



## **TO TEACH OR NOT TO TEACH YOUR KIDS ABOUT MONEY**

by Carol Yip

What is more challenging in this world other than being a parent? Parenting is a job that you cannot resign from if you feel you can't cope. This job requires qualifications that a person doesn't get to learn from school, college or university.

Can you imagine a "job" that requires a lifelong commitment and yet there is no professional training degree available to learn the required skills? How can parents learn how to teach their children about money when the subject of money is also not taught in school, college or university?

Two subjects – Parenting and Money, which we did not have formal education or training for, are the two most important things we learned from parents or adults whom we grew up with.

Who are our teachers of parenting and money? Naturally they are foremost our parents. They could also be our grandparents, maids, nannies, or childcare guardians or even any person who had a major influence on us when we were young.

There is really no one proven or standard method of parenting and teaching children about money. You and I only know how to teach our little kids about money based on how we were being taught about money from the environment we were being brought up in.

Try to recall your childhood days – how did your parents teach you about money? Were you taught to save your pocket money? Were there times when your parents had money problems and you often heard them argue about it? Or did your parents never let you experience situations when money was difficult to get? Or were you fortunate one, getting pampered by your parents with toys, games, going out for fun activities, holidays, having many choices of shoes and clothes to wear?

Some parents shared with me that because of the poverty they experienced during their own childhood, they try their best to give their children a better life. By indulging their children, they are not allowing their children to experience financial responsibility. I firmly believe that parents' indulgences are doing them more harm than good in preparing them for the realities of life.

It is common that "environment and social conditioning" and "messages you experience" with money while you are growing up throughout your childhood, teenage years, young adulthood and your current living lifestyle can influence the way you teach your child about money.

Effective parenting requires interpersonal skills that can create some emotional demands. Yet, there is little in the way of formal education for this task. I believe you would agree that some of us are given little time to prepare for the parent role.



For women, the 9-month pregnancy prepares her for the physical activity of giving birth. But, once the baby is born, it is an immediate lifetime transformation, taking on a heavy responsibility of parenting.

### **Types of Parenting Style**

Experts in early childhood development studies say that an important dimension of parenting is the styles that parents adopt when they interact with their children.

There are 4 types of parenting style:

- a. **Authoritarian parenting** – is a restrictive, punitive style in which parents exhort the child to follow their directions. The authoritative parents place firm limits and controls on the child and allow little verbal exchange.
- b. **Authoritative parenting** – is a style that encourages the child to be independent but still place limits and controls on the child's actions. Extensive verbal give-and-take is allowed, and parents are warm and nurturing toward the child.
- c. **Neglectful parenting** – is a style in which parents are uninvolved in the child's life. Children whose parents are neglectful develop the sense that other aspects of their parents' lives are more important than they are.
- d. **Indulgent parenting** – is a style in which parents are very involved with the children, but place few demands or controls on them. These indulgent parents will let their children do what they want.

Which parenting style are you adopting? How about your spouse?

It really doesn't matter if you are a father or mother, parenting warrants a tremendous amount of proper learning practices. Whilst most parents learn parenting skills from their own parents or by observing others, they will accept some practices and discard some. In some situations, two parents may bring different views of parenting to the marriage.

Imagine a situation where the father is indulgent towards the child by providing gifts, toys, fun and pleasure and the mother, on the other hand, is a disciplinary with strict rules and regulations for gifts, toys, fun and pleasure. Who will the child prefer to be with and who will the child learn more from?

If money can be exchanged for fun and pleasure, when will the child learn that money is important to meet basic needs like survival and saving money for the future?



I advise to teach them young! As young as before 6 years old!

Why?

This is because, at a tender age up to 6 years old, a child learns by observations, conversations and experiences they have with adults. Their ability to learn at this stage of growing up is very high. Therefore, parenting of young children warrants a tremendous amount of proper learning methods and communication skills if we want to be effective parents right from the start of your child's life.

Unfortunately, when parenting methods are passed from one generation to the next, both desirable and undesirable parenting practices are perpetuated.

Understandably, today's parents are faced with more issues than their own parents were faced with, including the complexities of cross cultural influences and lifestyles due to advancement in society with the younger generation growing up in an era of media influence, technology advancement and the Internet, making parenting an even more challenging role.

It can be a painful decision to make when a parent is required to discipline and teach a child about saving money, particularly when your children are easily influenced by their friends even at nursery or kindergarten stages. Watching television with interesting advertisements tempting your children with attractive offers, pretty clothes and accessories, dolls, playing computer games with Playstation and Gameboy can be an addiction that makes your child spend more money to have fun and pleasure now rather than saving for the future.

### **Gifts are not free**

It does not really matter how much money you have or how much joy you get by showering your children with toys and gifts. You have got to show some restraint. It is good for them to know that gifts are not free for no reason or purpose.

Just because you are away for a business trip, working hard to earn your money, when you return from the trip, you reward your children with some gifts! There is really no need to do so.

Your children may not be able to appreciate your hardwork because the gifts to them may mean that they deserve to be rewarded whenever you are working away from home.

The next time your children ask why you have to go to work or travel overseas, it is wise for you to respond along these lines: "I am fortunate because I get to go do interesting work and earn money, so we will be able to buy things that we need."

Your answer begins to introduce the idea to your children that money is earned, and it puts money in a positive light. Don't mention that: "I hate having to go to work instead of staying home with you, but I have to go make money to buy things for you or to send you to school."



With that answer you, your children may not like school in the first place and you are giving message to your children that you own them a living. Indirectly, you are also telling your children that you hate work. Not what you really intended, right?

