

# Smart Money Skills for Children (Ages 8–12)

Your Practical Guide  
to Building Financial  
Confidence at Home

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# The Importance of Financial Literacy for Children Aged 8–12

Studies by the University of Cambridge reveal that children develop money habits as early as age 7. The period between 8 and 12 is a pivotal time to strengthen and refine these behaviours. Teaching financial literacy during these years helps children adopt positive habits like saving, budgeting, and understanding the value of money—skills likely to last a lifetime.

## Why Financial Education Matters at Ages 8–12

Between the ages of 8 and 12, children begin to develop a deeper understanding of the world around them—including how money works. They might start receiving pocket money, making small purchases, or asking thoughtful questions about family spending. This curiosity presents a valuable opportunity to introduce structured financial education. At this stage, children are old enough to grasp key money concepts like saving, budgeting, and the difference between needs and wants, yet still young enough to build healthy habits before misconceptions take root. Teaching financial literacy now not only helps them make smarter choices today but also sets them up for long-term independence and confidence in managing money as they grow.



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# Key Benefits of Teaching Financial Literacy

- **Strong Money Habits from a Young Age**


- Children learn to wait for things they want.
- They understand budgeting helps prioritise needs over wants.
- They link actions to financial outcomes, like saving part of their pocket money.

- **Smarter Everyday Decisions**

- Basic budgeting helps them think critically.
- Questions like 'Do I really need this?' become part of their decision-making.

- **Foundation for Independence**

- Early exposure to money builds confidence.
- Children begin tracking spending and setting goals.



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# Introducing Financial Literacy: Is There a Downside?

## Pros:

- Builds awareness of money's value.
- Helps prevent impulsive habits.
- Encourages children to participate in family financial discussions.

## Challenges:

- Some parents worry about overwhelming children with complex topics.
- Concepts like interest rates and taxes can be simplified through stories and real-life examples.

# How to Teach Children About Money

One of the simplest and most effective ways to begin teaching children about money is through the concept of **needs vs. wants**. At ages 8–12, children are learning to make choices and understand consequences—making this the ideal time to help them think critically about spending. Start by explaining that **needs** are essential items like food, school supplies, and clothing, while **wants** are things they enjoy but don't rely on—like gadgets, sweets, or gaming extras. Use real-life examples at the supermarket or when budgeting for a family outing to spot the difference together. You can also turn it into a game: let your child sort a list of items into "needs" and "wants," or challenge them to wait three days before buying something non-essential. These simple activities build financial awareness and help children learn how to prioritise, make thoughtful decisions, and manage money wisely.

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# Needs vs. Wants: The Key Difference

## **NEEDS = Must-Haves**

- Food (healthy meals, not takeaways)
- School uniform & winter coat
- Transportation costs
- Electricity and internet

## **WANTS = Nice-to-Haves**

- Video games
- Designer shoes
- Skateboard or bicycle



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Once your child understands the difference between needs and wants, it's important to help them apply that knowledge in real-life situations. Children aged 8–12 learn best through hands-on activities that are both practical and engaging. To reinforce this concept, try three simple tasks: the **Supermarket Spy Game**, where they identify needs and wants while shopping; the '**Wait 3 Days**' Rule, which builds patience and thoughtful decision-making; and a **Needs vs. Wants Sorting** activity that challenges them to categorise everyday items. These experiences encourage critical thinking and help develop lifelong money habits in a fun, age-appropriate way.

## 3 Fun Learning Activities

1. Supermarket Spy Game
2. The 'Wait 3 Days' Rule
3. Needs vs. Wants Sorting



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## 1. Supermarket Spy Game

Build decision-making and observation skills

### How it works:

At the supermarket, challenge your child to find **three items that are needs** (e.g., bread, milk, toothpaste) and **three that are wants** (e.g., crisps, fizzy drinks, chocolate). Ask them to explain why they placed each item in its category. Add a bonus round: **Guess which group costs more**. This helps them connect everyday spending with real-life budgeting choices.

## 2. The 'Wait 3 Days' Rule

Introduce delayed gratification and thoughtful spending

### How it works:

For any non-essential item your child wants that costs more than £10, guide them through the **3-day thinking rule**:

- **Day 1:** Write it down.
- **Day 2:** Research the price and compare options.
- **Day 3:** Decide if they still want it.
- This encourages children to pause before impulsive purchases and helps them weigh value against desire.

## 3. Needs vs. Wants Sorting

Strengthen understanding through classification

### How it works:

Print or write down a list of common items:

School shoes, cinema ticket, dentist visit, Robux, winter coat, new gadget

Ask your child to cut them out or sort them into two columns: **Needs** and **Wants**.

Then discuss any tricky items where answers might depend on context (e.g., trainers vs. designer trainers). This builds critical thinking, not just memorisation.

## Final Thoughts

Helping children aged 8–12 understand the difference between needs and wants is a powerful first step toward lifelong financial confidence. Through simple, real-life activities, they begin to see how everyday choices shape their money habits. Keep the conversation going, celebrate small wins, and remember—each decision is a learning opportunity. You're not just teaching them about money; you're preparing them for a more independent, thoughtful future.



# Join Smartmonies Adventures!

Smartmonies is the UK's top-rated financial literacy programme for ages 8–12. We teach practical skills through games and real-life activities.

- ✓ Instils lifelong money confidence
- ✓ Interactive challenges
- ✓ Certified with the UK Quality Mark by Young Enterprise

## Parent FAQs

- ***Is 8 too young to learn about money?***

- *Not at all. Studies show money habits form as early as age 7.*

- ***What if I'm not confident teaching money skills?***

- *That's okay! Use our tools, games, and Smartmonies sessions to support your child.*

- ***How long are the lessons, and where are they delivered?***

- *Each Smartmonies session lasts 30–35 minutes and is delivered online, making it easily accessible both across the UK and internationally.*

- ***How much do your online lessons cost?***

- *1 Lesson is £40, a whole course of 10 lessons is £340*

🎉 **SPECIAL OFFER:** Get £10 OFF your first lesson with code SMARTSAVER



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