**Can Parents Effectively Teach Money Management?**

Teaching kids about money management is crucial for helping them grow up successfully—but talking about money can also be difficult for parents. How do you teach your children and teenagers to earn, save, give, and spend well when they’re bombarded with conflicting messages on how to responsibly use their money? Furthermore, in country in which earning and spending habits are intensely personal, how do you bring up the topic of kids’ money management in the first place? The following are some frequently asked questions and concerns about money, followed by some answers.

**How can I prepare my child to make good decisions when it comes to credit cards?**

*Begin teaching your kids about money management when they’re young. While you don’t want your child to get in the habit of spending money he or she doesn’t have, it can be very beneficial to occasionally make small loans to your child. Once your child has “taken out a loan,” talk with him or her about paying off the balance in a reasonable amount of time. Explain to your child that every purchase made on a credit card is like a loan, and continue to stress the importance of not spending money he or she does not have.*

**Our family has a small income and a very tight budget. How do I help my child deal with the things we don’t have?**

***Work with what you have.*** *You may not realize it, but living with limited money is a valuable life skill. Children learn many useful personal financial literacy skills from parents who work hard to make ends meet. Instead of just saying “no” or hiding the fact that you cannot afford something, teach your child the smart ways you have learned to stretch your dollars. Show your child how to use thrift stores, garage sales, coupons, and clearance racks to get things for less. Point out the difference in price. Explain how you make decisions about “needs” versus “wants.” Talk about money with your kids.*

**I’m not very good with money myself. How can I teach my child when I have trouble on my own?**

*Strive to set a good example. Avoid saying things that make your child worry about your family’s well-being, but talk about the ways you are trying to solve problems and improve your personal financial literacy. Start a savings account. Talk with a financial adviser if you have a large amount of debt. Be honest with your child about any past decisions you regret and the wiser decisions you are making for the future.*

**My child doesn’t seem to have any concept of saving or spe4nding—how can I get through to him and teach him good habits?**

*Assist your child in developing a budget. Many children and young teenagers—especially before they get their first job—have difficulty with financial planning. Keep track of all money coming in and going out, as well as where it comes from and where it goes. Talk with your child on a weekly basis about his budget and help him stick to the percentages you have decided upon.*

**Should I encourage my teen to get a part-time job? Will working distract her from school and friends?**

***Prioritization is Key!*** *Getting a part-time job can be a very valuable experience for a teenager, and it is a great way to teach kids about money management—but it can also add another level of stress to an already busy life. If your child decides to seek out a part-time job, support her decision, but be sure to emphasize the importance of school and friends. Helping your child prioritize school, work, friends, and family time (as well as spending, saving, and giving) will go a long way in creating personal financial literacy and a balanced life.*

*Volunteer work can also be beneficial for teens, as it can help them develop a sense of pride in their work, gain hands-on work experience that can be placed on a resume, and give them a chance to begin building a professional network.*

**What should I tell my children if they ask how much money I make?**

*The answer to this question varies for each family. Some parents highly value talking about money and are very open with their children regarding how much they make, while others prefer not to share this information. Whatever you decide to do, it’s important to decide on what you will do before this question comes up. Think about what you’d like your child to know, and talk with your parenting partner about what he or she feels comfortable with. Agree on a way to address the question if and when it is raised.*

**SOURCES**

[www.parentfurther.com/parenting/money/questions](http://www.parentfurther.com/parenting/money/questions)

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Learn More About Volunteering >(/time-together/serving)

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