

The Parents League
OF NEW YORK

Review
2015

Essential Articles on Parenting and Education

How (and Why) to Talk to Kids About Money, Values, Hunter Boots and Venus Flytraps

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The best question I've ever heard in my years of speaking to parents about kids and money was also the most specific. It came from a mother who was a bit sheepish, and it was quickly clear why. She didn't need an answer to her own question; she wanted to satisfy her son, who had recently stumped her with a real zinger:

"If my sister gets to wear Hunter boots, why can't I have a carnivorous plant terrarium?"

The room of world-wise Manhattan parents dissolved into peals of laughter. Meanwhile, I was rubbing my hands together. The question was perfect. It reflected an intensely curious mind, one that was reckoning with who controlled the money, how and why they made the rules they did, and when those rules might change.

It also helped me make an important point. When we speak of money with our children, we're not just talking allowance and budgets and charity and jobs. We're talking about patience and prudence and generosity and persistence—all of the values and virtues we want to imprint on their rapidly growing brains before we send them off into the world.

So what that boy was really trying to figure out was what his parents stood for. What was important to them, and why? Plants and boots just happened to be the examples at hand.

Our Money is Our Children's Business

He deserved an answer. For far too long, most of us have talked

far too little to our children about money. It's easy to give ourselves an out: It's not age-appropriate for younger ones who don't know enough math to add up the bigger numbers, the conversation inside our heads goes. So we simply brush off their questions.

The appropriateness dodge may also come from simply being old-fashioned about the topic. "None of your business" has been a typical reply in families where money is particularly private, though that response isn't particularly nice. That brush-off only serves to punish children's natural curiosity about the world, and the lesson is that parents may not be willing to help with the big issues.

If we do that enough, it won't be long before they're taking most of their questions about all sorts of important things to

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Google. Also, it's just not true that it isn't their business. Especially for the younger ones, it's their job—their line of work, their business, literally—to figure out how the world works.

Money plays a big role in that.

The older kids, meanwhile, are trying to figure out what it will take to create a life for themselves like the ones their parents provide for them. They deserve some kind of an explanation.

Teaching Thrift, Modesty and Perspective

When she sat on a panel that I moderated a few years ago, Nan J. Morrison, who runs the Council for Economic Education, summed it up best when she complained about the persistent parental belief that too much chatter about money actually subverts kids' values. The reverse is actually true; the best conversations about money teach kids about thrift and modesty and perspective.

Besides, look at what our older children are facing down. If we're letting them anywhere near social media, they're ingesting a near-constant stream of photos, posts and updates on Instagram and

Facebook where everyone is putting their best foot forward (often in Hunter boots). Our kids are huddled over phones or iPads, and everyone else is someplace fabulous looking amazing with a group of people that doesn't include them. I've been surprised at the number of Manhattan parents I've heard from recently who complain about the private jets that their kids see on their friends' feeds. Not that there's anything wrong with flying private. You should make up your own mind about whether you want your kids posting semi-public photos of the interior of your planes; for the others who see it, it raises a lot of questions and perhaps some outsized expectations.

It's Never Too Early

Finally, there's the plea that so many people pose along the way: "Can't we protect them from all of this money stuff just a little bit longer? Then they can spend the rest of their lives worrying about it!"

This is a loving and natural response. But I fear this approach ignores the realities of the world that we're raising our children to face starting midway through their teenage years. At 16 or 17, they'll be making decisions about where to go to college, perhaps making a six-figure decision between Binghamton at \$100,000 or so in today's dollars and Hamilton or Mount Holyoke at \$250,000. It's one of the biggest financial decisions they'll ever make, even if it won't involve loans and will involve your help. Then, they'll graduate into a world where they will be financially responsible for their own retirement savings and health insurance in a way that previous generations were not. And most of them will live their lives in a country that has made many promises for everything from good public schools to Medicare that it can't seem to afford. Whether taxes go up or services decline so that we all need to pay more to replace them, this is sure to cost ever more money.

For all of these reasons, our children need to be ready to conquer their 20s financially—but it can't happen unless we're teaching them about money from an early age. And lest we think they're not

keenly interested in the topic, consider the second best question I got that night in Manhattan where I first heard about the boots

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and the terrarium. This other question was from a parent who was too embarrassed to even ask it in front of her peers. She sidled up to me afterwards and wanted to know what she should tell her daughter who

inquired as to why she couldn't learn how to show horses if her father drove a Mercedes. Yes, they are watching our every move and drawing their own conclusions about what is most important to us.

Wants vs. Needs

So, about those Hunter boots. As with any item of clothing, shopping for rain boots is a good opportunity to talk about the difference between wants and needs. Rain boots are something that most children need. But nobody needs Hunter boots. They need the cheapest boots that keep their feet dry, and those probably cost less than half of what Hunter boots do.

That said, plenty of girls want Hunter boots. They are certainly fetching, but it's the label that most speaks to them and their peers, as they look no different from other rubber wellies. So parents of girls who want the boots have to decide whether they are going to pay for them. One possible solution: Pay for any necessary apparel only up to a reasonable cap—say, whatever the item might cost at L.L. Bean. After that, it's up to the child to pay the difference out of allowance, gift money or earnings from a part-time job. Another possibility, for older teenagers: Hand over a budget each year that covers all necessary clothing plus some extra for just a few "wants." The amount should be just low enough that your child will have to make many tough choices about which wants are the highest priority. Once you set up these budgets, make sure all

of the kids in the house know about it so there are fewer questions about fairness. And no bailouts if they blow it all and have to buy a winter coat secondhand out of babysitting money.

As for that carnivorous plant terrarium, it's a tool for learning. That puts it in a more exalted category than clothing, which every kid needs but doesn't need all that much of. So the young boy was right to question his parents' choices and, if I were the mother, I'd buy it for him. But I'd make him catch the bugs to feed his Venus flytraps—and, if he isn't willing to put in the effort to gather their food, pay for them himself.

Ron Lieber has been the "Your Money" columnist for The New York Times since 2008. His book on talking to kids about money, The Opposite of Spoiled, will be published by Harper Collins in February, 2015. You can reach him via his website, oppositeofspoiled.com.