

Preschoolers and Money

When are children old enough to learn about money and how to manage it? According to Swiss psychologist Jean Piaget, children should be taught information when they are developmentally ready to receive it. He believed that each stage of cognitive development builds upon the stage before it. So, by pairing what children are ready to learn with different content and using stair-step learning, it is easy to teach children money management skills.

Ages and Stages

- ★ 1 year - children recognize different shapes and colors
 - Use different forms of coins and paper bills to teach shapes and colors
 - Learn sorting of size and shape with pennies, dimes, nickels and quarters (Be sure that children are always supervised because they could swallow the coins if left alone.)
- ★ 2 years – children understand concept of payment for goods and services
 - Trade coins for toys, and trade back again
 - Let child observe adult paying for items at the grocery check out
- ★ 2 - 4 years – children learn to count
 - Use coins or play money as objects to count
 - Count money into a Piggy Bank
 - Teach the concept of saving the money
- ★ 4 years – children understand the exchange theory
 - Use play money to play store
 - Let child buy a treat from the ice-cream truck
- ★ 4 - 5 years – children can begin learning about planning
 - Discuss a budget for preschool supplies
 - Teach concepts of good consumerism
 - Shop around for the best deal
 - Stay within your budget

Sources:

Berg, A. G. (1985). *Your kids, your money: Financial survival manual for parents*. Englewood Cliffs, NJ: Prentice-Hall, Inc.

Feldman, R. S. (2003). *Development across the life span* (3rd ed.). Upper Saddle River, NJ: Prentice-Hall.