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Teach money lessons

START EARLY: HELP YOUR CHILDREN BUILD A BRIGHTER FUTURE

➔ **A step-by-step guide on how parents can do it.**

It is important to start teaching your children money lessons early in their lives with understanding the concept of financial risk. Understanding risk is definitely not for adults only.

June is youth month in South Africa and offers a time to celebrate young people and reflect on how to help them build a brighter future, says Sarah Nicholson, operations manager of *JustMoney.co.za*, a platform that helps South Africans make money choices.

"Understanding the concept of financial risk is a key skill that helps young people avoid money pitfalls and thrive later in life.

"Understanding financial risk is a life skill. We often think of financial risk as something adults face, such as defaulting on a loan. But the truth is that young people are often exposed to money decisions early on."

Whether it is peer pressure to have the latest gadget, or taking on a student loan without budgeting for repayments, the choices you make when you are young can have lasting consequences.

"The earlier young people understand how to manage money, the better equipped they will be to make smart, confident decisions when they start earning, saving and spending on their own."

Money lessons work best when they are practical, relatable and



suiting to your child's stage of development. This is how:

► Children as young as five can begin learning the difference between what they need (food and school shoes) and what they want (sweets or a toy). You can make this lesson real by involving them in a shopping trip.

► To encourage saving, use a clear jar and let your kids contribute coins towards something they want, such as a colouring book.

► As children grow older, they can start earning a small allowance or pocket money and learn how to manage it. For example,

parents might agree to give their child R150 a month. Instead of spending it all on fast food, the teen learns to divide up the money: R50 for weekend treats, R50 saved towards a phone cover and R50 to put aside.

► Let teens help plan a family purchase. For instance, ask your 14-year-old to help research and compare prices for a new TV.

► With young adults discuss concepts like credit and scams. If your 17-year-old is applying for tertiary education, use the opportunity to walk through a student loan agreement and explain re-

payment terms.

► Introduce compound interest with a simple example: "If you invest R1 000 at 10% interest, you will have R1 100 after a year. But if you leave it there, you will earn interest on the R1 100 the next year and that is compound growth."

► You can also teach them how to spot scams by reviewing typical examples that circulate via WhatsApp or social media. For example, a teen sees a TikTok ad for a "work from home, R3 000/week" job and is asked to pay R150 to secure a spot, then the scammer disappears with the money.