**RAISING CHILDREN TO BE GOOD WITH MONEY**

# For a child or an adult, financial wellbeing means using money and loving people, not vice-versa. It’s having peace of mind about money and possessions. It’s believing that you have enough stuff/money, plus a little for sharing and saving. Three lifestyle habits have proved to be most important for pulling this off:

* ***Sharing:*** giving generously to others in need, as well as to friends and family
* ***Simplicity:*** keeping empty physical and visual spaces for others and for imagination, which makes it easier to enjoy the best things in life that money can’t buy, and
* ***Saving:*** making things last, and saving some money for later.

Now let’s look at ways to teach these habits to your children.

***Preschool Years\***

Starting when we are young, we need to learn four basic lessons about money and possessions:

* ***Give and take:*** “It’s more fun if you share and take turns” *(you get back what you give)*.
* ***Patience:*** “You enjoy things more when you wait for them” *(entertain yourself while you wait)*.
* ***“Mine”?:*** “It’s just yours for now” *(if you abuse it, you lose it).*
* ***Authority:*** “You don’t know what’s best for you, I do” *(it pays to respect people in charge)*.

To help your children learn, repeat these lessons aloud gently and often, smile and look them in the eye, control consequences ***consistently***, and live by these lessons yourself.If you struggle to practice what you preach, you can use yourself as a *negative* example. Teach yourself lessons right out loud in front of them, and ask them to help teach you – they’ll love it!

***Primary and pre-adolescent years***

When children want or need to play with something, instead of fetching it for them, ask where it’s supposed to be, where they put it. *If they won’t or can’t find it, they have too much stuff.* It’s time to involve your child in giving some of their things to people less fortunate, people who would enjoy and take better care of them.

When selfish, lazy kids whine for more toys, explain: *“There’s no room on the floor for more toys. We buy you what you need. Things you want come on Christmas and birthdays. If you want something sooner, you can save your money and buy it for yourself.”* To teach them give and take, buy more things only for kids who share and put their toys away.

Kids this age should be given **an allowance,** perhaps based how faithfully and cheerfully they do their chores. You might give a dollar for every week of a child’s age, keeping their money for them in a safe but visible place.

***Middle and High School***

As the age increases, so should the allowance and the responsibilities. Now is a good time for them to begin giving to those less fortunate, through a local charity, church, or by giving anonymously to people they know, which you can help them do.

Starting high school is a good time for them to start using savings accounts and debit cards that can’t overdraw. Go over statements with your child every month, giving praise for good choices more than criticism for bad. To dramatize how interest works, some parents add 1% to savings accounts after months when it they’ve increased. Others open a mutual-fund account to show how fast that grows. If they want more money, they can wash the car, wash windows, do supper, cut grass.

Here are some lessons teenagers can learn:

* It’s fun save money to buy gifts for others *(maybe give them matching funds here)*
* Things we earn and save for give us more joy than things we beg for
* Budgeting assures our money isn’t wasted, and is spent on what’s most rewarding
* Interest works for the saver and against the borrower*.*

***When adult children Move Out, or Move Back In***

After age 18, if they move out and responsibly pursue college or the military, it won’t hurt to pay part or maybe all of their expenses for car, insurance, tuition, food, and lodging. Let them know you will withdraw this support for bad grades, for not letting you see their grades, or for dropping out. This gives them great incentive to continue learning financial responsibility.

To come back home, an adult child (AC) would need to propose the purpose and terms for living with you, so no one gets taken advantage of. **Here are seven items to put into a contract**:

***Goals*** *–* specific goals for their own behavior. Then for each goal,

***Steps required –*** each action the AC needs to take.

***External threats*** *–* people, circumstances, developments that would threaten the goals.

***Internal threats*** *–* what habits, choices and attitudes of the AC could undermine each goal?

***Internal assets*** *–* neededskills, knowledge, qualities, resumes, references required, and how to get these.

***Budget of expenses*** *–* chores done can be compensated. **Save the rent to give back** when they leave.

***Signatures and witnesses*** *–* treat the final agreement as terms of a mutually binding contract.

Finally for all ages, if your children won’t listen or learn these things from you, ask them who they *would* listen to. Then share and discuss this article with a person they would believe.