

Through a Child's Eyes: Helping Children Understand the Concepts of Time, Money, and Talent

Young children experience the world in different ways than adults. Concepts that are both difficult to grasp and to explain are the resources of time and talent and the notion of currency or money. Because young children are still learning the meaning of symbols, these concepts can be hard to understand. However, there are many ways adults can help children understand the concept and meaning of money, the importance of saving money, and the value of their own contributions to the household economy. This fact sheet provides strategies and activities for adults with young children to use so that their children are able to learn about time, money, and talent.

Adults' Conversations about Money

For many adults, there is a cultural taboo associated with talking about money. Unfortunately this can be a significant barrier to their teaching children about it.

On one hand, adults sometimes do not want their children to know that they are financially pressed. Telling children simply that they cannot afford an item is one way to avoid their children knowing that they are resource-challenged. On the other hand, adults sometimes do not want to engage in conversations about money or buying things that catch a child's attention. In this instance, the adult may also respond that they can't afford the item when they may really mean, "I don't want to talk about this now" or "This doesn't fit into our spending plan right now but it might in the future." Without regular family conversations about money, children are not able to distinguish between these messages and may likely only hear, "we can't afford things; we must be poor."

A consistent, open, and direct approach to teaching children about money has long-term benefits. When asked, most parents respond to the question, "What would you wish for your child?" Responses such as



"happy and healthy" frequently top the list. Few elements contribute to health and happiness over the lifespan as much as the effective use of time, money, and talents.

Money as a Symbol

Children are continually learning about symbols. Vocabulary development is often the first and most important step in children's understanding of symbols. Almost all children go through a stage of language development called the nominal stage during which they begin to name the things they see. This is when they first begin to understand that the word they know represents (is a symbol for) something in the real world. When a child sees a cow and says, "Cow!", the child has linked the symbol (the word) with the object (the cow). As children grow and their cognitive development accelerates, they can begin to understand symbols beyond language, including numbers.

Beyond Money

In addition to money, our time and our talents are two very important resources that often get overlooked or under-valued. Helping children understand that there are resources other than money can help them understand more about the importance of their contributions to others. These contributions

may be in the form of labor, kind actions, and time spent together; each has a value beyond the purely monetary. Always remember that children learn about most things, especially money, through their parents' or primary caregivers' actions and conversations. If the adults in their lives are intentional about talking about money and resources, children will likewise learn to talk about money and resources and come to understand them, and the symbols they represent, much sooner and in more detail than those for whom money is a mystery.

Breaking Down Resources and Money

The concepts of earning, spending, sharing, borrowing, and saving are important concepts for children (and adults) to understand. Some of these are easier for younger children to understand than others. For example, spending is easier to understand than saving, and sharing may be easier to understand than borrowing. Conversations and activities related to each of these aspects of financial management helps children understand the concepts of money, time, and talents and how each contributes to health and happiness.

Earning

Children can understand the concept of earning relatively early on in their development. When children begin to be rewarded for positive actions, they begin to understand that they can earn things through their own behavior. Examples of rewards for positive actions might be a reward in the form of getting to do something they enjoy for a longer amount of time (e.g. swinging at the playground for five more minutes), earning an edible treat (this can be any food the child enjoys), or earning a new toy to name a few examples.

As children get older, they can earn money. However, it is wise to be cautious when using money to pay for behaviors. Adults would be wise to avoid paying children for expected behaviors. For example, paying a child to set the table can reinforce the following: a) setting the table for the family is work for which they should be paid, b) contributing to the functioning of the household should be paid work, and c) it is their choice whether to do it and be paid, or not do it for no pay. There are, of course, instances when allowing children to earn money for labor is appropriate.

A Word about Allowances

When it comes to allowances – are they a good idea, what is the right age to start, how much should they be, what guidelines should be followed – there is not a single correct approach. In general, money management educators do agree that allowances are a useful tool for teaching children how to handle money.

There are two common approaches to allowances. One is the expectation that children earn them by completing specifically assigned tasks. The other is that children automatically receive them without any expectations other than that they be contributing members of the household.

Regardless of the approach decided on, it is important that adults and children are clear on the details. For example, what will the amount of the allowance be, how frequently will it be paid, and will the child be expected to use allowance money for specific purchases such as school lunches or clothing or will the child have complete discretion about how it is saved and spent?

Managing an allowance is an opportunity for learning. Children may not always be happy with the consequences of the choices they make. Allowing them to accept responsibility for their decisions is part of the learning process.

