

Three Ways Parents Can Teach Kids About Money

I want. I want. I want. Sound familiar? As parents, we often get tired of our child's request for yet another toy or gadget. The need to teach kids good money habits is common among all parents—whether struggling to make ends meet or wealthy. From advertising to peer pressure, kids are exposed to many material temptations.



Social media can add to this when your child's friend posts that he just got the hottest game, or she received a new iPhone. Many kids know within a day what their friends received for Christmas and Hanukah because of Instagram posts. Parents need to combat this with their own advertising campaign of good spending and saving habits. Here are some tips to help you get started:

Don't be intimidated.

You don't need a PhD in Finance to be able to nurture financially responsible kids. Your family spends money every day, so you are surrounded by plenty of teaching moments. And you probably have made

your own money mistakes that can provide a great learning opportunity.

Suppose you are at the grocery store and pick up a container of pre-cut fruit salad. You didn't look at the price when you put the item in the cart, and at checkout you are surprised by the price of the total bill. Upon review of the receipt, you discover the fruit salad was the culprit. This is an opportunity to explain to your kids that you had made a mistake and should have looked at the price when placing the item into the cart—it would have kept you from buying the fruit salad.

Financial Planning

Use Your Time Wisely.

Talk with your children when you have their attention—maybe in the car or at dinner. During car rides to soccer practice, you can hold court on several topics you can even dub a “mom lecture” series. Financial topics are a great item to discuss. If you decide not to take a Spring Break trip this year, talk about why other families are going on vacation and you are not. Be honest with them that you don’t have unlimited resources and are saving your money for other things.

Let Them Make Mistakes

Finally, don’t interfere with their money decisions. Refrain from the “helicopter parent” behavior. If they want to buy a useless toy with their own money, let them do it—even if you know it will break in a week. Learning from small mistakes can help them avoid the big ones. As an example, your child might leave a gift card sitting out for weeks and when it is time to use it, it cannot be found. While your child may be upset, a lesson is learned about keeping a valuable item in a safe place. ■

Financial Literacy is about raising kids who grow up to be independent, responsible adults with good habits that last a lifetime. Take the time to teach these habits early and weave small lessons into your family’s daily life.

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