

Deseret Morning News, Sunday, June 04, 2006

Start teaching children financial lessons early

By **Greg Kratz**

Deseret Morning News



Last week, I wrote about the lack of financial education most children receive these days and how to rectify the situation.

For some tips to help the parents out there — like myself — I contacted John Bird, president of Salt Lake-based Albion Financial Group.

John says the first step to teaching your children about money is figuring out your own values.

"What are your attitudes toward money, and why? Most of our attitudes are unconscious, but we have to be thoughtful and see where they come from," he says.

For example, a person who was told as a child that money was a dirty thing might carry that with him into his adult life. Or if a child is told not to stash away too much money, because that makes him greedy, he may be hesitant to save as an adult.

"You have to pay attention to your personal history and these value messages, ... because until you know yourself, you're not going to be able to change your children's personal behavior," John says.

Children are always watching what their parents do, and they often end up mimicking it. (I know this from personal experience, as my children have repeated things I have said at, shall we say, unfortunate times.) This means you must always strive to set a good example.

Husbands and wives also need to make sure they're on the same page when it comes to money, John says, so their messages will be consistent.

And finally, he recommends that parents let their children make money mistakes when they are little. This is difficult for most parents, because they naturally want to protect their children from any pain, whether physical, emotional or financial.

"They're going to make mistakes, and you're going to watch them suffer," John says. "Maybe they're 8 (years old) and get their allowance and blow it on a piece of junk that breaks. They're sad, and you want to bail them out really bad. But if you do, think of the values you're conveying. Where, if a kid does that and realizes (you won't bail him out), what's he going to learn for next time?"

Such lessons must be learned sooner or later, he says.

"It's a whole lot easier to have your children struggle when they're 9, 10, 11, 12, 13, 14 or 15, when the consequences may be ..., 'I missed something that was important to me because I didn't have the money,'" John says.

"That's a better place to learn these lessons and have pain ... than when you're married and have a young family and don't know what you're doing. As parents, we have to let our children mess up."

But, again, let's hope they're not messing up because they're following our bad example.

"In this country, we expect people to know how to read and know how to write, and they spend 12 years of school learning that, or more," John says. "They become an adult, and we expect them to be financially literate, but there is no training, and the information they get is typically coming from a source that doesn't have their best interests in mind," like a credit card company or advertiser pushing a product.

"We expect people to just somehow have this chromosome that says, 'You're financially literate.' It's not there. ... Financial literacy is something we have to train ourselves to, and parents have to do it, too."

I edit stories on financial topics every workday, and I feel like I'm still not setting the best example of financial management for my children. But I'm going to keep trying, and I hope other parents out there will, too. We can all improve. If you have some tips on teaching children about money, please send them to me. I'd love to share.

Or, if you have financial questions, please send those, too. You can reach me by e-mail at gkratz@desnews.com or by regular mail at the Deseret Morning News, P.O. Box 1257, Salt Lake City, UT 84110.

E-mail: gkratz@desnews.com

© 2006 Deseret News Publishing Company