

AGES 5-7

Experiencing the Real Thing

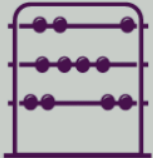
By this age, your kids should understand that you buy things with money earned, but they're still figuring out the bigger picture of how money works. The good news is that they're eager to learn, especially from you. One of the biggest steps in financial education is to introduce an allowance at this age. Take advantage of the opportunities to share, teach, and experience together.

Key Money Basics for Ages 5-7

- Reinforce that money is earned by working and is used to buy things.
- Practice counting and exchanging money when you go to the store and at home during play.
- Try to use real money rather than credit cards when shopping with your kids.



SKILLS & ACTIVITIES



Playing

Boost Math & Money Skills

Math skills are still developing, but hopefully your kids are identifying coins and bills, including their relational values (i.e., four quarters equal a dollar). Toys, games and play experiences with money help expand their knowledge. Have fun!

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Allowance

Introduce A Small Allowance

By age 6 or 7, kids are ready to receive an allowance. Tying an [allowance](#) to [chores](#) is a personal decision. Whatever you decide, the most important objective is to associate the allowance with financial decisions and [purchase responsibilities](#).

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Spending

Open the Door to Purchase Decisions

It's time to start encouraging small purchases with supervision. Help your kids learn how to make smart decisions and how to pay for things. Be sure to set limits and establish [purchase responsibilities](#) that align with their weekly allowance amount.

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YOUR CHILD'S PHYSICAL & EMOTIONAL DEVELOPMENT

This age range is generally considered the time when a child starts to become an individual. Your child may establish and express strong preferences about clothing, toys, friends, and more.

Self-esteem skyrockets during these years, meaning your child won't pause to argue if they think you're wrong! This newfound confidence supports curiosity and exploration, but it can also lead to undesirable behaviors like bragging, stubbornness, competitiveness, and even intimidating others.

That being said, children of this age are more dependent on approval. They have a strong desire to succeed and make people proud. They'll revel in praise and take criticism very personally.

TIP:

In this age of arguments, it's easy to get exhausted. Try to stay calm. Modeling impatience and anger will make your child think these are acceptable responses. Be polite, but firm and direct. Suggest postponing the discussion, or offer a small reward for completing tasks and chores without arguing. Establish house rules and shut down arguments by referring to and consistently enforcing these rules. Finally, choose your battles! Letting your child do something silly but harmless from time to time is unlikely to damage your authority.



Saving

Encourage Saving for Small Goals

Your kids are ready to start learning a slightly more complex concept of savings. The notion of long-term savings is still obscure, so start by encouraging your kids to save for shorter-term goals.

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Banking

Explain Banking Basics

Continue to keep the concept of banking simple, but introduce new concepts beyond the fact that a bank keeps your money safe. Your kids are only a few years away from having their own account, so make sure their experiences are positive ones.

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Lifestyle

Consider Impressions & Expectations

Kids start becoming cognizant of lifestyle choices at this age. Areas of early focus include choices relating to apparel, toys, and technology. We all want our family to enjoy a comfortable lifestyle, but it's important to be mindful of the impressions and

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Role Modeling

Be Mindful of What You Say & Do

Your kids are young but they understand more adult topics every day. Remember that they're absorbing everything you say and do. Foster a happy and healthy environment that encourages development of a balanced relationship with money.

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Improved concentration and memory allows cognitive skills to bloom. Though time is still a difficult, abstract concept, this age sees children sometimes using more advanced labels such as 'yesterday', 'today', and 'tomorrow'.

TIP:

Your child may still not be able to confidently think abstractly, so enhance their understanding of time by using specific examples that apply to their lives e.g. "You went to the dentist yesterday", or "You're going to the playground tomorrow". Simple, easy-to-read calendars also help. Introduce your child to the concepts of past, present, and future. For example, discuss the past with them by learning about dinosaurs, or expose them to the future by discussing the weather forecast.

By this age, reading skills get stronger and writing skills develop. Children begin learning words by recognizing combinations of letters and words, as opposed to simple memorization or visual association. They have an expanding vocabulary, can better understand the rules of conversation, and can also use language for different purposes, such as persuasion or telling stories. Stories become clearer and more interesting as children start to utilize more descriptive words and grasp the subtleties of language e.g. homographs versus homonyms.

Development content was created by Jennifer Dunn, child development specialist. For more information about Jennifer's work, please [click here](#).

-Jennifer Dunn