You must explain to your children that gifts should be for a special occasion or for special people like for birthday, an important milestone or special achievements.

If you simply buy everything your children wants, you are not only taking away the "specialness" of gifts, you are setting up your kid to be a financial wreck.

The children who get everything they want while thy are growing up, may become spendthrift when they earn their own money—simply because they grew up not understanding moderation and living within one's means.

As parents, you don't have to feel guilty about scaling back on the spending for your children. Your children have more than they need.

It's not about saying, "No, you can't have that pair of jeans." It's about saying, "Why don't you put them on your list for Christmas, or for your birthday?" And hey, if they absolutely must have something NOW, let them "earn" it with a job, project around the house or with some mutual agreement or negotiation between you and your children.

Be mindful that while you are conscious of good money habits for your children, you need to ensure that your children's grandparents, godparents, aunties, uncles, friends or adults around them don't indulge your children with material stuff like gifts, fun and pleasure, giving your children messages that if they cannot get what they want from you, they can get it from them.

### **How to shop with your children**

You need to instil good shopping discipline in your children. The key to this is to set parameters for each trip, organized around a pre-determined reason or objective for the excursion.

Taking children shopping mall without this kind of planned focus is a ticket for disastrous impulse buying. And just think of the message that you are going to send to your children.

Whenever they want something all they have to do is go to the shopping centre and mother or father will whip out the credit card. How do you expect your child to ever learn the value of money when you spend it like that?

One of the best ways to teach moderation and the difference between NEED and WANT is to sit down with your child before you go clothes shopping. Before you ever set foot in the shopping centre, have a clear game plan like: "We are looking for 1 dress and 1 pair of shoes

If your kid has a few favourite stores, I suggest you insist they "window shop" at each store before any purchase is made.



That way, you'll avoid buying everything you need at the first store and then having your kid walk into the next store and claim they will "just die" if they can't also have this or that item.

The idea is for them to take a look at everything that's available and then make choices based on the parameters you have set with them.

In today's Internet world, you also need to come up with an online shopping strategy.

Because of the incredible convenience, there are parents buying for their kids via their computer without thinking. You maybe having dinner and your son mentions a new video game he wants. Then an hour later, when you are at your computer finishing up on some work, he appears at your elbow and suggests you just buy it online. So you do.

Take a look at your credit card statement and add up how many purchases are those "easy" online transactions made simply because your child asked at an opportune moment. This is definitely a bad money practice on your part.

It is time to set some limits and boundaries with children. As I explained earlier, gifts are to be reserved for truly special occasions.

Anything beyond those special occasions needs to be financed by your child. Part-time jobs (for teenagers) are crucial money management lessons for kids.

### **Family Values and Financial Legacy**

Throughout the years I have worked in personal financial management for individuals and families, I observed that as one generation makes way for another, there are always issues around family teamwork, leadership, and continuation of generation ownership, such as who will continue to carry on the family values and legacy, especially with the younger generations.

Each member in a family nucleus is unique. No one is the same though he or she may have the same family name.

Because of personality, character and life experience differences of 2 parents i.e. mother and father, there are often personal and family issues when money is concerned.

Therefore, teaching a child about money really starts from teaching your child about the importance and meaning of life values as a family.

What are the life values that are important to your family?

Honesty, integrity, teamwork, togetherness, helpfulness, responsibility, trust, love, sense of security, family support, accountability, sense of belonging, unity, filial piety, commitment, communication and spending time with parents and siblings are some of the most important family practices for your children to learn though they may be only less than 6 years old.



I believe that you, as parent, have personal values that you may want to impart to your children besides saving enough money for their future.

Constant messages of telling your children that good family values are important in life, and that money cannot buy such values, are more important than parental love being expressed in the form of material things for your children.

I urge parents of young children to start teaching them important life values and let them know that money is a mean not an end to self-gratification.

### **Combine Mathematic and Money Education together**

Since teaching children about the value of money often does not form part of traditional teaching skills such as writing, reading and mathematics in school or at home, there is an activity that you can do together with your children.

Teach them to count coins and dollars notes and write the amount counted in a savings book that belongs to your children. Mix writing, mathematic and money education together in one fun activity!

Then teach your children to save the money by showing them how to insert coins and dollar notes into a coinbox. Once the coinbox is full, let your children counts the amount of money that have been saved, tally with the recorded in the savings book. Then, bring the children to the bank and help them deposit the money to their savings account.

I believe the experience your children go through with you and the bank teller will create memorable impression and experience to learn great money saving skills!

It is also a good lesson for your children to record the money value of the toys, games or items that they want to buy in a savings book. Show your children how the money they have saved is now reduced by having spent it.

This is the beginning of teaching your children about managing cash flow and budgeting right from young age. The money skills that you are teaching your children in their early age is the most important life education you are giving your children other than sending them to school to gain knowledge and other social skills.

I would like to stress that teaching your children about money starts at home. It is as simple as how you and your spouse manage money and communicate about money at home. Your good money skills will rub off on your children!

I believe learning money skills together with your young children can be fun things to do as family activities, and having your spouse to participate along will be even better. Create creative ideas to teach your young kids the importance of money will lay a solid foundation to create family wealth legacy for the future!



Well, these are just a few tips on how you could teach your kids. Nevertheless, I believe each of you may have different teaching methodology when comes to value of money. I also hope that by reading this article made clear to you as to the importance for us to be teaching kids on money matters. I would really love to hear your experiences in teaching your children good money habits or at least how you intend to teach them.