

Teaching Techniques For Parents

About Money

by Carol Yip

Teaching technique is part of parenting style. Even if you and your spouse have different views of treating your child, I firmly believe that both of you need to be consistent in teaching your child about money.

You may be an indulgent parent while your spouse is the nurturing type. But for the benefit of your child's financial future and your love for your child, you need to compromise with your spouse to teach your child using the same teaching techniques.

This is because both of you may have different feelings and opinions about money, based on your individual childhood. Most often, experiences, values and beliefs of your own family are different from each other.

It is advisable to create strong family identity that is differentiated from each of your own family (your parents and siblings including family in-laws) if you want to have financial harmony at home.

In your immediate family nucleus, being able to talk about feelings and opinions of money with your spouse, and establish a consistent approach to teaching your child about money will be vital for healthy development of your child.

This way, your family financial practices and rules including, the spoken and unspoken words about money will not be misinterpreted or manipulated, and become a stressor that may cause miscommunication, arguments, stresses and eventual break-up.

These questions can help you and your spouse to focus the discussion:

- How will we create an open environment in which our family can discuss money issues?
- How should our children receive money? Will we give them allowances or use another method?
- What are our family values and attitudes about money that our children may be observing?
- What do we communicate about money?
- How will we structure learning experiences about money?
- How will we deal with our children's differences in handling money? By stage of development, special needs, or personality differences?
- How will we respond to the effects of advertising and peer pressure on our children's buying requests?

A real financial story from a young executive about her mother...

You may not see the results of your teaching your child about money immediately but at a much later date. It could be in the next 15 to 20 years when your child is old enough to make his or her own money.

Here is what I mean: an extraction of my interview with 25 years old Lindsey about how she learned effective money management skills from her mother when she was young:

Carol: *How did your mother teach you about money?*

Lindsey: *My mom didn't directly teach us; she did so by example and in an indirect manner. For instance, when I was in primary school, she would show us which sweet shop was cheaper than the others.*

She also led by example. Whilst she was in the catering business, she would tell us things like: "I'm going to a shop now, watch what I'm doing." And she would proceed to bargain with the proprietor for better prices. It was a "live" example on how to bargain.

While I was in primary school, she even taught me how to budget and save my monthly allowances. Later, when I was in secondary school, she taught me how to run a business, as well as saving and managing my money.

The test came when I went to study in Australia, at Melbourne University. My mom gave me a lump sum of money for my living expenses in Melbourne, and told me: 'I want to know how long you can last with that money.'

So there I was, having to manage my expenses myself. What I did was to budget on items like fees, rental, food, and mobile phones. I also worked part-time to earn extra money.

By the end of the year, I did pretty well. I managed to spend only AUD500 for every 1.5 months. My mom had earlier given me AUD11,000 and by the end of the year, I gave her back AUD4,000!

Carol: *What has your mom taught you about money?*

Lindsey : *That money has a lot of values. When my sister and I wanted to study at university abroad with limited money she has, my mom told us to 'figure it out ourselves, how to get money for the university fees'. So, my sister and I studied very hard to get scholarships for our university.*

Carol: *So, you appreciate the fact that your mom tells the truth about how she didn't have the money to send you overseas for your studies.*

Lindsey: *Yes.*

Carol: *Given the chance to thank your mom now, what would you say to her?*

Lindsey: *Rather than saying thank you, I would say I'm sorry for having asked her for all sorts of things when I was young.*

Carol: *Your mom has created trust between you and her - she trusted you to know how to manage money on your own. She has also made you to be independent, letting you figure out the next step to get more money. She taught you to be a tough person. Can I conclude that your mom has also taught you critical thinking skills?*

Lindsey: *Yes, I realise that when I have think hard enough, I get what I want.*

Carol: *Therefore, she taught you to experience achievement, a sense of recognition as well as self-actualisation of your ability?*

Lindsey: *Yes, she managed to unleash my potential to use my ability to make manage and make money.*

Carol: *Does your mom give you presents or money during your birthdays when young?*

Lindsey: *My mom didn't give me birthday presents; just a birthday note.*

I hope Lindsey's story with her mother has inspired you with ideas and approaches to teach your child about money starting from young age.

I always stressed that children learn mainly through indirect teaching by observation and example. To help you know whether both you and your spouse's parenting style include teaching your child about money, I have a simple personal assessment below for you to do.

Assessment of Teaching Techniques for Parents

In the personal assessment table, tick/mark on the "Yes" column to indicate that you are helping your child learn money management skills and on the "No" column if you believe that you need to help your child more.

These are general questions for all children and if there are more areas that you think you are teaching your child about money, please add on to the list as a checklist that you need to continue the teaching techniques.