Some guidelines to follow when compensating children for their labor include:

- » The task is safe for the child. You do not want a 6-year-old to try to mow the lawn. This is both unsafe and developmentally inappropriate.
- » The task is developmentally appropriate. You do not want a 4-year-old child to try to accomplish reorganizing a shed. Often developmentally inappropriate tasks are unsafe as well.
- » The task is not something that you would expect a child to do as part of his or her being part of the household. You do not want to pay a child for folding his or her own laundry.
- Consider whether you would want your child to do a task you are thinking of paying them for out of “intrinsic motivation,” that is because it is beneficial to the child regardless of compensation, or “extrinsic motivation,” meaning that they will only perform the task for some external reward (e.g. money).
- Consider the unintended consequences of paying a child to do something. When you pay a child to perform a task, it changes the way children conceptualize that task.

Children might not perform the task without compensation again, or they might reassign something that was once fun for them into the category of “work.” Be aware of the effects of paying children for their labor.

Spending

Once children have earned resources (often money, but not always), they then need to make decisions about spending them. If the resource is time doing something fun, children can make choices about when to do that. For example, if a child earned 10 minutes playing with a favorite noisemaking toy that makes the adult in the house borderline crazy (yes, this happens), you can offer the child the chance to use those 10 minutes immediately, at another time, or even by dividing up the extra time (e.g. three, 3-minute, 20-second sessions) to be used now and later.

Sharing

Sharing is an important lesson in a child’s development. Teaching children about sharing possessions (e.g. toys, food, and clothes), money, or time gets to the heart of learning about their value. Children can be expected to go through a “mine” stage, in which sharing is not within their developmental capabilities. It is recommended that children be taught to share, but not forced to do so when it is not

appropriate. For example, if a child has a friend over to play, sharing toys, because they are all the hosting child’s, is to be expected. However, if a child brings a toy to a playground, forcing the child to share her toy with another child just because she wants a turn, should be avoided. Asking the child if she wants to share will provide her with the ability to make her own decisions, and provide the social experiences that go along with sharing or not (e.g. the connection sharing gives, or seeing the disappointment of the other child at not sharing). These are valuable lessons for social interaction.

Borrowing and Lending

Just as sharing can be a hard concept for children to grasp, borrowing and lending can also be difficult. Borrowing and lending may have greater long-term implications than that of sharing.

While sharing is similar, lending involves sharing a resource without any guarantee of it being returned. Helping children to understand the result of lending their money or possessions can be crucial for helping them to learn about interacting with other people, both within the family and outside of it. When we lend, we have expectations for when we will be repaid. Your role is to help children to learn about these expectations, and especially what to do when they are not met. It can easily become awkward for your child to see someone who owes them, or to whom they owe something. A



good guideline is for children to avoid borrowing or lending those things that were gifts. For example, your child's lending a toy that was given to her, to another child, does not teach her about the value of the toy, nor the importance the original giver placed on the item. Children will want to give or lend things to other children, and having conversations with them about the likelihood of their getting the item back can help them understand the consequences of lending, and the responsibilities of borrowing.

While "neither a borrower nor a lender be" could be good advice, recognizing that children will want to experiment with this will help them to navigate the benefits and disappointments that come with borrowing and lending. The most important guidance is to make sure that the value of the resource to be borrowed or lent is not excessive. Talk about what might happen as a result of the borrowing or lending. For example, be prepared to talk with the child about how he might feel when he doesn't get an item back or it is returned in worse condition than it was lent. If money is being borrowed, help the child think through whether or not she can realistically pay it back as agreed or if other options exist. Borrowing and lending between siblings may have a different dynamic than between friends. After the child has had a chance to consider all of this, let the child make an informed decision. Finally, allow the result to happen. If the child is upset with the outcome, resist the temptation

to jump in and "make it better." This helps your child to learn about what borrowing and lending mean.

Saving

As children get older, they are more capable of learning about saving for the future. In very young children (0 to 3 years old), the idea of saving is difficult to grasp. However, as children get older, they can learn about saving resources to then spend or give them later. Saving teaches children about delayed rewards, and how resources saved over time allow for buying higher quality and more long-lasting goods in the future. You can support children's saving in multiple ways. First, when they are young, piggy banks are a good way to show what saving looks like. Second, as they get older, opening a savings account of their own can help them learn about earning interest, and how banking works. It's never too early to start saving!

Conclusion

Teaching children about earning, spending, sharing, borrowing, and saving helps them learn about the ways their time, money, and talents are valued. Money helps children to understand symbols, value, and the nature of resources. By looking at the world through a child's eyes you can understand what children are learning, and what to do to support them.

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