STIFEL | Saks Wealth Management Group

How to Start Talking to Your Kids About Money

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A Practical Guide for Parents

Talking to your kids about money isn't about turning them into financial experts overnight. It's about building healthy habits, confidence, and values that are meant to last a lifetime. This guide is designed to show you what to talk about and when, so the conversation feels natural rather than overwhelming.

Why It Matters

Children start forming money habits at a very young age, often by watching how the adults around them spend, save, and talk about money. Open, age-appropriate conversations can help them develop a healthy relationship with money – this is especially important if they may one day inherit significant wealth.

- Talking about money early can help children:
- Develop healthy spending and saving habits
- Understand the value of work and money
- Build confidence when making financial decisions
- Help avoid stress, confusion, or secrecy around finances later in life

When Should I Begin?

The short answer: earlier than you think. Conversations about money should grow and evolve as your child gets older.

Start With the Basics (Ages 4 to 7)

At this age, keep things simple and concrete. Children often learn best through simple and hands-on experiences.

- Explain that money is something that we earn and is used to buy things we need and want.
- Involve children in small decisions by explaining the reason you may or may not be making a purchase.
- Let them hand money to the cashier or help count change.

Build Responsibility (Ages 8 to 12)

Children are ready to understand choices, goals, and consequences.

- Introduce allowances tied to chores or responsibilities.
- Help them save for a specific goal (a toy, game, or experience).
- Talk openly about tradeoffs: "If we buy this now, we may need to wait on something else."
- Introduce basic borrowing concepts if they want something they haven't saved enough for.
- Reinforce that saving takes patience and that money decisions have consequences.

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Prepare Them for Independence (Ages 13 to 18)

As teens gain more independence, money becomes part of their everyday decisions.

- Open a checking and/or savings account together.
- Teach budgeting, online safety, and responsible spending.
- Discuss wants versus needs – emphasize that money is meant to be a tool, not a source of stress.
- Show how managing money well can help create freedom and more options over time.

Lead by Example

Children learn more from what they see than from what they're told. As parents, it's important to:

- Be open (at an appropriate level) about financial decisions and tradeoffs.
- Model saving, giving, and thoughtful spending.
- Look for teachable moments in everyday life.
- Encourage questions and curiosity.
- Adjust the conversation as your children grow and mature.

Remember that money conversations don't need to be complicated or uncomfortable. By starting early, keeping discussions age-appropriate, and leading by example, you can help your children develop the knowledge, confidence, and values they need to make sound financial decisions throughout their lives. The goal isn't to teach them everything at once – it's to create an ongoing conversation that grows with them and lays the foundation for a healthy relationship with money.

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