



Providing the knowledge and a framework for dealing with future financial issues will give children the means to preserve and steward the wealth they earn or inherit. (UBS)

# Teaching children about money

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**Money management (including cash flow control, investment management, philanthropic philosophy, and the proper use of debt) is unfortunately not a skill taught in most primary or secondary schools, or even in college. However, this is a critical skill every individual needs to be taught at some point in life, and the earlier those skills and life lessons are taught the better.**

Additionally, a person's attitude towards earning, borrowing, saving, spending, and sharing of money typically varies based on an individual's values, and most of the time those values are learned in the home from observing family members.

Children learn these behaviors and develop a set of values whether they are purposefully taught. The only question a parent or guardian must face is whether they will actively, purposely participate in the teaching process. What is learned about money management can either be left to chance (friends, acquaintances, random experience, TV and the internet) or guided by parents in a positive direction. While true for all children, those set to inherit significant wealth in particular need knowledge and good sense to make the decisions that inevitably accompany such an inheritance.

Once a parent makes the decision to actively participate in a child's learning process and to attempt to provide positive guidance, many questions may arise.

- When do I begin a child's learning process?
- When is it too late?
- What are my values?
- What values do I want to teach?
- How do I teach these values?
- Should I be the "teacher?"

Answers to these and other questions raise additional questions.

The vast number of questions and the lack of definitive answers could explain recent survey results indicating that parents feel it is easier to talk to kids about drugs than it is about money.

But when is it too late to teach children about money? The older children get, the more difficult the process. This is partially due to the fact that the parent may have less control and the child may have more distractions or temptations and must “unlearn” negative behaviors. However, it is never too late to encourage people to be accountable.

“Money savvy” may seem to come naturally to some, but it is a skill learned over time, in many ways, from many sources. Money management values will be learned by every individual but what sources they come from and whether the learning experience will be positive or negative can be guided by parents and other mentors. Good money management skills can provide individuals a foundation for happiness, stability, and independence. Poor money management skills may lead to the stress and anxiety that accompany excessive financial obligations and the dissipation of wealth.

Begin building a team of trusted information sources for children. Start with like-minded family members. Expand the group to include financial advisors and add other professionals (attorney, accountant, tax preparer, insurance professionals, etc.) when appropriate. Introducing the process to children at a very young age, both with words and actions, is optimal, but communicating at an age-appropriate level with children of any age can help. Providing the knowledge and a framework for dealing with future financial issues will give them the means to preserve and steward the wealth they earn or inherit.

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For much more, see the whitepaper from The Advanced Planning Group: [Teaching Children About Money](#).

The Advanced Planning Group consists of former practicing estate planning and tax attorneys with extensive private practice experience and diverse areas of specialization, including estate planning strategies, income and transfer tax planning, family office structuring, business succession planning, charitable planning and family governance.

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