



Watch and learn: Kids' money attitude often models parents'

Michele Wulff is a former public school educator of 30 years and a 2007 recipient of the peer award "Excellence in Teaching Economics." As an economic education coordinator with the Kansas City Fed, she works to heighten financial literacy throughout the seven states of the Tenth District.

What attitudes about money are your kids learning? Is it "a penny saved is a penny earned," or more like "do as I say, not as I do"?

Even if your lessons are not overt, you as the parent are teaching your children their first financial lessons simply by how you handle your own money. Do they see you worry about the consequences of every purchase? Or do they watch you spend with little thought of the future? Do they notice you saving for key purchases, or just hoping to save? Because parents are money role models, maybe it's time to analyze your approach to money management to make sure you're sending the right message.

Your overall money mindset can be described as your "money personality." A variety of these personalities have been identified by psychologists, and I have narrowed them to five basic types: the saver, whose joy comes from socking dollars away for the future; the avoider, who pushes any thought of money out of his or her mind; the spender, who lives for the thrill of the purchase; the giver, whose satisfaction comes from buying for others first; and the worrier, who constantly stewes about purchases and possible financial emergencies. To best identify your personality, try the "Money Make-Up" quiz on Page 18.

Once you're aware of your perspective on money management, think of the advantages

and disadvantages of your approach to money issues. If you're a spender, an advantage might be a positive attitude about money and what it can buy. A disadvantage might be spending beyond your means and the debt that follows. If you're a saver, your planning for future needs is a definite plus, but your tendency to delay buying needed purchases may be stressful to your family. The key is to keep in mind the disadvantages associated with your type so you can minimize any negative effects on your kids' view of money. If they often see you reaching for the credit card, make an effort to show them your monthly bill-paying routine. If you tend to worry about money aloud, make sure to comment that you have an amount safe and sound in the bank. Whatever your type, you need to send the message that your money management is under control. This positive attitude will set the tone for your child's lifelong money management skills.

To help kids develop their own healthy money personalities, try incorporating hands-on lessons by involving them in practical, everyday activities, tailored appropriately to their age. Here are a few examples:

- To foster smart spending for younger kids, teach them to comparison shop using grocery ads and when selecting items at the store. Ask them to cut and be in charge of coupons.
- To foster saving, challenge them to save half of the amount needed for their goal. As extra incentive for them to save, tell your children you will match their savings once they reach that halfway mark.
- To foster a better focus on money matters without the anxiety for older kids, help them set up a weekly or monthly budget so they are sure their income meets their expenses.

- To foster giving, ask them to research nonprofit organizations to find a cause they believe in. They could set aside a percentage of their monthly allowance or earnings to donate to their cause.

Additionally, discuss some commonly heard money adages with your kids so they truly understand their meanings. Ask them to complete the sayings on Page 19 and discuss the wisdom of each. Be sure to ask them which ones suggest using money wisely or unwisely.

Keep in mind that it's never too late to improve your own money management skills. You may need the help of a money-savvy friend or the guidance of a credit counselor to steer you in the right direction. If you can change to a more positive money-handling approach, you can eliminate passing on bad habits to those watching—and learning from—you.



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public. Visit our website at [KansasCityFed.org/education](https://www.kansascityfed.org/education) for more information.

Federal Reserve Resources Online:

"Common Cents: 'Tis the season for smart spending" (*TEN*, Fall 2009)

This column offers activities to hone comparison shopping skills. For ages 6 -12.

"Common Cents: Resolutions help kids start new year with financial awareness" (*TEN*, Winter 2010)

This column has suggestions on goal-setting for wise saving and spending. For ages 6 -12.

"Kids and Money: Teaching Children to Manage Their Finances"

This booklet helps parents teach school-age children how to manage money. It highlights the topics of planning, saving and budgeting with suggested family activities. For ages 6 -10.

"Great Minds Think: A Kid's Guide to Money"

This booklet has lessons on money management that include ideas for earning, spending, saving and budgeting, along with activities to reinforce concepts. For ages 8 - 11.

Fiction Books:

The Berenstain Bears' Trouble with Money by Stan and Jan Berenstain
Brother and Sister Bear find ways to earn money for a video game. In the process, they work to find a middle ground between being spendthrifts and little misers. For ages 4 - 8.

Non-Fiction Books:

The Kid's Guide to Money: Earning It, Saving It, Spending It, Growing It, Sharing It by Steve Offinoski

This book explains money in kid-friendly terms and encourages good financial behavior. Topics include moneymaking ideas, budgeting, consumer advice and charitable giving. For ages 9 - 12.

The Complete Idiot's Guide to Money for Teens by Susan Shelly

This book discusses the influence teens have as consumers and the importance of not being taken advantage of by retailers. Suggestions are given for wise spending and budget tracking, as well as earning, saving and investing. For teens.

