



Lawrence Podcast: Notes, Tips, Comments, and Resources

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Background and Bio

Judy Lawrence is a Financial Counselor, Budget Coach, holding a Masters in Counseling, and an author. Her book, *The Budget Kit: Common Cents Money Management Workbook* 6th Edition, has sold over 425,000 copies and has been in print for three decades. It is a perennial bestseller for Kaplan Publishing (previously Dearborn Publishers) for over 15 years and other publishers before that. She has appeared on numerous national networks including CNBC, Style Network and featured online and in print for decades. Judy Lawrence is also the co-author of *Magic, Miracles, and Synchronicity*. Visit Judy's Web site at www.moneytracker.com and contact her via email at judy@moneytracker.com.

Highlights of Podcast

In her work as a budget counselor, questions about kids and money often come up.

Money is a very teachable topic. Teaching children about money is relevant and important at all ages, even very young children.

Example: Young children who see parents get money from an ATM need to learn that money doesn't just come out of machines in the wall.

Example: Have young children touch money. Let it be a tangible thing for them. Using cash can make the idea of money (it's purpose, value) more real for kids.

Have conversations about money throughout the child's development, experience, and life.

Take children to a bank, physically set up an account.

If adults didn't learn to manage money from their parent (or a class in school, for example), it's unlikely that they would know how to teach their children. Money management is not an innate skill.

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Help children associate the things in their lives (things they have, things they do) with the resources necessary to obtain them.

Allowance: This is a trigger item for many people. Do something! Develop a system that works for you, considering how much, how often, what is expected from the children (to receive their allowance, if anything), what are they expected or required to do with their allowance, etc. and be consistent about maintaining this system.

When children have to buy things on their own or take care of getting the things they want on their own, they develop a whole different attitude about money than when they just get money every time they ask for it.

Allowance gives children a tangible way to learn about money. It's a starting point for many people to get a handle on money, start thinking about limits and being creative about money. All these things are very important and offer many opportunities for teaching and learning.

Other aspects to consider building into allowance: spending limits, charities, savings, and children's responsibilities, for example.

Whether parents are proactive and engaged or doing nothing about teaching children about money, they are being role models through their words, their actions, and their attitudes.

Judy asks her workshop participants, "What messages did you get at home about money (when you were growing up)?" It's not uncommon for the adults to have learned very little about money either because their parents never talked to them about it or never included children in discussions about money. Likewise, if children hear their parents discuss financial goals and plans, how they can make a purchase happen, for example, or talk about waiting for an item to go on sale and how they can pay for it, they are learning from that. And they're also learning from arguments they hear.

So the first thing for parents to become aware of is that no matter what they do or don't do, they are sending messages about money to their children. So think about what you want that message to be and what you want to model.

Online shopping: How are children paying for their purchases? Are they using their parents' credit cards? Are there any limits? (Also consider: Is any research or comparison shopping required?) Do they have to pay their parents back? Are they aware of hidden costs such as taxes and shipping? What is involved in returning the wrong item or a broken item?



The important thing is about keeping the children involved in the process rather than parents taking over and handling everything. There are opportunities every day to consciously discuss and teach about issues relating to money.

Earning money: Allow children to earn their own money. If the kids are involved in a fundraising effort, don't jump in and buy (or sell) all the candy bars for them. That robs children of great opportunities to build skills and understanding.

Offer children ways and opportunities to earn extra money doing certain chores like cleaning out the garage or raking leaves, things that only need to be done occasionally.

Don't just give away the farm. It's OK for kids to earn money and buy some of the "extras" they want. (The tooth fair doesn't need to leave \$20.)

Spending money: If parents are willing to buy certain things for children, set a limit. If the kids want a more expensive version of the toy or the jeans, they can pay the difference between the cost of the item and what the parents are willing to pay (or parents offer to pay a percentage of the cost of a special or big-ticket item).

At least you're talking about it and negotiating it. This is an important part of the process.

Allow children to make mistakes. Let them build their own problem-solving muscles and develop resourcefulness and self-reliance. How can *they* solve the problem of a broken or lost item? How will *they* come up with the money to fix it or replace it? The children have to figure it out. If the parents just jump in and solve the problems for them, the children aren't learning those skills.

Have the conversation to help kids figure out what their options are. We don't have to punish kids or make them wrong if they make a mistake. This is simply an opportunity for feeling the consequences of their actions, for learning, for them becoming more engaged in the process of managing the resources they have.

Let them also experience the positive consequences, the self-mastery and resourcefulness they can achieve from planning, saving, and being creative about purchasing something they want. Allow them to experience the satisfaction of accomplishing a financial goal. This is something parents can't give children and it's something they can transfer to other areas of their lives.

Emotional and psychological issues around money: Why are parents so willing to give without asking for any accountability? Examine potential adequacy issues, fear of child experiencing deprivation parents knows from their own childhood, fear of straining the relationship (upsetting the child), etc.



There are always reasons parents choose certain behaviors (not always consciously). What's the background message? Rescuing children (interrupting the child's learning experience) may come from a loving place.

Stress of changes in the economy despite the fact that social events continue and levels of expectations may remain high. May need to have a conversation with a child whose friends have more financial resources than your family can provide.

Values: Watch language or attitudes that suggest more money (bigger cars, more expensive clothes) suggests greater worth.

Parents can make a huge difference in a child's future. It's the actions that you take today that have an impact. Whether you're deliberately teaching your children about money and teaching them different tools and skills, or just going about it by default, you're still giving them important financial messages.

So what do you want your money management model to be and what messages do you want them taking away when they leave your nest?

Free Article by Judy Lawrence, M.S.Ed.

