

KIDS & PROSPERITY

**HOW TO RAISE
MONEY-SMART
CHILDREN**

Ellen Rogin, CPA, CFP®

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What if your kids could grow-up having a healthy relationship with money? Imagine the benefits for them if they did not have any of the baggage that most adults have when it comes to money, investing and financial decision making. Would they choose careers they love as opposed to ones they think they should be in? Would they fight less with their spouses about money? Would they be generous, charitable and financially responsible?

Most parents know how important it is to teach kids how to handle money responsibly. But many of us were not given instruction from our own parents, so it can be difficult to know how to effectively teach our children important financial lessons.



Early
money
experiences
matter

The foundation of our children's financial education is formed at home. Would it surprise you to hear recent research tells us kids' money habits are formed by age 7? How they see you spending and saving money will make a lasting impact on their money personalities. Think about what your own financial upbringing was like. Was money discussed in your home? Or was talking about money off limits? Did you feel there was never enough? Did you see your parents spending on whatever they desired? What you saw and heard about money growing up likely affects how you handle your finances today.

You have a wonderful opportunity to teach children responsible and healthy money lessons. You can teach your children unintentionally if you are not aware of the money messages they are receiving, or intentionally if you decide you want the money lessons for your children to be thoughtful.

Here are my top DO'S and DON'TS for raising money- smart kids

DON'T WAIT Financial education begins at birth, or possibly before. Our attitudes and beliefs about money are ingrained at an age much earlier than we generally imagine. Our beliefs are carried with us into adulthood, having a strong impact on our financial lives. According to cellular biologist Dr. Bruce Lipton, people develop many of their subconscious beliefs from conception to age seven. As adults, we operate out of our subconscious 95% of the time. This means only 5% of the time our thinking, conscious mind is working and our subconscious is running the show

the remaining time. No wonder people can be so irrational when it comes to their money! So if you think it doesn't make sense to talk about money and buying related decisions when children are young, think again.

DO SHARE YOUR VALUES Share your values with your children. Help them to understand the link between identifying what is important and how they spend their money. For example, if education is a value in your home, let your kids know you are deferring spending money today so you can put money away for their education in the future. Or, if you are planning a family vacation, in alignment with the values of travel and time together, find an example of not spending money today, or going out to dinner, so that you can use this money instead on your up-coming vacation. When money is spent indiscriminately, kids will learn to be unconscious with money. Teach them to be deliberate.

DON'T WHISPER Money doesn't need to be such a secret. I'm not suggesting that you need to divulge every little detail about your financial situation or financial woe, but open up the conversation about money with your kids. Explain what is happening in the economy today and how this affects you, them, and your family. Share with them how you're saving and talk about investing in front of them. Instead of letting your kids overhear a conversation, and possibly get too worried or concerned, use what's happening as an educational tool.

DO EXPRESS GRATITUDE Even in the most difficult of times we have something to be grateful for. Teaching your kids, no matter their age, to focus on what they are thankful for is a wonderful way to put money in its place. When our children were

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little, before going to sleep, my kids and I shared five things we were grateful for. Rarely is what they shared material in nature. Instead, they would list things such as: I am grateful we are a family; I am grateful we are happy, healthy and safe; I am grateful for my friends; etc.

DON'T PROMOTE ENTITLEMENT Are your kids willing to take action to meet their dreams and goals or do they expect things to just come to them? Teach your kids to be willing to do what it takes to get what they desire. In efforts to make our children happy, sometimes we fail to teach them that often you need to work for what you want. Even at a young age, kids can become very entrepreneurial when they have their eye on a special toy! I believe when we are clear on what we desire in life, what we desire often comes to us easily; it doesn't mean we don't have to be willing to do what it takes to accomplish our goals.

DO HAVE FUN WITHOUT SPENDING Show your kids having fun doesn't always involve spending money. Does all of your family entertainment have a price tag associated with it? Instead of going to sporting events, movies, plays or shopping as a way to spend family time together, find ways that don't cost anything. For example, playing board games, going for walks or playing games outdoors are ways to spend time together, have fun, and don't involve spending money. These are often the activities that, no matter the age, your children will value and remember most vividly.

DON'T NEGLECT THE POWER OF YOUR MIND Train your kids to use their minds to picture the results they desire. Our minds are amazing tools. We have the ability to mentally rehearse the results we desire and greatly improve our ability to realize these outcomes. Athletes have used visualization techniques for years. Over and over, when Olympic athletes are asked how they prepare for an event they talk about their mental preparation. For example, they may picture themselves crossing the finish line first or earning a perfect score on the balance beam. There is so much that we can learn about creating prosperity and success from these athletic superstars! Teach your children to do this as well for any goal they have, including financial goals.

DO GIVE BACK Be dedicated givers. Giving to others is one the best ways to not only share our values with our children, but also to help them focus on their blessings. Whether you volunteer as a family, or make decisions on charitable contributions as a family, you are helping your kids realize that one of the blessings of money is being able to help others.

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DON'T SPREAD NEGATIVE MESSAGES Be aware of the messages your children are picking up and the words you use when discussing money. Children are amazing at sensing attitudes and messages, even those that are not verbalized. What are you really teaching your kids about money? Are you teaching your children that money is scarce, rich people are bad, or financial decisions are frightening? Do they hear you arguing about money with your spouse? Be aware and deliberate on how you discuss money with them and around them. You are incredibly influential in forming their future beliefs about money. Do your best to make sure the messages they're picking up are healthy ones.

