7 Reasons To Teach Your Kids About Saving Sooner

When should you teach your children about money? An increasing number of studies suggest that it should be when they are very young.

Consider this: investing guru Warren Buffett learned about money from his dad, a financial advisor and investor himself. He had his first business at age 6, buying a six-pack of cola for a quarter and selling each can for a nickel.

The folks at Opportunity Bank of Montana, Member FDIC/Equal Housing Lender, encourage you to help your children become financially literate at an early age by teaching them age-appropriate money concepts.

Here are seven smart reasons to start teaching your kids about money today:

1. Children's financial habits are forming as young as age 7

A Cambridge University study in Britain found that most children formed core behaviors, which they will take into adulthood, by the time they were 7 years old. Children that age can recognize the value of money and count it out, understand that it can be exchanged for things they want, and appreciate the need to have an income.

2. Young children grasp the concept of delayed gratification

Children as young as 5 can understand the idea of saving, according to research from the University of Kansas. In the study, children were offered one piece of candy now or two pieces later. Most recognized that waiting benefitted them in the long run.

3. Young children understand the idea of planning

Research has also found that children recognize that some decisions are irreversible and should be delayed until a later time.

4. They still need your guidance

Young kids do not understand more complex financial concepts or even the distinction between needs and wants. Research has found that simply giving children money – e.g., allowance – does not teach them about wise spending habits unless accompanied by adult direction on saving and budgeting.

5. There is no danger in teaching kids about money

Research from the University of Minnesota found that some parents fear needlessly talking about money with their children. As a result, a 2003 study by Consumer Action found that while 54 percent of parents reported their teens' knowledge of financial matters was good or excellent, only 22 percent of teenagers agreed.

6. The consequences of avoiding the issue could be disastrous

In the early 2000s, the fastest growing group declaring bankruptcy was young adults age 20-24.

7. Early learning about sound financial habits leads to financial success later

A study in the Journal of Consumer Affairs found that financial education early in life benefits people in adulthood.

There are many online resources to help you conduct age-appropriate lessons about money with your children.

Opportunity Bank of Montana has spent 95 years helping people of all ages save and invest. The Bank is also a proud sponsor of the Dave Ramsey Program: Foundations in Personal Finance in 15 high schools statewide. To learn more, visit OpportunityBank.com or stop by one of their nearby branches.

Suggested Social Posts:

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Facebook: Parents, teaching kids how to save money is easier than you might think. Here's why you should do it: [LINK]

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