

# PARENTING

May/June 2015 ISSUE 62

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## HOW TO TEACH YOUR KIDS ABOUT MONEY

Wanting their kids to be good with money is often just the incentive parents need to get their own financial affairs in order. **Sarah McMurray** explains.

Many of the parents I work with wish that they had enough money to smooth out their children's financial future. Student loans, astronomical mortgages, consumer and credit card debt... parents can see these things coming in their children's adult lives. Being able to help their children avoid debt is often a major motivator for parents to sort out their own money issues.

Setting up your children financially can be a wonderful, loving, generous thing to do. But not all of us are in the position to do it. If this is you, don't despair. You are still able to give your child a much greater gift: The gift of being good with money.

This is a greater gift because giving your child money does not guarantee that they will never suffer financial hardship or load themselves down with debt. And even if you could give them a

Paris Hilton-sized trust fund, would that necessarily be a good thing? If you can teach them how to be good with money (with or without the trust fund) then you give them their best chance of avoiding money pitfalls as an adult.

This is not necessarily another thing you have to add to your Perfect Parent To-Do List. You already are teaching them about money. You're doing this by:

- **Modelling:** They see how you behave around money, and they see how money can sometimes change your emotions.
- **Discussion:** Casual comments and long discussions both count here. If you don't talk to them about money, then they still learn. They learn that although in our society money is necessary for our very survival, it's somehow shameful.

- **Experiences:** Children all end up with their own experiences of money through things like receiving gifts, earning, spending, saving, donating, borrowing and repaying.

OK, so they're already learning. Eeek! What did you want to teach them?

The first and most important step is to figure out is your own values around money. One way to do this is to write as many sentences as you can beginning with, "Money is..." Most likely you'll end up with conflicting statements. That's OK. Money is complicated, and so are you.

Knowing how you are conflicted about money will give you some great material when you talk with your older teenagers, because you won't be giving them that great lecture: "The One Answer on Money According to Your Parent Who Knows Everything." Instead, you'll be able to discuss what you find hard and the trade-offs you've had to make. It's completely fine not to

have sorted out all the answers and to have made mistakes with your own money management. You're helping them to start the process of sorting out their own answers.

The next thing to consider is, what do you mean by "Being Good with Money"? Everyone will break this down slightly differently. From my work as a money coach, being "Good with Money" covers three basic areas:

- **Having Money** – whether through work, business, social welfare or inheritance
- **Managing Money** – traditional money education advice such as: spend less than you earn, how credit cards work, paying bills
- **Using Money** – experiencing the joy and peace of using money in a way that aligns with your values

When you look at how you can teach each area through modelling, discussion and experience, it might break down like this:

	Modelling	Discussion	Experience
<b>Having Money</b>	<ul style="list-style-type: none"> <li>• The way money comes into your family</li> <li>• How optimistic or pessimistic you are about your child's ability to do this</li> </ul>	<ul style="list-style-type: none"> <li>• The world of work – job satisfaction vs income vs education</li> <li>• Causal comments about people with more or less money than you</li> </ul>	<ul style="list-style-type: none"> <li>• Earning money inside or outside the home</li> <li>• Entrepreneurial attempts e.g. selling feijoas from the garden</li> </ul>
<b>Managing Money</b>	<ul style="list-style-type: none"> <li>• Paying household bills</li> <li>• Covering needs before wants</li> <li>• Demonstrating that not all needs must be met with money</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing mistakes you've made</li> <li>• Showing the interest charge on your loan statement</li> <li>• Talking about the realities of borrowing money</li> </ul>	<ul style="list-style-type: none"> <li>• Borrowing and repaying small amounts of money</li> <li>• Discovering that when their money's all spent, it's gone</li> <li>• Paying board</li> </ul>
<b>Using Money</b>	<ul style="list-style-type: none"> <li>• Spending money thoughtfully</li> <li>• Enjoying being generous</li> <li>• Saving for and enjoying researching large purchases</li> </ul>	<ul style="list-style-type: none"> <li>• Discussing why you choose not to buy some things</li> <li>• Asking for their opinion</li> </ul>	<ul style="list-style-type: none"> <li>• Discovering for themselves that the joy of an impulse buy doesn't last</li> <li>• Earning and donating money to a charity they choose</li> </ul>

Teaching your children to be good with money is not something that can be accomplished in a half-hour conversation. It's a process. But it's a process that both you and your children could benefit from for many years to come.

Sarah McMurray is a money coach trained by the Financial Recovery Institute. A money coach helps people figure out the emotions, thoughts and beliefs that are driving their (often self-destructive) behaviours with money. Sarah has a background in both education and business and is a mother of three. [www.relatingtomoney.co.nz](http://www.relatingtomoney.co.nz)