DON'T STOP LEARNING Guide your kids to become life-time learners. Learning throughout our lives keeps us growing and contributing. In the areas of money, show your children you are still learning and share with them ways to learn. This may involve reading newspapers, magazines or books. Or, it may mean attending lectures or periodically watching the financial news. The world is always changing and we should all be constantly learning about new opportunities to prosper.

DO GIVE ALLOWANCE Allowance is a great place to start teaching your children practical lessons about money management. Each family has to make a decision about what age to start giving allowance and how much money to give. Our children started receiving allowance in kindergarten. We set very specific guidelines for them about the allocation of this money. A portion went into their piggy banks for long term savings to be later deposited into their bank accounts, a portion went toward helping others who are less fortunate than themselves, and a portion was for personal spending. Over time, I've seen them learn about saving for larger purchases. Now as teens, our kids are accustomed to paying for their entertainment, working for extra money, saving, and giving to others - all habits that will serve them well in life. Give your kids enough money to learn important financial principles, but not so much that they think money is unlimited. Let them learn to make choices based on financial limits.

DON'T BE AN ATM (Always There with Money) PARENT I've seen many parents who hand their kids money whenever they ask for it. With teenagers it's saying yes to, "Mom, I need money for dinner with my friends." "Dad, I'm going to the football game and need money for food." Now, there's certainly nothing wrong with wanting to support our kids. The question is: if you're always handing money over to your children, what are they learning? Are they learning what you want them to learn? Are they spending it the same way as if it were their own money? The important part is to be deliberate and conscious when it comes to these money interactions.

By being conscious of what we say and do with our children regarding money, we can help them form positive money habits they will keep for their entire lives.

42 Things I Most Want My Kids to Know About Money

What would you share with your children about money if you knew they would listen? No matter what the age of your children, there are likely lessons you want to share with them (or wish you had) about money.

What would you want them to know? What financial wisdom would you share with them? Sometimes we easily share money guidance with our kids, sometimes we lecture them and sometimes we just wish we had.

Here are the 42 things I want our children to know about money:

1. Money is a tool to help you create what you desire in life.
2. Money is not the be all or the end all. Acquiring lots of money as a goal unto its self will likely leave you feeling hollow when you get there. Instead, build wealth for reasons that you value. Maybe it's for education, or giving. Maybe it's to experience more of life through travel or art or music.
3. When you are clear on your purpose and your gifts to the world, money flows much more easily.
4. Worry is not a financial planning strategy. Worry and fear about money usually helps guide you right toward what you are worrying about and afraid of. It also causes insomnia.

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5. Having lots of things brings happiness for only a moment. Having lots of wonderful relationships brings happiness for a life time.
6. Be generous.
7. The more you give the more you receive.
8. It's okay to receive - actually it's important to be a good receiver as well as a good giver. And, yes you deserve it!
9. You will make great financial decisions - especially when you believe you can.
10. Get financial advice and guidance but pay attention and be involved.
11. Spend less than you earn.
12. Realize how fun saving can feel.
13. Never invest in things you don't understand.
14. Understand the magic of compounding.
15. Setting goals - picturing them, feeling them, and acting on them will get you where you want to go more quickly than just hoping.
16. Abundance thinking is much more fun than scarcity consciousness and way more effective.
17. Carrying a balance on your credit cards is stupid and a waste of money.
18. Your mind is the best wealth creation tool you have.
19. Be grateful.
20. If you are ever feeling like you don't have enough - remember that half the world lives on less than \$2 per day.
21. Don't leave your purse (or wallet) sitting on the seat of your car and expect it to be there when you get back (I learned that one the hard way at age 19).

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22. Take responsibility when it comes to your financial situation – blaming others or the economy or your parents won't make your situation any better. Doing something about it will.
23. Get to the point where you know you'll always be okay – that you are resourceful and creative and resilient. When you stop worrying about losing everything you have you'll be better able to create more.
24. Get a good accountant – don't pay more taxes than you need to pay.
25. It's okay to take risks with your money – just make sure you understand what you will need to do if the risk doesn't pan out (and sometimes it won't – that's part of the learning experience).
26. Stay optimistic – it's much easier to find opportunities when you are not focused on what you are afraid of.
27. Never make a financial decision when you are in a panic. Take a breath, call a friend or advisor, and then decide what to do.
28. Contribute the max to your company retirement plan. I've never seen anyone sorry they saved for retirement.
29. Make sure you understand your tax return before you sign it.
30. Have a solid team of advisors you trust – an accountant, an attorney, and a financial advisor.
31. The better saver you are, the more flexibility you have to make changes and to be financially resilient.
32. Earning, saving, and investing money is fun.

I asked my husband what he would share and these got added to the list:

33. Pay yourself first – set up an automatic savings plan.
34. Save for a rainy day.

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- 35.** Just because you have it doesn't mean you should spend it.
- 36.** Just because you can afford it doesn't mean you should buy it.
- 37.** Know the difference between a want and a need.
- 38.** Invest wisely and often.
- 39.** If it sounds too good to be true it likely is.
- 40.** Don't put all your eggs in one basket.
- 41.** Keep it simple.
- 42.** Do as your mother says!