

## Become a Money-Smart Parent

*Do your kids ask questions about money but you feel less-than-qualified to answer? Use the opportunity to get your financial house in order.*

By Janet Bodnar

February 15, 2006

*I'll bet there are many parents who would like to teach their kids how to manage money but are embarrassed to bring up the subject because they're not very good at managing money themselves. What if the kids ask questions we don't know how to answer? Do you have any words of advice for those of us who are financially challenged?*

Relax. Most of the questions your kids ask about money aren't going to be complicated. They won't want you to explain how the Federal Reserve system works, nor will they request a complete accounting of your family's finances.

When it comes to money, remember that children are a clean slate. You'd be surprised how much basic information they don't know.

In our house, for example, it's always been the custom to deposit gift checks in the bank but to let our kids keep the cash. When my son graduated from the eighth grade, he received two \$50 bills. He didn't want to break the bills, so we told him to deposit them in the bank. "You mean you can put cash in the bank?" he asked innocently.

The subjects that come up most frequently with children involve everyday events: comparing prices at a store, asking for something they see on TV, negotiating an allowance, opening a savings account. You should be able to handle those topics (especially if you read this column regularly).

But let's suppose your kids do put you on the spot. Maybe you feel sheepish about encouraging them to save money because you don't have a regular savings program. Or you don't feel confident talking about investing in the stock market because you don't do it yourself. And how can you warn them about the pitfalls of credit when you've charged your cards to the max?

Instead of ducking those issues, face up to them. Use your kids' questions as an opportunity to get your own financial house in order.

For example, if you join your employer's 401(k) or other retirement plan, you can honestly answer "yes" when your kids ask if you save money. Learning about the stock market will help you invest your retirement money wisely, and you can pass along that wisdom to your children. If your credit-card bills are out of control, see a credit counselor, if necessary, and create a plan for paying them off.

And thank your kids for helping you become a money-smart parent.

---

This page printed from: <http://www.kiplinger.com/columns/drt/archive/2006/dt060215.html>

All contents © 2007 The Kiplinger Washington Editors