

Raising Financially Confident Kids: A Guide from Preschool Through College

Money is one of the most important daily life skills — and yet, it's rarely taught in schools and many young people enter adulthood unprepared to manage it. Teaching kids about money from a young age builds confidence, independence, and strong healthy habits they'll carry into adulthood. The key is to match the lesson with their stage of life.



Ages 4–7: The Basics of Earning and Saving

At this age, kids are curious, learning about choices and consequences, and observing everyone around them. It's the perfect time to introduce the basics, in a hands on way:

What to Teach:

- Money has value and is used to buy things or services.
- You earn money by working or completing tasks.
- Not all money should be spent right away or at one time.

How to Teach it:

- **Use visual tools** like clear jars or envelopes for saving, spending, and giving.
- **Start an allowance** tied to simple tasks to show that money is earned.
- **Let them use cash** to buy small items so they can physically see the money being exchanged.
- **Talk about wants vs. needs** while shopping together—should we buy this toy or save for the bigger one next time?

Keep it simple and repeat often — consistency helps it stick.

Ages 8–12: Budgeting and Goal-Setting

As kids grow, they can begin to understand more structure and decision making when it comes to budgeting and short-term goals.

What to Teach:

- **Budgeting**, making a plan for how to use their money.
- **The importance of saving** toward a goals/item.

- **Making smart spending choices** by comparing prices or timing.

How to Teach It:

- **Encourage saving for something they want**, like a toy, book, or game by setting a timeline and helping them determine how long it will take.
- **Practice budgeting** by giving them the space to making spending choices, even if it means they make small mistakes. These teachable moments can become a valuable lesson.
- **Introduce comparison shopping** and basic price awareness.
- Open a **youth savings account**, and review monthly statements together and talk about interest.

Ages 13–17: Real-World Responsibility

Teenagers are ready for more independence and more complex financial concepts. This is when money management shifts from theoretical to practical real-world experience.

What to Teach:

- Budgeting for multiple goals (spending, giving, school, saving)
- Understanding paychecks, taxes, and withholdings.
- Credit card use responsibly and the concept of interest and debt.
- The cost of college, trade school, or work after high school.

How to Teach It:

- **Encourage part-time jobs** or side hustles to build earning habits.
- Help them **create a basic budget** for their paycheck or allowance.
- **Discuss the cost of living** using real-life expenses: gas, food, subscriptions, clothes.
- **Start talking about college costs**—tuition, housing, books—and compare options.

Let them manage their own spending within a framework — mistakes are part of the learning process.

Ages 18–22: Preparing for Financial Independence

As young adults transition to college or full-time work, financial literacy becomes critical and has a long-term impact.

What to Teach:

- How to manage **fixed and variable** expenses.
- Using a **debit card** responsibly and online banking systems.
- What a **credit score is and how it works**, including how to build credit.

- The basics of **student loans, repayment, and avoiding debt traps.**
- Provide an introduction to **investing, retirement,** and compound interest.

How to Teach It:

- **Help them build a budget** for tuition, housing, food, and entertainment.
- **Help them compare credit card options,** and how interest accumulates on unpaid balances.
- **Encourage setting up a checking and savings account** if they haven't already.
- **Discuss the value of an emergency fund** and how to avoid the emotional buy now, pay later mentality.

Financial literacy isn't a one-time lesson — it's an ongoing conversation that evolves as they grow. Each stage of childhood and early adulthood brings new opportunities to build skills and confidence. By teaching money habits early and reinforcing them along the way, you give your child a priceless head start on their financial future.

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