5 Tips for Raising Fiscally Sound Children

© Judy Lawrence, M.S.Ed.

Raising fiscally conscious children during these times of constant change, economic turbulence, daily media bombardment and digital lifestyles can be a daunting process.

Even though much of life in the twenty first century no longer seems to resemble anything close to what it was barely a decade ago, the importance of teaching children basic money skills and concepts has not changed.

Below are a few guidelines to keep in mind as you prepare your children to be financially responsible adults.

1) Be the model you want your children to be

Knowingly or unknowingly, as a parent, your actions, and your words regarding family finances are setting the tone and being the model for how your children will handle and manage money in the future. With that in mind, can you see your children as adults operating with solid money management skills and attitudes or are there some potential financial awareness gaps?



Notice how you talk about, argue about or say nothing about money, household bills and expenses in front of the children. All of these styles and words have a subtle but profound impact on young minds.

When shopping together, do the children notice or hear attention to needed research, price, quality, or usefulness? Do they notice calculated, deliberate, list-driven purchases or impulsive, instant gratification actions instead?

2) Utilize teachable moments

Stay tuned to events, opportunities, conversations, and situations where there is an opening for a teachable moment. Then make the time in your busy schedule to utilize this opportunity. For the young ones this can be as basic as connecting coins and bills with math. Another could be to then ask how many of those bills would be needed to buy the Barbie doll sets, Razor or other toys.

During the holidays, what opportunities are there for witnessing sharing, learning about giving to others, putting a percent of their allowance aside?

If the older children are given debit or credit cards, are they also learning how to review bank statements, have mini budgets, seeing the consequence of overdrafts?

3) Encourage enterprise and resourcefulness

Recognize and encourage the budding entrepreneur, whether it's taking the initiative to rake the neighbors leaves to raise money for Christmas gifts, setting up that lemonade stand on the corner, reselling bulk purchased candy as profitable single pieces or creating some unique service or product online.

If your children are begging for that specific pricey video game, or latest ipad, encourage them to come up with creative, resourceful solutions for getting their desires met. What ideas do they have for earning part or all of the money? What else could they do that may not be related to earning money, but would still allow them to use or have the items they want? Kids can be extremely resourceful if given the nudge or motivated to do so.

4) Allow and support mistakes

Instead of bailing out your sixteen year old when he accidentally drives over his bike left in the driveway, help him explore options for replacing his bike. When kids lose or forget something, especially if it is really special to them, or lose money because of a bad decision, allow them to own their experiences, simmer in the significance of them, without blaming your children.



Engage your children in a creative discussion as to how they can resolve the situation, rather than stepping in and short circuiting the huge learning opportunity.

5) Instill discernment

Guide your children through the process of deciding if a purchase is a “need or a want”. Your teenager may “want” that latest electronic gadget, but “need” that same amount of money for gas to fill up the car.

At the same time teach your children how to determine value and worth of a purchase. Will that high priced air gun give your young son long term satisfaction or will he quickly be bored and want something else? Does your daughter insist on spending most of her allowance on some trendy outfit, only to watch it fall apart after a few washings?

Consider these tips as a starting point as you guide your children through the stages of financial awareness. Just like muscles are built over time with proper and consistent exercise, so too are the skills of problem-solving, resourcefulness and creativity built over time with effective training and ongoing practice. Learning how to manage money with financial responsibility and mindfulness is a learned skill, versus an innate ability.

The payoff will come during your children’s adulthood when the real life challenges surface and all of the above mentioned skills come into play and your children handle each event as a financially responsible adult.

Additional Resources:

Jump\$tart! Financial Smarts for Students

Jump\$tart Coalition for Personal Financial Literacy is a national coalition of organizations dedicated to improving the financial literacy of pre-kindergarten through college-age youth by providing advocacy, research, standards and educational resources. Jump\$tart strives to prepare youth for life-long successful financial decision-making. (888) 45-EDUCATE; <http://www.jumpstart.org/>

Money games for kids

Bankrate, Inc. is the Web’s leading aggregator of financial rate information, offers a video with suggestions for money-smart games and other resources to give kids help them learn about spending, saving, and shopping.

<http://www.bankrate.com/finance/video/money-games-for-kids.aspx>



Spectrum Podcasts

CNNMoney

Teaching Kids about Money

A multi-page article to help put your children on the road to handling money responsibly. Includes information on allowances, saving and spending, and credit and investing during the teen years.

<http://money.cnn.com/magazines/moneymag/money101/lesson12/index.htm>

Kiplinger

Kiplinger, publisher of business forecasts and personal finance advice, available in print, online, audio, video and software products. This link offers a list of articles related to topics of “kids and money,” including maintaining financial security, financial literacy in schools, and what kids need to know about money and how to teach them.

<http://www.kiplinger.com/topic.php/Kids+&+Money?si=1>

Choose To Save®

An Emmy award-winning national public education and outreach program that is dedicated to raising awareness about the need to plan and save for long-term personal financial security. Offers user-friendly multimedia materials to help individuals plan and save for their financial future. Includes tips for taking advantage of “teachable money moments” with children, from preschoolers to teenagers. Addresses issues such as allowances, shopping, saving, going out to eat, and using an ATM.

http://www.choosetosave.org/tips/index.cfm?fa=display&content_ID=3534
(202) 659-0670, info@choosetosave.org

11 Ways to Avoid Problems with your Children over Money and Buying

Excerpt from *The Parent’s Little Book of Lists* by Dr. Jane Bluestein with practical tips for parents on spending, allowance, saving, and accountability.

<http://www.janebluestein.com/articles/money.html>