Master Your Money Type: Using Your Financial Personality to Create a Life of Wealth and Freedom by Jordan E. Goodman

This book helps you classify your money type and learn to keep your emotions from causing destructive or inadequate money management patterns. For adults.

What is Your Money Make Up?



Peg your money profile with this quiz. For each prompt, choose the answer that best fits your actions. Then determine your most common letter choice and check the key below for your profile type.

1. My goals about money include:

- A) Saving most of it now, so I have no financial worries later in life.
- B) Having no clearly defined financial goals.
- C) Having enough on hand to buy whatever I want.
- D) Having enough to buy basic needs, then spending the rest on others.
- E) To stop worrying about the cost of my purchases.

2. When it comes to spending money:

- A) I'm only comfortable with spending once I've socked some away for the future.
- B) I don't care where my money goes. I want to focus on other things.
- C) I love spending money, and I tend to spend more than I earn.
- D) I like to be generous and buy for everyone else first.
- E) I hope I'll have enough money for unexpected expenses.

3. When it comes to saving money:

- A) Saving regularly is easy for me.
- B) I know I should be saving, but I never seem to do it.
- C) I save only for absolute necessities.
- D) I save in order to be able to donate larger amounts.
- E) It bothers me that I have trouble saving.

4. My feelings about credit cards are:

- A) I avoid using credit if at all possible.
- B) I often forget to pay my credit card bills until I get a warning notice.
- C) I use credit cards often and make the minimum payment.
- D) I don't like the materialism associated with credit cards.
- E) I think about my credit card bills a lot.

5. When I'm feeling down, spending money:

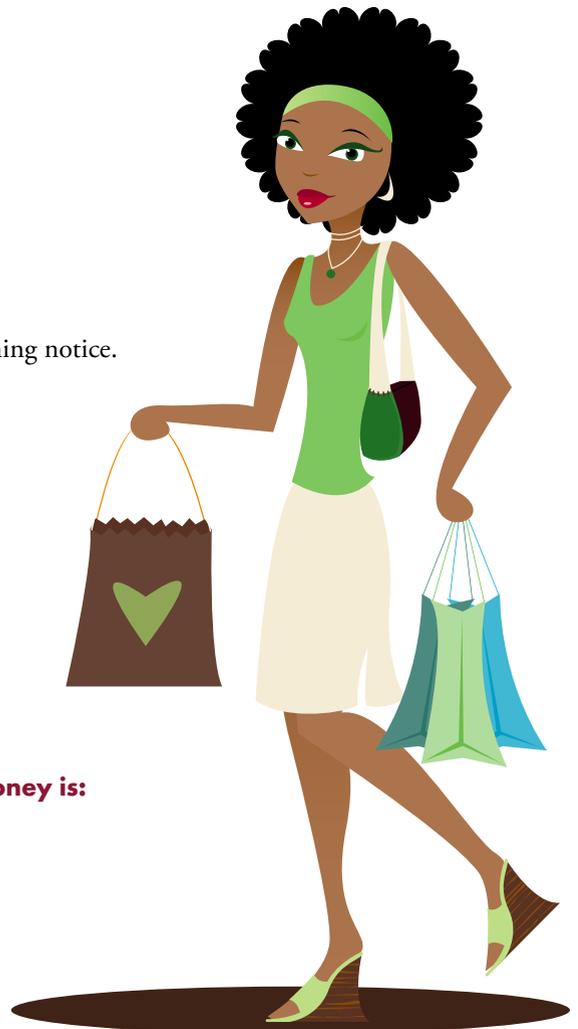
- A) Won't help me feel better like saving does.
- B) Doesn't even cross my mind.
- C) Always makes me happier.
- D) Does not bring true happiness.
- E) Just makes me feel anxious.

6. The saying that describes my relationship with money is:

- A) A penny saved is a penny earned.
- B) There are plenty of things that money can't buy.
- C) You can't take it with you, so enjoy it now.
- D) It's better to give than receive.
- E) Loans and debts make worry and frets.

Money Profile Key:

A = Saver; B = Avoider; C = Spender; D = Giver; E = Worrier.



Money Sayings for Kids



Try to complete these popular sayings about money.
Ask a family member or friend for help on the hard ones.
Check answers below. Challenge: Explain the meaning of each money saying.

1. Money doesn't grow... _____ .
2. Put your money where... _____ .
3. Money burns a hole... _____ .
4. A fool and his money... _____ .
5. Money is the root... _____ .
6. Money makes the world... _____ .
7. Money can't buy... _____ .
8. Show me... _____ .

Write your own saying about how you should use money wisely:

Key:

1. on trees. 2. your mouth is. 3. in your pocket. 4. are soon parted.
5. of all evil. 6. go 'round. 7. happiness. 8. the money.