



BOOK 1 OF 4

**SMART START FINANCIAL
LITERACY SERIES:**
BASIC MONEY CONCEPTS
FOR YOUR PRESCHOOLER

ARE YOU READY TO KICKSTART YOUR CHILD'S FINANCIAL FUTURE?

As parents, we work to provide our children with everything they need to be happy and healthy and to prepare them to be successful when they are adults. When they are little, we focus on their physical well-being. We monitor what they eat and drink, and make sure they are brushing their teeth and getting to bed on time. As they get older, we help them with their homework and monitor who their friends are so they can do well in school and have positive peer influences. Children look to the adults in their lives to teach them about the world around them and to provide guidance on everything they need to know.

Unfortunately, when it comes to personal finance, many adults aren't sure how to teach the kids in their lives how to make the right decisions. Many parents and caregivers never learned the basics of personal finance themselves. According to the 2017 Consumer Financial Literacy Survey conducted by the National Foundation for Credit Counseling and the Boeing Employees Credit Union, only about 40% of respondents have a budget and track their finances. 27% are saving nothing for retirement. These are just a few indicators that show the struggle many have with debt management and saving for the future.

The AmeriChoice Smart Start Financial Literacy e-book Series for Parents is designed to help address that gap. It will provide you useful tips and tactics for activities in six categories that you can do with your kids to help them be more money savvy. This book is dedicated to providing you with ideas for our youngest members, to help get them started right, with basic topics and fun ideas to help lay a solid foundation for understanding money. For Pre-Schoolers between the ages of 3-5, it is important to keep things simple but begin introducing basic concepts like, earning, saving, spending and giving.



TOPICS COVERED IN THIS GUIDE:

This four book series provides you with age-by-age ideas on how you can help prepare your kids for a secure and solid financial future. The full series addresses a full range of topics, focusing on steps you can take at each age related to:

- **Basic Money Concepts**
- **Earning**
- **Budgeting**
- **Saving & Spending**
- **Borrowing**
- **Investing**





BASIC MONEY CONCEPTS

Financial literacy starts with a basic understanding of the idea that people exchange items, services or money in order to get the things they want.

Pre-School & Elementary Concepts

Kids at this age need to be introduced to very basic concepts that you have likely forgotten that you ever needed to learn. Key items to make sure your preschooler knows are:

- **How money is used:** It can be spent, saved, or shared. Each of these concepts also needs to be explained to young children.
- **Some things are free, but not everything is:** For things that aren't free, you have to trade money – or spend it - in order to get the other item. And once you spend the money you have, it is gone for good. You can get other money, but once you spend what you have it is not coming back.
- **Prices vary:** It can be hard for small kids to understand why they are allowed to have some items, but others are deemed too expensive. Over time, the concept of differing value does come into focus, and this happens faster if you actively discuss it with kids.

- **Pieces of money have different values:** Starting with coins is an effective path to explaining that not all money is the same. The different sizes and tactile nature of coins gives kids something to physically compare as you talk about what each coin is worth.

Ideas You Can Use

- Playing store with your kids helps teach them about how commerce works and lets them be on both the buying and selling side of the transaction.
- Provide your children with a coin bank and review with them how much each coin is worth before allowing them to add them to the bank.
- Use coins and bills with your children as a way to help them learn their numbers and basic addition and subtraction.
- When shopping, discuss prices with your kids and let them count out payments to cashiers and clerks.
- While debit, credit and other forms of payment are very convenient, when shopping with your kids, try to use cash so that they can see you give money and receive merchandise in return. This physical exchange can help to make the abstract concept more concrete for small children.





Ideas You Can Use

- Clipping coupons allows you to talk about ways to save money on the items you need.
- Discuss with your preschooler something special that they want to buy or do and then set up a plan for how you will work together to save money for that specific thing. It should be something that you can achieve in just a few weeks time and you should talk about it daily, checking in on progress to help keep your little one focused.

BUDGETING, SAVING, & SPENDING

Pre-School Concepts

Both projecting into the future and delayed gratification are difficult for very small children. Discuss both ideas, but keep your goals modest at this age.

- **What does it mean to save:** Saving means having money today that you do not spend so that you can buy something later. For this to make sense, kids have to be able to understand that money once spent is gone.
- **Plans for money are important to have:** Money is very important for so many things, but it is also very easy to lose track of. To make sure you have enough money for the things you need and want, you have to make a plan for how you want to use it.
- **Giving money as a way to help people:** Sharing money with people can help others to get the things they need if they don't have enough of their own money.





BORROWING

Once there is an understanding of the way that money and goods are exchanged, kids can gain an appreciation of what it means to borrow money and be expected to and repay it.

Pre-School & Elementary Concepts

Goals for this youngest age range are modest and are focused on helping them to understand how borrowing works and the responsibilities of both the borrower and lender. Kids this age need to learn that borrowed items need to be taken care of and returned in the same condition they received them in. And that items that are borrowed need to be returned on time. Whether it is library books or a friend's toy, these rules apply, and set the stage for expectations on borrowing in the future

- **Two kinds of sharing:** Sometimes sharing means giving something to someone else and not expecting that thing back, like friends sharing cookies. But sharing can also mean borrowing something from a friend that you will need to give back later, like a toy.

Ideas You Can Use

- Go to the local public library and check out books, explaining that they will have to be returned. Teach your child that it is important to take care of the library books. Try to find a book that was not well taken care of and ask your child to identify the problems that were caused.
- Ask to borrow something from your child and help them to understand that when lending items, they should set expectations for when things should be returned

At a time when research is indicating that young workers are those most at financial risk, one of the best things you can do is to spend time improving your child's financial literacy. And as in so many areas, the sooner you start, the better.



TAKE ACTION!

AmeriChoice FCU's youngest members can join the Dollar Dog Kids Club. This program is specially designed to assist parents and caregivers in providing financial education to the children in their lives.

Bring your child to the credit union to join the club and they will receive the tools to help them get started learning about money and saving. Children receive a piggy bank, savings passbook and a punchcard for deposits.

Get "Punched" & Get Rewards!

To encourage good savings habits, for every deposit of \$10 or more, your child earns a reward. They can choose whether they want instant gratification by selecting a toy at the time of the deposit, or they can get a punch on their punchcard. Each quarter, for every 10 punches they earn a \$5 reward added back into their account!

The Dollar Dog's Clubhouse

The Dollar Dog Kids club also has a great online clubhouse with fun activities in a safe digital environment that teaches kids valuable money skills while they are playing games!

Talk to a representative at AmeriChoice to see what else we have in store to help prepare your little one for a bright financial future!



DOLLAR DOG MEMBER EXTRAS!

- An Official Membership Card
- A Dollar Dog Savings Passbook
- Online Fun at Dollar Dog's Clubhouse
- Prizes
- Contests
- Celebrations
- Special Events
- A Punch Card to Earn Great Prizes and Money!

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