



# "Giving" Advice



[<Back to Front Page](#)

[Forward this Article>](#)

[Print This Article](#)

## How to Help Clients Teach Children About Money

Copyright 2006 Gale Group, Inc.  
All Rights Reserved  
ASAP

Copyright 2006 National Society of Public Accountants  
The National Public Accountant  
December 1, 2006  
Phyllis Bernstein

No doubt you've heard clients express that they want their children to develop a strong work ethic, acquire "money" knowledge and lead productive, meaningful lives. However, since many of these clients are so much better off financially than their parents, they find it difficult in these affluent times to instill solid financial values in their children.

Financial literacy studies show that about half of our young people don't understand how to save and invest for retirement, how to handle credit cards, how government spending affects them, or the difference between inflation and recession. The Jump\$tart Coalition for Personal Financial Literacy determined that the average high school graduate lacks basic skills for managing personal financial affairs, including balancing a checkbook. In addition, most young people simply have no insight into the basic survival principles of earning, spending, saving and borrowing. Financial literacy is a tremendous problem in our country—and not just among the uneducated or poor.

Teaching good money habits is well worth the effort because children who learn basic financial lessons early reap the benefits for a lifetime. However, some parents don't teach their children about money for one of three reasons:

1. They think they shouldn't talk about money with children.
2. They think they don't have enough money.



**TOLEDO COMMUNITY  
FOUNDATION**  
608 MADISON AVE  
SUITE 1540  
TOLEDO, OHIO 43604-  
1151

419-241-5049  
[TCF "GIVING" ADVICE  
NEWSLETTER](#)

### ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides

*resources for thoughtful giving.* Using its expertise and personalized services, **Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

3. They don't have (or want to take) the time.

Encourage clients to take time to teach their children about money—regardless of income—and start when they are young! Even young children can learn how to use money and resolve financial conflicts.

Helping clients address these issues could be part of your practice—whether it is putting on programs for teenagers to learn about money matters or helping young adults understand their family's finances or wealth transfer plans. A financial planner also can be a problem solver and educator.

### What Parents Can Teach

Here are topics you can suggest to clients wanting to develop "financially literate" children:

*Earnings:* When a child gets a job outside the home, discuss the responsibility, financial risks, expectation about using earnings and level of support (e.g., driving the child on the paper route when it rains). Help the child set up a record book to track earnings and expenses, and explain the break-even point. Renegotiate the level of support the family will provide as the child begins earning more money outside the home, and gradually withdraw support as he or she moves toward financial self-sufficiency.

*Spending:* Include children in family financial decisions and discussions appropriate for their age. This helps them feel valued and tells them that money is not a taboo subject. Open a checking account and help them balance it. Require children to contribute to religious or other groups of their choice, and have them figure out expenses for their projects. Go window-shopping together, and let children know that you can't always afford to buy everything you want.

*Savings:* Help children set short-term savings goals, and show them how long it will take to achieve a particular amount. It is hard for 10-year-olds to appreciate the interest their \$100 earns this month in the college fund when they can't get a special toy. Encourage the saving habit by matching the annual amount saved. Explain the difference between planned saving (short term) for a specific want or need, and regular saving (long term) for unknown items or emergencies.

*Borrowing:* Draw up a loan contract with your child, and either charge interest or set up a grace period when no interest is charged. Use a loan payment book and explain how it works. Keep the amount realistic for their financial means, and never loan children more than they can repay and then forgive the loan. The goal is teaching them to live within their means.

Over the years, financial advisors experimented with helping clients teach their children about money and have learned to start the process

early—because nothing is achieved overnight.

*Phyllis Bernstein, CPA, is president of Phyllis Bernstein Consulting, Inc. in New York City.*

[Copyright](#) © 2005 LexisNexis, a division of Reed Elsevier Inc. All rights reserved.

[<Back to Front Page](#)

[Unsubscribe to this e-newsletter.](#)

This email was sent to you by a community foundation affiliated with the Council on Foundations (COF) or Community Foundations of America (CFA) . If you are not an intended recipient of this e-mail, please notify the sender and then delete it. COF & CFA policy bars the use of bulk mail lists. If you believe you received this email outside of these policies, please let us know at [privacy@nmatpublisher.com](mailto:privacy@nmatpublisher.com). [Technical support](#) is available if you are having problems with this email. This information is provided as a service to you. Product references are not intended as a solicitation, but rather, to provide information and address issues raised. Unless otherwise indicated, all service marks are the property of COF & CFA. Copyright 2006 Council on Foundations & Community Foundations of America. All rights reserved.

POWERED BY **hnw**