

MANAGING IN TOUGH TIMES

FAMILY FINANCIAL MANAGEMENT

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THIS MONTH'S TOPIC:

Money Talk: Communicating with your Children about Money

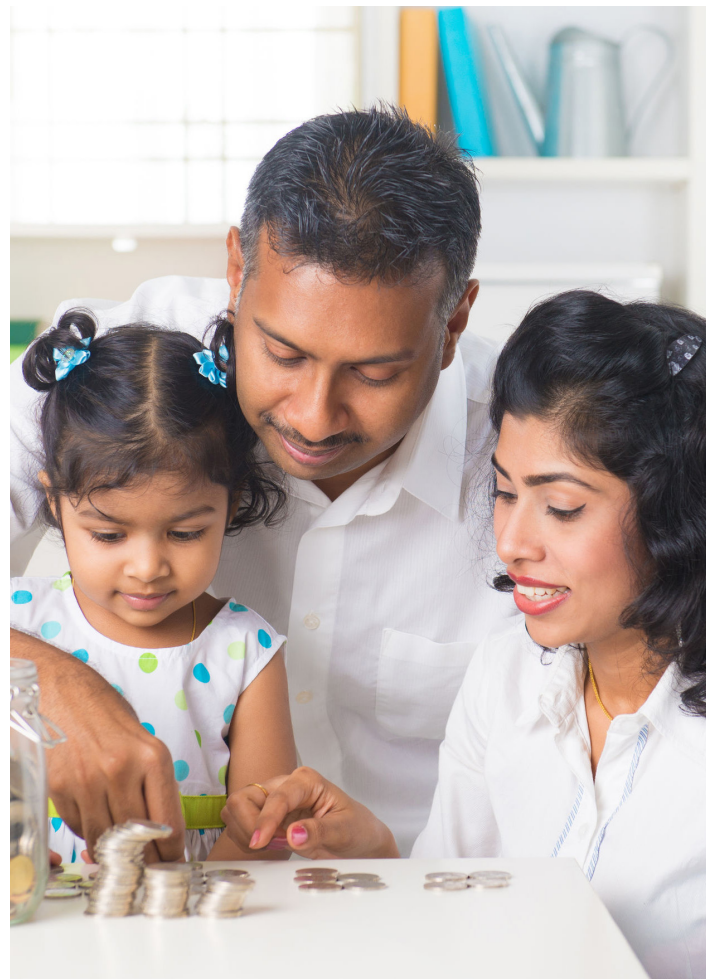
Including your children in age-appropriate discussions about family finances is a great first step to helping them learn to value money and spend it wisely. If parents never talk with their children about money, they are not providing their children with opportunities to practice hands-on financial experiences that will benefit them when they are young adults.

As with many things, children learn about money by watching their parents. They also learn by practicing money management. Children who take part in regular discussions about their family's financial management learn how to make financial decisions on their own. Even if children do not earn money to help with the family's expenses, they influence the family's spending choices; the wants and needs of children are a part of the family budget. Children, and teenag-

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VALUING PEOPLE. VALUING MONEY.
MANAGING IN TOUGH TIMES INITIATIVE



Make discussions about money routine and comfortable.

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ers especially, are often unrealistic about the family's financial situation, typically over or underestimating the family's income and expenditures. It is important that parents help paint a realistic picture of the family's financial circumstances for their children.

Make discussions about money routine and comfortable by using these tips to improve your family's communication skills:

- Be honest about your money situation. If you cannot afford something, let your kids know. Use your own judgment about disclosing too much information, but do not lead your children to believe you have more disposable income than you really do.
- Know that conflict may arise. Don't avoid (or ignore) it.
- Learn to manage conflict by respecting each family member's differences.
- Try to be flexible. If possible, work through a decision that is agreeable to all.
- State your wants, needs, feelings and thoughts, and allow family members to do the same.

Teaching Your Children to Budget

Do your children earn an allowance? If so, consider allowing them to open checking and savings accounts. Teach them to make deposits, and most importantly, to balance their checkbooks. In the age of debit and credit cards, as well as ATMs, many youth never learn how to balance an account register. Also, encourage depositing a set percentage each week or month into savings. Teach your child how to track where their money goes.

Show your children how to budget their allowance, but don't expect perfection at first. If they "blow it," resist the urge to fork over more cash. Let them learn from their mistakes. Eventually their budgeting skills will improve. As long as you are providing for their physical and emotional needs it will not hurt them to "learn the hard way" when it comes to their wants. For example, if your teenager has his or her eye set on some expensive gadget or gizmo, unless

it's a birthday or holiday, let them earn it. Work out a payment plan to earn the money for their purchase. A cool phone or game? Create a list of chores and how much you are willing to pay for each task. For example, \$1=taking out trash. \$2=emptying dishwasher. \$10=mowing the yard. Rewards are always more meaningful when they are earned and not just given! Teach your children to set SMART financial goals. SMART goals are:

- **S**pecific (to buy a new smart phone)
- **M**easurable (that costs \$100)
- **A**ttainable (by saving my birthday money)
- **R**elevant (because I will use and appreciate it)
- **T**imed (at the end of three months)

Setting goals with clear objectives gives children something to work towards. Challenge your kids to be SMART with their money! Help them out when you can by encouraging their efforts and offering advice along the way.

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