Personal Assessment of Teaching Your Child about Money		
Yes	No	
<input type="checkbox"/>	<input type="checkbox"/>	1. Does each of my children have some money to manage without my interference?
<input type="checkbox"/>	<input type="checkbox"/>	2. Have I helped my children set up a spending and saving plan?
<input type="checkbox"/>	<input type="checkbox"/>	3. Do I avoid using money, as a reward or punishment?
<input type="checkbox"/>	<input type="checkbox"/>	4. Do each of my children do some regular household chores?
<input type="checkbox"/>	<input type="checkbox"/>	5. Do I set a good example by being truthful about money matters?
<input type="checkbox"/>	<input type="checkbox"/>	6. Do I give my children more financial responsibilities as they get older?
<input type="checkbox"/>	<input type="checkbox"/>	7. Am I a good money manager, giving my children a good example to follow?
<input type="checkbox"/>	<input type="checkbox"/>	8. Do I allow my children to make their own decisions about money when there are alternatives?
<input type="checkbox"/>	<input type="checkbox"/>	9. Do I praise my children if they have made wise decisions with their money?
<input type="checkbox"/>	<input type="checkbox"/>	10. Do I help my children find ways to earn extra money that is age appropriate and suits their abilities and skills?
<input type="checkbox"/>	<input type="checkbox"/>	11. Do I allow my children to make mistakes related to money and help them to understand the consequences?
<input type="checkbox"/>	<input type="checkbox"/>	12. Do I sometimes verbalize my own desire to acquire more goods and services than my income can handle so that my children know that I say "no" to myself, too?

At different stage of development, there is different level of children's understanding and use of money as well as conflicts about money.

Depending on your family situation and your child's stage of development, some ideas or activities may be more useful than others. They may stimulate additional activities that fit with your family's values about money.

Children are unique individuals who develop at their own rate. In general, however, as children grow older they should be included to a greater extent in discussions of limits and consequences.

As a guide, the activities listed in the table below are appropriate for preschoolers.

For Preschoolers	
Developmental Characteristics	Suggested Teaching Activities for Parents
<p>Understand the idea of saving when they can see and touch the amount</p> <p>See money as a way to get things they want</p> <p>See all money as having the same value</p> <p>May think coins have more value than paper money</p> <p>Understand the concept of borrowing by borrowing something and returning it (e.g. a book from the library or a video from a store)</p> <p>Know everyone must do unpaid routine family tasks</p> <p>Need opportunities to make limited choices</p> <p>Understand what is theirs and what belongs to others</p> <p>Imitate much of what they see adults do</p> <p>Choose between two or three items to be purchased</p> <p>Can't differentiate between reality (a commercial) and fantasy (a TV program)</p> <p>Can't see things from the viewpoint of another person</p>	<p>Play grocery shop or bank with play money.</p> <p>Borrow something they need to return.</p> <p>Separate coins into piles by color and size and discuss their value.</p> <p>Let child pay for one item when you shop or put money in the parking meter.</p> <p>Teach children that family members work to pay for food and clothes. Let the child visit your workplace.</p> <p>Have children do routine chores without pay, such as setting the table or putting toys away.</p> <p>Put savings in a jar, pay interest, and let children hold the interest amount in their hands.</p> <p>Read stories about money matters and responsibility.</p> <p>Provide two or three alternatives from which you help them make a choice, i.e. breakfast cereal.</p> <p>Discuss products advertised in TV commercials.</p> <p>Teach desirable money habits by your example.</p>

Openness, Consistency & Reinforcement Techniques for Children

You and your spouse should keep these guidelines in mind when you begin the financial socialization with your child:

- Guide and advise instead of direct and dictate.
- Encourage and praise rather than criticize or rebuke.
- Allow your child to learn by mistakes and by successes.
- Be consistent with your teaching approach even when your child is older.
- Include all family members in money management discussions, decision making, and activities as appropriate for your child's age.
- Explain to your child what he or she can and cannot do and the consequences of violating the limits.
- As your child gets older include him or her in discussions of limits and consequences when you and your spouse has financial issues.
- Expect all family members to perform unpaid bills, routine household chores based on abilities.
- Express your desire to have things you can't afford. Your child needs to know that you say "no" to your own desires too.

Teaching your child about money helps him or her to understand the positive and negative meanings of money. For example, your child needs to learn that while it is nice to show someone love by buying a gift, it is just as important to show love through actions and words.

Your child and you should talk about each other's feelings, values, attitudes, and beliefs about money. This helps your child understand that conflict about money occurs and needs to be discussed in the family and that compromise is often necessary.

When teaching your child about money, you and your spouse need to make an effort to think in your child's terms, not adult terms. For instance, your young child may ask you how much money you make, but what he or she really wants to know is not how much you earn, but why he or she can't have a certain toy.

It is important for you to use examples or activities that match your child's stage of development, not necessarily the child's actual age in years.

It is also important for you to communicate with your child about money matters in very concrete terms. Your child may want to know how to operate in the adult world.

Any time money is earned, moved, spent, donated, shared, borrowed or saved provides an opportunity for you to teach your child how the money world works and what thoughts and feelings go into making money decisions.

It is a lifelong learning and teaching process for you and your spouse. I am sure your child will appreciate you when he or she becomes parent one day.

It is about creating legacy in your family (for your children and grandchildren), the value of money comes from taking ownership and responsibility of managing and making money, and not depending on others to give.

I welcome stories, insights and experiences about teaching children about money. The power of sharing your story may just create a miracle in another person's financial life. Please write to me at info@AbacusForMoney.com