

# Parenting Financially- Minded Children

Brought to you by the FWB Board of Retirement

# Survey Says:

- ▶ Saving
- ▶ Tithing/Giving
- ▶ Spend less than you make
- ▶ Basic Economics

# What is the plan for teaching your kids about money?

- ▶ Through my actions
- ▶ On the fly
  
- ▶ Basically - no plan at all!

How soon do most Americans, after they're out on their own, make the bulk of the financial decisions that affect the majority of their lives?

► 5 years



# Early adult life financial decisions

- ▶ Student loan debt
- ▶ Credit card debt
- ▶ Mortgage debt

Debt loads are the highest in history!

# *SUCCESS: The accomplishment of an aim or purpose*

- ▶ The attainment of popularity or profit
- ▶ *A person or thing that achieves  
desired aims or attains prosperity*

When to get started?

# Research shows:

- ▶ Children are able to grasp basic economic ideas/principles, by age...**3**
- ▶ Children are like sponges, but we may have to wring out some bad guides.



# Economic Concepts for Elementary Children

- ▶ Everyone needs money to buy things
- ▶ You get money by going to work and working hard
- ▶ You have to save money to buy some things
- ▶ There is a difference between wanting and needing
- ▶ Sharing

# Rule #1: Be OPEN and HONEST about Money

*Example:* Instead of saying “We don’t have money for that...”, be honest by saying, “I don’t think we need to be spending our money on that, because...”

- ▶ Priorities are key!
- ▶ And be ready for the awkward calling out from your kids in places and on subjects you may not be ready for.

# Sharing leads to living Generously

- ▶ Show your kids you tithe/give on a regular basis
- ▶ Talk to them about why giving back is important
- ▶ Explain to them the correlation between tithing and financial stability



# Econ for Tweens/Middle School

- ▶ Opportunity cost
- ▶ How Credit Cards, Loans, and Debt work (Basics)
- ▶ Advanced Saving and Interest
- ▶ Give back a 10<sup>th</sup>
- ▶ Security of Funds and Accounts
- ▶ Effort over Success

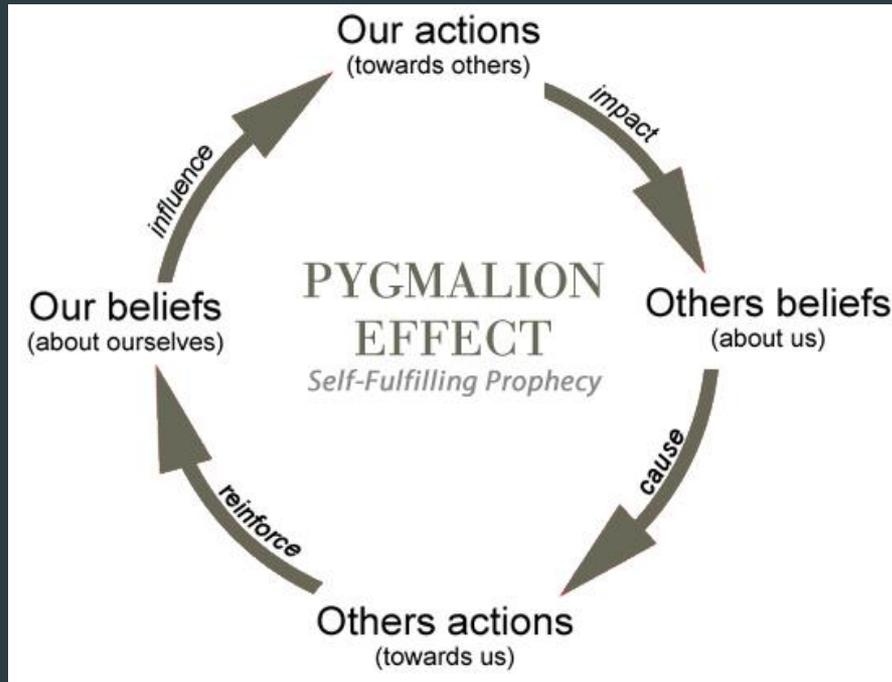
*Opportunity Cost: the loss of potential gain from other alternatives when one alternative is chosen.*

# Danger of a *Cash-less* society

When cash was king - you couldn't spend what you didn't have in your wallet.



**Rule #2:  
Have Expectations for  
Your Kids When It Comes  
to Finances**



The Pygmalion Effect: what one person expects of another can come to serve as a self-fulfilling prophecy

# Rule #3: Always Keep Effort Top Over Failure.

- ▶ Your expectations should be based on the effort and the process for which your child makes financial decisions, not in the results
- ▶ Teaching your kids to fail (well) may be one of the greatest things we as parents could ever do for our children.

