



“Help build a valuable savings habit that will potentially build their future wealth”

Tips for teaching your kids financial skills

Parents faced with home-schooling their children may be feeling overwhelmed. Yet there are plenty of ways to get creative as a family, including bringing money matters to life as part of the home curriculum.

Here are some suggestions to get started.



1. Budgeting

Involve your children in your finances by going through your bank statements, explaining your spending and how you manage your account. Ask them to help establish where costs could be cut. Make it fun if you can by getting them to design their own bank statement or account, and how they would use this.



2. Set a savings goal

Get your children to start saving towards something they want – such as a new game, or toy. Ask them to calculate how much they will need to save each week or month, and for how long, to meet the cost. This could help build a valuable savings habit that will potentially build their future wealth.



3. Lead by example

You could demonstrate the value of regular savings by opening an account on their behalf.

For example, you can slot up to £9,000 into a Junior ISA in the 2020/21 tax year – compared to the previous £4,368. You can demonstrate that the sooner you start, the bigger the potential pot your child will have when they reach 18. This could be a handy way of explaining how savings build over time.

Children can also open a standard ISA account from age 16, into which they can save up to £20,000 each tax year to benefit from tax-free interest and growth. On top of the JISA limit, this means they could save up to £29,000 a year without paying any tax.



4. Give jobs a reward

Boost their pocket money if they do chores around the home, such as tidying, ironing or cleaning the kitchen. This will help you during a difficult time and provide money that can be put towards their savings goal. The harder they work, the greater the rewards - and the sense of achievement.



5. Pay bonuses – and consider deductions

If tasks are completed without prompting, pay a small bonus. Conversely, if tasks aren't completed successfully, consider a deduction. Consider a monthly statement to show their earnings, and how these have accumulated.



6. Free online resources

There are plenty of free online resources. For example, if your children are a little older, the Open University offers a [course on managing money](#) for young adults which can be done at home. This can be used for the Duke of Edinburgh Award skills development – a worthwhile way to spend time during lockdown.

Elsewhere, [the Money Advice Service](#) has plenty of other tips for teaching children about money, alongside a wealth of resources.

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