

7 Keys to Raising Financially Strong Children

Every parent knows Proverbs 22:7 that says, “Train up a child in the way he should go, and when he is old he will not depart from it.” Very interesting that many of the scriptures surrounding this verse pertain to finances. As parents, you have the responsibility to raise financially successful children. Here are some key concepts you must teach them!

1. Celebrate Giving!

Children need to recognize giving is our privilege that permits one to share in building God’s kingdom. When it comes time to write your tithe check, make it a family event. Write it at home, perhaps after dinner. Gather the family around and explain what you are doing and why. Thank God. Pray over the check. Celebrate the privilege to give, receive and allow God to get involved in your finances,

2. Respect Money

What you respect comes towards you. What you disrespect is drawn away. Children can learn to respect money from old fashion mondy tools such as allowances, targeted savings for specific items, having them work for extra money, etc. Explain to them the law of choice and consequences very much pertain to finances.

3. Needs vs. Wants

Children are bombarded with commercials starting at a very early age. They must learn that not everything they see or want is a necessity. Explain early to your children some things are not necessary or we will have to wait as we save up for them. This will provide confidence and independence that our children will need later in life.

In our Financial Champions Breakthrough meetings, we often spend entire sessions identifying the differences between “Needs, Wants and Desires.” It is a real eye opener to many but provides guidelines that can keep emotional buying in check and empowers one to make intelligent decisions and stay out of debt.

4. Let Them Make Decisions

Children need to learn how money works and the consequences of financial decisions. Use their allowances as a learning process for them. Work out a budget based on necessities (i.e. school lunches, transportation, etc.) Attempt to build in some discretionary money so they can learn the benefit of saving for big purchases vs. spending on small stuff today.

5. Motivate To Save

Most banks still offer programs with accounts specifically for children which allows the child to add a few dollars at a time (Some still have the pass book). Explain how interest is the bank paying you to rent your money. You could even match their savings dollars at a certain percentage for each dollar they save.

I am glad my parents taught me this at an early age. But it wasn’t easy for them. The summer after turning 12 years old, I had begun my first job earning delivering papers in Philadelphia. Earns \$12/week. My mother wanted me to save. Her idea was to set up a savings plan of \$5 a week at a local bank. I could do whatever I wanted with the rest. Like most 12 year olds, I resisted. Finally we agreed on the amount to save but I said I could do it without the bank and weekly accountability to her. We agreed to review my progress that September.

Labor Day came and she asked me what I had saved doing it my way. Ouch! Sheepishly, I dug into my pockets hoping for a miracle. I think I was able to come up with less than one dollar. She explained how silly it was to work for 12 weeks, make all that money (\$150.00) and have nothing to show for it. That message hit home.

There was a bank at the end of my paper route. Each week I had to put in \$5. It was difficult at times but I'll never forget the first time I saw the "extra money" from interest in green ink in my book. I thought the bank had made a mistake and told my parents. They gladly explained to me the interest (extra money) was for letting the bank use my money.

6. The Connection Between Work and Pay

Children do not need to know the entire family budget, but it is never too early for them to sit in and watch as you use software to manage the family money, pay the bills etc. It is good to let them know how the hours you work translates into the dollars that are spent, how taxes work and how you save.

7. Persist In Teaching About Credit

Children are bombarded with credit messages. It is frightening that some receive credit card offers while they are still in High School. I have been told that many children's dress up outfits come with a toy credit card with them. It is important as parents to raise financially astute children by explaining the practical aspects of money management, planning, saving vs. spending, wise purchases, avoiding credit cards and establishing investments.

Obviously the greatest keys in raising financially strong children is to become financially strong yourself. Children emulate what they see including your financial habits. The purpose of money is to serve the purposes of God for our lives. Get this idea and these 7 keys into your children at an early age.

Let's make sure our children are prepared and positioned to prosper.

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