# Econ for Teens and Young Adults

- ▶ Taxes
- ▶ Credit Cards
- ▶ Debt load
- ▶ What College Cost
- ▶ Retirement
- ▶ Diversification

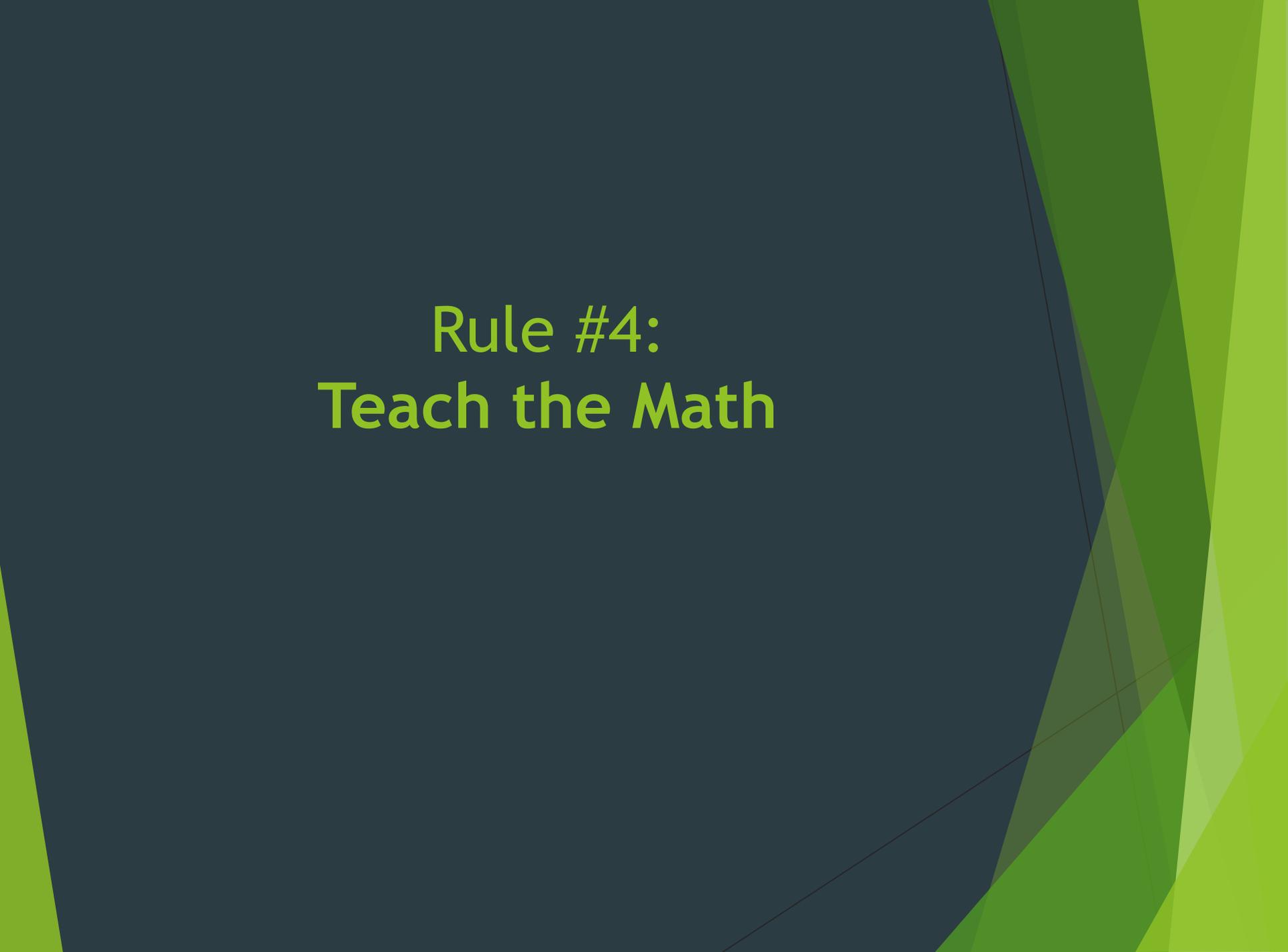
# Taxes

- ▶ It is important to teach your children the responsibilities that come with adulthood - before they cross that bridge.
- ▶ No one likes paying taxes.
- ▶ Big tax refund checks = allowing the government to your money tax free for the year.



# Credit Cards & Debt Load

- ▶ Years following high school when kids are on their own for the first time is when most will make their worst financial decisions.
- ▶ 51% that have student loan debt contribute no more than 5% to retirement
  - ▶ Financial experts recommend saving 15% for your salary for retirement
- ▶ Being able to start out in life not covered in debt will allow them greater opportunities to succeed in life.



Rule #4:  
Teach the Math

# Retirement & Diversification

- ▶ The earlier they begin retirement saving, the easier it will be to have a fully funded retirement account.
- ▶ 1 in 3 Americans have \$0 retirement savings.
  - ▶ Almost 1/3 of the Boomer generation have no retirement savings
  - ▶ Over half of the Boomers have far below their retirement needs
- ▶ Today 75% of all Americans over age 40 are behind in retirement savings.
- ▶ No one wants their kids to live an expensive lifestyle while working, and end up in the poor house during retirement.

QUESTIONS??