

## FROM THE COUNSELORS...

### Talking to Your Children about Finances and the Economy

*Here are some tips on how to talk to your children about what's going on in the world and what's going on in your family. Some form of discussion should be undertaken so children can understand (1) that they are not to blame for the financial problems that arise; and (2) that even though Mom and Dad owe money, they're working hard to pay those bills. Allow your children to be children, and make sure that they're not saddled with the burden or the worry that somehow the debt is due to their existence.*



1. **Talk to your child about what is happening and why.** Give plenty of time for the child to tell you what the child is hearing at school and from friends. Maybe there is worry about a friend who is going through a foreclosure, or who is unable to attend dance lessons because they have lost the family car or can't get the financing to replace a car which is no longer functional.
2. **Let the child ask you questions and explain what these things mean, and why they happen.** Use terms which are simple and understandable to a child of that particular age. Your child may not know what a mortgage is, or may not know why a foreclosure would occur. Inevitably, if the child has a friend who faces foreclosure or eviction, your child is going to worry that your family will might lose your house or apartment. Don't let your child suffer in needless worry. This is a time for full communication. Put your child's mind at ease by explaining that foreclosure or eviction is unlikely for you. Or, if you do fear foreclosure or eviction could occur, explain what your plans would be for alternate living arrangements. You may know that you can go and live with grandma for a few months, or with a good family friend, but your child may not realize this is an option until you say so.

### **Avoid the Cover-Up**

Even young toddlers can sense tension in a home. Family social science professor Catherine Solheim says being direct and open is the best approach. Avoid sugarcoating the message and just explain that spending in the house will be cut back and that yours is not the only family going through the financial crisis.

### **Participation**

Paying kids an allowance teaches responsibility and healthy spending and savings habits, says Mir Kamin, a freelance writer. Her kids get \$3 a week, 50 cents of which has to go to charity and another \$1 of which has to go to savings. The remaining \$1.50 is theirs to spend as they want. "This is a learning experience," she says.

### **Managing Expectations**

Leaner times are the perfect opportunity to teach kids they can't get everything they want just because they want it, says Gary Foreman, a former financial planner and editor of [stretcher.com](http://stretcher.com). "If you look at a Christmas list like a grocery list and check off everything as you go, you're crazy," he says. Teaching kids to expect to get everything they asked for "is setting them up for bankruptcy later in life."

### **Creativity**

Spending less on material things doesn't mean life has to be boring, Catherine Solheim says. Turn off the television and read a book or put some music on. Play a game. Don't feel guilty if you can't buy tons of gifts for the holidays. "We project our own guilt about not buying as many toys," Solheim says. "Kids don't have those expectations."