7 Tips for Raising Money-Smart Kids



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As a father of five kids (ages 7 to 18) and a fiduciary wealth manager with 21 years of experience, I've seen firsthand how your family's money attitude and communication shape your family's future. How you talk about money, how you feel about it and what you say about it leaves an impact for generations. Disagreements over money are one of the leading causes of divorce, and a lack of financial competency leaves your young people unprepared for their financial future. That's why I'm going to help you break the taboo surrounding money talks in your family.

Many parents grew up in a culture where discussing money was considered improper or taboo. However, this mentality does more harm than good. Kids shielded from discussions about

money grow up with ignorance, or worse, fear around making money decisions. This often leads to poor money moves, resulting in personal financial insecurity, stress and many long-term financial struggles.

To ensure your kids feel confident about money, it's essential to start teaching them about money from a young age. Here are a few ways that I've been teaching my own five kids about money:

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1. Open checking accounts for them at early ages

This is a great way to teach your kids the basics of managing money. They can learn how to deposit and withdraw money, balance their account and use their debit card responsibly. I recommend opening your kids a checking account once they turn 8.

2. Stop giving out allowances

Don't just give out allowances because your kids made it through another week of life. What's that teaching them? Instead, have your kids earn money by doing "extra" work around the house. This can teach them the value of hard work and the connection between work and money.

3. Pay your kids to read books on personal finance or goal-setting

Have your kids read books on personal finance or goal-setting to help them build their financial literacy. After they read the book, have them write a one-page summary or create a

personal video of what they learned from the book – and reward them for doing so. This will help them develop their reading and writing skills while also learning about money management.

4. Teach them how to save, donate and spend

Encourage your kids to save and donate a high percentage of the money they earn. We've trained our kids to save/invest at least 30% of their earnings, donate 20% and use the remaining 50% for their own spending on things like movie tickets, clothes or shopping. This kind of disciplined saving, investing and giving philosophy fosters an abundance mindset and will instill good financial habits for their future.

Related: **5 Ways to Build Your Kid's Financial Literacy**

5. Tell them about your own financial goals and plans

Another way to involve your kids in financial discussions is by discussing your own financial goals and plans with them. This can help them understand the importance of setting goals and how to make plans to achieve them. For example, if you're saving up for a down payment on a house, you can involve your kids by discussing how much money you need to save, how long it will take and what steps you'll take to reach your goal. They will feel included and even committed to helping your family reach your goals – and maybe they'll even contribute in their own way.

6. Involve them in the planning

process of big purchases

Involving your children in the planning process of big purchases like buying a home, a car or a family vacation can make your kids feel more invested in your family's financial well-being and give them a sense of responsibility. For example, when planning a family vacation, you can involve your kids in cash flow planning and discuss how much money will be allocated for transportation, accommodations, food and activities.

7. Be transparent about the cost of everything

When you go grocery shopping, talk about how much things cost and how much money you're spending. This can help your kids understand the true value of money and how much things really cost. Share how you worked hard and planned to have enough money to buy the groceries for your family.

By openly discussing money with your kids, you help them develop a healthy and responsible relationship with money. They'll be better equipped to make smart financial decisions, manage their own finances and ultimately achieve their financial goals.

Related: Investing In Our Youth: The Financial Literacy Movement

It's important to note that teaching your kids about money doesn't have to be a one-time event. It's an ongoing process that should start early and continue throughout their lives. As time goes on, your conversations will be more advanced and mature.

By breaking the taboo surrounding money talks in your family, you can help ensure your kids are prepared for their financial

future. They will feel confident when thinking and talking about money. They'll grow up with the skills and knowledge needed to make smart financial decisions, ultimately leading to greater financial security, stability and success.

In conclusion, don't keep money a secret from your kids. Don't expect them to suddenly figure it out once they leave the house after high school, even if that's what happened to you. That doesn't help anyone. Instead, be open and honest about money, and teach your kids about financial responsibility and accountability from a young age. Remember to involve your kids in financial decisions and discussions, lead by example, and make financial education an ongoing process. Teach them to be confident and self-reliant with money as they grow from children to teenagers and beyond. By doing so, you will be setting them up for a lifetime of financial success.

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