Piggy bank in the middle

With the cost of living increasing, now is a better time than ever to teach children about the importance of saving money effectively. With that in mind, financial experts from money.co.uk have compiled a list of their top 10 tips for teaching your children about money.

Start with the basics of money and finance How you introduce money to your children will partly depend on their age. A good place to start is getting children comfortable handling cash and coins. Explain to them how money is used to buy things and that it must be earned before it can be spent.

Speak openly about small financial decisions Start getting your child involved with minor financial decisions, such as which brands and items to buy when shopping. This way your child is able to understand the decisions you make while also feeling in control of certain financial choices.

Older children could also help with budgeting while shopping if you ask them to keep a running total of the items you buy. Not only will this help their maths skills, but it can also help them to understand how small items can still add up in price and not everything is affordable on a budget.

There are so many benefits to teaching your child about money at a young age. (Shutterstock)

Set a good example with your own finances There are no two ways about it, children learn money habits from their parents. Showing them small activities, such as checking the receipt after your shop or putting money into savings can start developing positive habits from a young age.

Encourage your child to ask questions without repercussion in this setting. While you might not necessarily have all the answers, opening up a dialogue is a healthy way for your child to learn more about finance.

Use pocket money as an incentive for small tasks Using pocket money as an incentive to do chores around the house not only helps you, but it also helps your child learn more about the value of money and what it takes to earn it. Creating a simple plan with a set amount of money for different tasks, along with caps per week or month, is a great way to help your child start understanding where money comes from.

The relationship between work and money, household chores and pocket money is also a great opportunity to show children how to save. If your child has shown interest in a more expensive purchase, you could set them up with an old-fashioned piggy bank where they can 'deposit' their earnings or create a chart for them to fill out so they can track how much money they have.

James Andrews from money.co.uk encourages parents to teach children how to handle money from a young age.

"Creating an environment where you can speak more openly with your children about financial decisions is key to them gaining an understanding of the value of money," Mr Andrews says.

"It's important to make sure your lessons are age-appropriate and that you continue to involve and teach your children about money as they grow - a healthy relationship with finances starts at a young age, and children learn most of their habits from their parents."

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