

GUIDE

Teaching Your Children About Money

This document contains important information and you should read it carefully and keep it safe for future reference.



CONTACT US



0203 949 1800



contact@lyncwealth.co.uk

IMPORTANT INFORMATION

The contents featured in this publication are for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles.

Introduction

Teaching your children about money is one of the most important life skills you can pass on.

Financial literacy equips children with the knowledge and confidence to make informed decisions about saving, spending, borrowing and investing throughout their lives. As parents, you play a crucial role in shaping your children's financial habits and attitudes from an early age.

Age-appropriate financial lessons

Children's ability to understand financial concepts grows as they get older, so it's important to tailor your lessons to their age and stage of development.



Ages 3-5

Understanding money as a concept

At this age, children are beginning to understand basic concepts like counting, which makes it a good time to introduce the idea of money as a way to exchange goods and services.

You can use physical coins and notes to show that money is used to buy things. Engage your child in role-playing games, such as pretending to shop for items or play as a cashier, to demonstrate how money is exchanged for goods.

There are also many simple saving activities that you can do such as creating a reward chart that shows how many £1 are needed to buy a toy that they want.



Ages 6-10

Developing basic money skills

By the time they are in primary school, children can begin to understand more complex ideas like saving and budgeting.

You can start a weekly pocket money system to help them to learn to manage their own small sums of money. For example, if they want a toy, explain how saving over a few weeks will help them to reach their goal.

Teach them about budgeting by showing them to save a portion of their pocket money for the future, such as to go towards holiday spending money, while still allowing them to spend some on treats. You can use visual aids like a chart or jar to show their progress towards a saving goal.



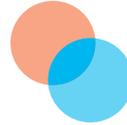
Ages 11-14

Building financial responsibility

In the early teenage years, children become more aware of their financial surroundings and can start learning about more advanced money topics.

You can open a basic bank account for them and explain how to manage their balance, use a debit card and track spending. You could also open a junior savings account and let them deposit their money. This will show them how interest can help their savings to grow over time. If they're able, encourage them to earn money through chores or small jobs. This helps them to understand the connection between work and earning money. Platforms like [Go Henry](#) provide a fun, interactive way to reinforce budgeting and spending lessons.

At this age you can also talk about needs vs. wants: help them to differentiate between essential purchases like school supplies and discretionary spending like video games or make-up.



Ages 15-18

Preparing for financial independence

As teenagers approach adulthood, they'll need to understand more complex financial concepts like taxes and debt.

Talk to them about future financial plans, such as saving for university, paying for driving lessons, buying a car, or even buying their first home. Explain the importance of using credit responsibly and the risks of accumulating debt. Use examples like mobile phone contracts or student loans.

When they begin working, show them how to read a payslip, including deductions for tax and National Insurance as this becomes very important later in life, especially if they have the aim of becoming self-employed where they will have to fill out their own tax assessment.

Encouraging positive financial behaviours

Fostering a healthy attitude toward money requires more than just teaching the technical skills. You also want to instil good financial behaviours that will last a lifetime.

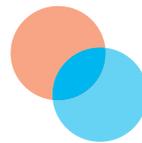
Children learn by watching their parents. Set a good example by practicing sound financial habits yourself, such as budgeting, saving regularly and making thoughtful spending decisions. If you have any financial mistakes or successes, share these stories with your children to teach them valuable lessons.

Teach children that waiting for something they want is often worthwhile. For example, when you book that big family holiday, show them that it didn't happen overnight and the importance of instilling self-control to reach the end goal.

It's important that children view money as a tool, not the ultimate goal. Emphasise the importance of balance. Money is important, but it's also a means to an end, whether that's financial security, helping others or achieving personal goals.

While it's not necessary to burden young children with every financial detail, it's a mistake to shield them completely from the reality of managing money. Including them in age-appropriate discussions about family finances helps demystify money, for example explaining why you couldn't replace the toy that got broken or why they can't just have the latest phone.

Sometimes the best way for children to learn is through their own mistakes. If your child spends all their savings on something they regret, use it as a teaching moment instead of bailing them out.



Teaching your children about money is a gradual, ongoing process that evolves as they grow. By fostering financial literacy early, you can help them to develop the skills that they need to make informed and responsible financial decisions in adulthood. Whether it's learning to save, spend wisely or invest for the future, the lessons that you teach now will set the stage for a lifetime of financial security and independence.

Ultimately, the goal is to raise children who are confident in managing their money and equipped to face the financial challenges of adulthood with the knowledge and tools necessary for success.



11/25
LCFP0776

Lync Wealth Management Limited is an appointed representative of Lyncombe Consultants Limited, which is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales under company number: 15980456. Registered Office: 1 Angel Court, London, EC2R 7HJ