



Teaching Our Children About Money: Part 1 of 3

(by Michael Collie for WNC Parent, August 2005)

Editor's note: This is the first story in a three-part series.

With kids heading back to school this month, this is a great time to reflect on how we are doing at teaching our children throughout the year. What life skills are we trying to teach them? One of these key focuses should be teaching our children about money. Over the next few months, we'll look at: how we prepare ourselves to teach our children about money and what are some steps we can take to ensure that our children will be well-equipped to deal with financial issues as they become adults.

This month, we will focus on why we need to teach our children about handling money.

What does our understanding of money affect? First of all, we need to realize that money is all around us. We work for it. We use it to provide for our families. We use it to help us achieve our goals in life. It is at the center of much of what we do. You've all heard the saying that money makes the world go 'round. How we view, handle and communicate about money affects our marriages, our career choices, our current and future lifestyles, our ability to accomplish long-term financial goals and, ultimately, our lasting impact on future generations.

All of these things tell us that we will, on a daily basis, be forced to make financial decisions that will have major effects on every area of our lives. Understanding sound financial principles is absolutely critical to our financial success. Our children, if equipped with an accurate view of money and an understanding of how to handle and communicate about money, will be well-prepared to face many of the eventual challenges of life.

Are our children getting the right message now? Make no mistake about it, our children are learning what money is all about right now. We live in a society that is more consumptive than any other in history, and the retail industry wants to make sure that continues throughout future generations. Consumer debt is greater than it has ever been. This is largely because we are barraged with ads and marketing that stretch our wants beyond our ability to buy. Marketing campaigns capitalize on emotional response and impulsiveness rather than sound financial principles. The product manufacturers and retailers don't care. The greater our consumption level, the greater their profits are, regardless of the financial strain it may place on our families.

Our children, having no sound financial principle foundation, are prime targets for this marketing push and materialistic evolution. They are constantly bombarded by advertisements in stores and on television. Have you noticed that you spend more money at the grocery store when your children are with you than when you are shopping alone? Marketers and retailers know this and exploit it to no end. We want to give our children the things they want, we want to see the smiles that stretch from ear to ear when they get that new toy.

Meanwhile, our children are watching and learning. They are watching us, our neighbors and their friends at school. They see the ads on television. They are being groomed to be an even more materialistic generation than ours.



The responsibility to teach them is on us, the parents. Think back to how you learned about handling money. Did you learn from your parents? Did you learn in school? How many of us as parents feel confident that we are making the right financial decisions? If we do, how many of us communicate well about money with our spouses, let alone take the opportunity to teach and train our children? In many homes, money is something that parents don't talk about with their kids. "I mean, come on, they are kids. What do they understand about money? Why do they need to know about this stuff? This is my money and this is private stuff that we just don't talk about."

If we don't engage them and take advantage of opportunities to teach them, they will likely fall prey to our materialistic society.

We need to acknowledge how important it is to teach our children about financial issues and make an effort to counter the message our children receive from the materialistic world around us. By doing so, our children will be well-prepared to overcome the financial challenges life will present them with. Over the next two issues, we will look at how we can prepare ourselves to teach them about handling money and some practical steps we can use in this process.

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