Financial literacy matters

LESSON: IT IS A CRITICAL PART OF PREPARING THE NEXT GENERATION TO MANAGE WEALTH Teaching children about money gives them the tools to make wise decisions.

The Citizen (Gauteng) · 13 Jun 2025 · 27 · Jaco Fouché Fouché is a director at Jenwil BlueStar Financial Advisory Services

Preparing the next generation to manage wealth involves helping them plan their future roles within the family. Career planning involves guiding young family members to discover their strengths, align their passions with needs, and pursue meaningful, financially sustainable work.



Succession planning ensures that leadership and ownership transition smoothly across generations by identifying and developing future leaders well in advance.

Financial literacy, meanwhile, equips them with the tools to make informed decisions and manage both personal and business finances with confidence.

Why financial literacy ma ers

Children and teenagers today grow up in a world where managing money is harder and more complex than ever. There are apps that offer “buy-now-pay-later” deals aimed at young people. Social media influencers often show off a lifestyle that looks like success, but it’s really just spending.

Studies from around the world prove that financial literacy leads to better financial results. These studies also show a big gap between generations. Gen Z (young people born after 1997) scored much lower in financial knowledge compared to Millennials, Gen X, and Baby Boomers.

That’s a clear sign: we are not doing enough to teach the next generation about money.

What should we teach them?

Here are six main areas we need to focus on when preparing our children and grandchildren to be good stewards of wealth.

1. Earning and effort

Children must learn that money comes from work of value. Whether it’s doing small chores or working a weekend job, linking effort to income builds a healthy work ethic.

2. Spending with intention

One of the most important life skills is learning to plan before spending. This is called delayed gratification, and research shows it’s one of the biggest predictors of long-term financial success.

A great idea is to let them manage their own budget for clothes, toiletries, school extras, and even an amount for fun spending.

3. Saving comes first
Teach your children the habit of saving before spending.
The old saying “pay yourself first” is still one of the best lessons you can give.
For younger kids, this might be a piggy bank. For older kids, it could be a savings account.
When my eldest son received a merit bursary, it paid for more than just his tuition.
I had already budgeted for his books and other study costs.
So, I made him a deal: I would still cover his costs if he agreed to save the bursary money, which he did.
4. Understanding debt
It’s not enough to tell children that “debt is bad”. We must teach them about good debt versus bad debt.
Good debt can be used to buy things that increase in value and generate income – like education or an investment property. Bad debt is used to buy things that lose value – like clothes or entertainment.
Children must also understand how interest works. I once lent two of my kids money to buy electronic game consoles – but I also charged interest (a lot of it!). They had to pay it back over time. It was frustrating for them, but they learned a powerful lesson about the cost of debt.
5. Investing and compound growth
Even if kids are not ready to invest yet, help them understand the concept of compound growth – how money grows over time.
I’ve opened a small retirement annuity (RA) for each of my children. Even though they are still young, we check the growth each year. They are often amazed at how much a small amount can grow if left for a long time.
6. Generosity and gratitude
Wealth without generosity can lead to selfishness. Teach your children that giving is a part of life. Whether it’s giving to a church, a charity, or someone in need, they should learn to be thankful and to share.
Books that can help you and your children
Here are some additional books that I recommend, which I have read myself.
1. Rich Dad Poor Dad – Robert Kiyosaki: Shows the difference in mindset between the rich and the poor.
2. The Millionaire Next Door – Stanley & Danko: Real millionaires live simply and save wisely.
3. The Total Money Makeover – Dave Ramsey: A step-by-step plan for getting out of debt and building wealth.
4. The Richest Man in Babylon – George Clason: Simple stories with big lessons on saving and investing.
Generational wealth is not just about passing on money. By teaching our children about money, we give them the tools to make wise decisions and build a strong future.