teach children money values
- Fun lessons for your preschooler

Teaching Your Preschool Child About Money

It's never too early to start teaching your preschool-aged children about money. Teaching them about money simply involves looking for potential teaching opportunities and knowing where to find information that will assist you in teaching your children.

Money Values

Children learn about money from various sources, including parents, other relatives, teachers and the media. Oftentimes, it is experience itself that creates the most lasting impression. Ask yourself what your parents taught you about money and how it influences the values that you now have about money. 58% of parents believe that their parents did a good job of teaching them about money, however, 30% of students report that their own parents rarely or never discussed savings or investing with them.

How Parents Influence Their Preschoolers

Parents influence children by modeling positive behavior such as saving and spending carefully. Anytime you deposit or withdraw money from the credit union, take the opportunity to explain to your preschooler what you are doing and how it affects your account.

When grocery shopping or at a department store, show your child how to compare prices. Give explanations when choosing a more expensive item over a lesser-priced item.

The consequences of allowing children to learn about money on their own can be severe. In recent years, adults in their 20s are experiencing higher debt and even bankruptcy.

How Advertising Influences Preschoolers

Advertising places a great deal of pressure on young people, encouraging them to purchase items that may be too expensive or unnecessary. A survey of parents showed that 70% of parents believe that advertising has a negative effect on children's values.

To further show the influence advertising has on preschool age children, consider the following statistics:

- **Children are a major market. Advertisers spend an estimated \$13 billion a year on commercial messages for kids.** (Marion Nestle and Margo Wootan as quoted in "Spending on Marketing to Kids Up \$5 Billion In Last Decade," The Food Institute Report, April 15, 2002.)
- **Advertising affects children even before they are old enough (at least age seven) to understand how it works. Children as young as two make brand choices after a single 30-second commercial.** (Borzekowski, D.L.G. and Robinson, T. (2001). Journal of the American Diabetic Association, 101(1), 42-46
- **The average child watches about four hours of TV a day and sees an estimated 20,000 TV commercials a year.** (America Academy of Pediatrics, www.aap.org/family/tv1.htm)



Behaviors and Attitudes Learned Through Money

Pre-school aged children establish behaviors and attitudes by watching how adults manage money. Children see adults take cash from their wallets and ATMs, write checks and use credit cards. However, they do not know where the money comes from and how adults make the choices to decide where it goes.

Learning to make decisions about money teaches children to identify what they need and what they merely want. Decision-making forces children to decide what is most important by choosing what to spend today and what to save for tomorrow. This is an important first step in learning to budget money.

Children learn about money by using it. Providing your preschool-aged children with a small income, usually in the form of an allowance, allows them the opportunity to plan their goals and practice using the money. This begins the process of responsible spending and saving. Opening a savings account for your child can help them see how to save and understand the power of compounding interest.

To decide how much allowance to give your preschooler, consider your child's ability to make choices, responsibility and interest. The allowance amount should be large enough to cover agreed upon expenses and savings, with room for fun. One suggestion is to start with no more than \$1 per week, or 50 cents twice a week.