

Teaching your child good money habits

Teaching children good money habits at an early age can have a positive lasting effect. Children as young as 3 can understand the concept of spending and saving - and according to a study by the University of Cambridge, money habits are typically set by the age of 7.

The study also revealed that parents have the biggest influence on their children's money management habits. Nearly half of UK parents talk to their children regularly about saving money but the percentage needs to be increased. Children tend to copy what their parents do so they should be shown positive financial practice on a regular basis.

Pocket money tends to be the starting point, with children being given money in exchange for doing household chores. The school summer holiday could be an ideal opportunity, as a little help around the house may be most welcome!

For younger children it is important to give them the money straight after completing the task so that they understand the link between work and reward. For older children who have the capacity to understand cause and effect – a bank account (online/banking app), or prepaid card such as GoHenry, is ideal so that they can experience the real-world effect of balances, statements and so on.

Everyday tasks - for example the supermarket shop - can enable children to

think about money more seriously. Letting them help to write the shopping list can be a valuable lesson in planning and budgeting. Then when they go shopping with you it can encourage them to choose the best value products, keep to the list and understand that those little 'treats' that they want to add to the shopping trolley cost money and aren't in the budget!



This 'budgeting' will also help them to understand that if they want to buy something - they need to wait and save for it. This can be the hardest lesson for any age to learn, but by teaching your child good money habits now it will hopefully stop them making major financial mistakes further down the line.

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