Family financial conversations

Building the foundation for long-term success

Helping children and teens develop financial literacy is one of the most impactful ways families can support their long-term success. Research shows that children begin grasping basic money concepts by age 3, and by age 7, they have already begun establishing money habits.[1] This makes early education crucial.

As children mature, their financial understanding deepens, and age-appropriate education helps reinforce healthy habits around spending, saving, and investing. These lessons not only build confidence and independence but also create opportunities for families to share values, strengthen communication, and prepare the next generation for financial well-being.

By age 3, children begin grasping money concepts.[2]

Financial education by age group

Financial literacy should align with a child's age and maturity. Education standard recommended by the Council for Economic Education and Jumpstart Financial Smarts for Students suggest that by the end of high school, young people should have developed core competencies in six areas: earning income, spending, saving, investing, managing credit, and managing risk.[2] These benchmarks provide a helpful framework for families to introduce financial concepts in age-appropriate ways.

Age	Earning income	Spending	Saving	Investing	Managing credit	Managing risk
3-10		✓	✓			
10-14	✓	✓	✓			
14-18	✓	✓	✓	✓	✓	✓
18-21	✓	✓	✓	✓	✓	✓

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Ages 3-10 Building financial awareness

By age ten, children should begin to understand the basic functions of money, including how it's earned, spent, saved, given, and borrowed. One of the most effective ways children learn is by observing and doing.[3] Everyday moments like watching you work, helping with shopping, or saving for a toy can teach valuable lessons about money in a way that is natural and engaging.

How to

- Consider using a three-jar system labeled "spend," "save," and "give" to help children visualize money management.
- Play hands-on games that involve money to make learning fun and interactive.
  - Consider Monopoly: Children can learn about the economic system while being competitive and having fun, all while learning valuable life skills in the process. This is a great way to motivate kids to learn without it being a chore.
- Offer a small allowance tied to chores or behavior to reinforce the connection between effort and earning.
- Encourage children to save up for something they want, like a toy or activity, to help them understand goal-setting and delayed gratification.

Ages 10-14 Strengthening financial understanding

As children grow, their understanding of money becomes more nuanced. Between ages 10 and 14, they should be able to compare income sources, manage a basic budget, understand interest, and recognize borrowing risks.

How to

- Open a youth savings account to help children track deposits and withdrawals.
- Introduce simple budgeting tools and encourage planning for spending, saving, and giving.
- Discuss the concept of interest and how borrowing works, including potential risks.
- Encourage goal setting for larger purchases to reinforce delayed gratification and planning.
- Discuss how a borrower's credit history can impact their borrowing costs.
- Talk about how money is portrayed on social media and help them identify common misconceptions.
  - According to a Bankrate survey, one in five (20%) users felt negatively about their own finances after seeing posts on social media. Additionally, 9% say social media has a negative effect on how they manage their money.[4]
  - Gen Zers and Millennials are roughly three times as likely as Gen Xers and more than 10 times as likely as Baby Boomers to admit to posting on social media to look more successful.[4]

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Ages 14-18 Preparing for financial independence

Teenagers are ready to take on more advanced financial responsibilities. By this stage, they should be able to evaluate financial products, set personal financial goals, and understand the long-term impact of financial decisions.

How to

- Help teens open a checking account and learn to manage a debit card responsibly.
- Encourage them to create and follow a budget for real-life expenses such as transportation, clothing, and entertainment.
- Introduce the basics of investing through simulations or custodial investment accounts.
- Begin conversations about student loans, credit scores, and how borrowing affects future financial opportunities.
- Support goal setting for larger financial milestones, such as saving for a car or college-related expenses.

Ages 18-21 Supporting financial independence

As children move into adulthood, they face new financial responsibilities that can shape their future. This is an ideal time to reinforce key financial skills and encourage confident decision-making. According to a financial literacy guide from Harvard, young adults can benefit from learning how to budget, manage credit, save consistently, and make informed financial choices that support long-term independence.[5]

How to

- Help them understand the importance of tracking expenses and distinguishing between needs and wants.
- Encourage them to create and follow a personal budget.
- Talk about credit scores, how they're built, and the importance of responsible credit card use.
- Support regular saving habits and help them set short- and long-term financial goals.
- Introduce basic investing concepts and discuss the value of compound interest.
- Guide them through evaluating financial products like student loans, checking and savings accounts, and investment accounts.
- Encourage young adults to reflect on their financial choices through open discussions about family values, long-term goals, and personal responsibility. Tools like a Family Mission Statement and regular family meetings can help reinforce these principles.

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Final thoughts

Preparing children to manage money wisely is a powerful way to support their future. By starting early and building on age-appropriate lessons, families can help the next generation approach wealth with confidence and purpose. Aligning financial education with your family's values and long-term goals ensures that the legacy you pass on is both meaningful and empowering.

About Wealth Enhancement

Wealth Enhancement offers integrated financial planning grounded in clear, detailed advice. With local offices around the country, your advisor is backed by a network of specialists who can support your financial needs, no matter how complex. This is because we also provide estate planning, tax services, investment management, insurance consultancy, and retirement income planning, as well as business consulting services.

Since 1997, Wealth Enhancement has delivered specialized knowledge, attentive service, and detailed planning. Our financial plans are crafted with care, tailored with compassion, and built to handle what life brings.

Let's craft your future, *together*

[1] CAFCU, Helping Kids Build Smart Money Habits, August 2025.

[2] Jump$tart Coalition for Personal Financial Literacy, National Standards for Personal Financial Education, 2021.

[3] Federal Deposit Insurance Corporation, Teaching Children About Money Now Pays Dividends Later, September 2020.

[4] Bankrate, Social Media Survey: 1 in 5 Users Feel Negatively About Their Finances Because of Social Media, September 2023.

[5] Harvard College, Financial Literacy Guide, [n.d.].

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