



Financial Tip:

How to talk with your kids when money is tight?

A challenging question and the answers depend on the age of your child. As parents we want to be honest with our kids. We need them to understand that they can't always get everything they want, and that's not just about the money. It's also about setting limits and teaching to delay instant gratification, earning rewards, feeling proud to save and spend wisely, and taking care of the family's important expenses first like paying for home costs, food, maybe even childcare.

All kids want to feel secure. Knowing that mom and dad are okay is important, but even with the littlest of kids, you can say something (without scaring or worrying them) to start to plant the seed that money has value and is needed to secure our homes and take care of our families. By doing this you are also teaching them to wait for something that they want and that they can earn those rewards and become successful in accomplishing their goals. The next time you are in the supermarket with your little one and they say "can I have that?", you can say "I'm sorry but I only brought enough money to buy the important things we need for our home, maybe you can earn that treat for next time." Or when they see a friend with a brand new expensive toy- you can suggest they add it to a birthday or holiday list or earn a bit of allowance to help pay for it. As kids get older, they may be ready to hear that the family's budget is tight. Set aside time with your older kids to have a discussion. Share with them that even you have desires for some things but it's just not the right time to spend, and by making these kinds of choices you have taught yourself to honestly ask "how important is this to me, how much do I need it vs. is it an impulsive purchase or want?" Encourage them to do the same, and if they are very motivated, together, you can figure out how they can get it. It could be by doing extra work around the house or for a neighbor; or if old enough, getting a part time job. Creating a savings plan for those things that are important helps them to set priorities and realize the value of money. Working towards a goal can make their reward that much sweeter! For more on talking to kids about money, try these websites: www.consumerfinance.gov, www.kidshealth.org, or www.teenshealth.org.

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