



Money Ethics: Teaching Kids to Follow Their Moral Compass

Picture this scenario. You're playing with the kids at the park, enjoying the beautiful weather. As you walk toward the swings, you spot a wallet on the ground. Your son or daughter sees you pick it up and look inside to find one hundred dollars. How do you handle this situation?

As a parent and a role model, you demonstrate what an ethical person would do. You check the wallet for identification and contact information. You discover a cell phone number and immediately dial the wallet's owner, all under the watchful eyes of your child. You inform the owner and set up a meeting to deliver the wallet.

Now you take time to discuss your actions with your child. You should begin by asking them how they would feel if they lost a large amount of money. The response most likely will be "upset" or "sad." Continue by explaining that the wallet's owner was probably feeling the same way, and returning the wallet as soon as possible was the right thing to do. You can add value to the conversation by explaining that what you did shows ethical behavior. Tell them that ethics are rules of conduct for doing what is right, and these are rules you believe in. Ethical behavior shows respect for others and develops responsibility and trust.

If you have older kids, you can do a deeper dive by introducing the concept of a moral compass. Begin by asking them to imagine a compass (or look at a picture of one) that shows the four directions: north, south, east and west. Tell them to replace the northern point with good behavior, and the other three directions with bad or poor behavior in their mind. Because a compass should always point north, their moral compass should help them judge what is right or wrong and act accordingly.

Contacting the wallet's owner in this situation would point their moral compass north. If their compass strays east or west, or even south, their inner voice or conscience will let them know through guilty feelings. Listening to their conscience should help them decide the right thing to do.

You can prepare kids for dealing with ethical conflicts by asking them in advance what they would do in certain money situations. Start with one that is fairly common, such as receiving too much change back after a purchase. Explain to them that knowingly keeping the extra money is not the right thing, even though it may be tempting. They should politely inform the cashier that they were given too much money and hand back the excess. The cashier will be grateful, as these workers generally have to match the amount of cash in their registers to their sales at the end of their shift. If they are "short" of money, it reflects badly on their work.

Next, try a money scenario involving a friend to see how your child reacts. Ask what they would do if they were offered money to do a friend's book report. Tell them before they answer to consider the fact that they are an excellent reader and writer, while their friend isn't. Now they have additional pressure connected to their decision, as the friend desperately needs their help. Inform them that this suggestion could actually be considered a bribe, where money is offered to pay for unethical behavior. If the child took the offer, their reputation might be at risk as well. Have your child think of an alternative solution to this problem, such as urging their friend to ask the teacher for more work time.

To practice the art of ethical decision making, try a game developed by Neale

Godfrey, a contributor to Forbes Magazine. Play the Ethical Decision Bag Game by cutting apart the game scenario slips on page 30 and putting them in a paper bag. Take turns drawing the slips out of the bag and suggesting ethical solutions to the game scenarios. Neale suggests playing the game while you are together in the car, when it's easy for the conversation to flow. After the kids do a good job of answering all questions, step up the game by asking them to think of additional ethics questions and solutions on their own.

Promoting ethical conduct while kids are young will help them develop into adults who make wise ethical decisions daily. And

employers will benefit by hiring adults with strong ethics for their businesses, as these workers build trust and respect for their companies. Cultivating an ethical viewpoint as kids grow up can truly make a life-long difference.

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Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Fed's role by providing resources for teachers, students and the public. Visit our website at **KansasCityFed.org** for more information. The resources below are a few of many available on this subject.

FEDERAL RESERVE RESOURCES **"Art of Decision Making Online Course for Consumers" from the St. Louis Federal Reserve**

This course teaches the importance of decision making, how every decision bears a cost and how to make informed decisions. For high-school-age youth to adults. www.stlouisfed.org/education/the-art-of-decisionmaking-online-course-for-teachers-and-students

ONLINE RESOURCES

"Money and Ethics: Let's Show Our Kids How They Fit Together"

by Neale Godfrey
<http://www.forbes.com/sites/nealegodfrey/2015/05/10/money-and-ethics-lets-show-our-kids-how-they-fit-together/>

An article that discusses how to develop ethical behavior in kids related to money issues. For adults.

NONFICTION BOOKS FOR CHILDREN

"E is for Ethics: How to Talk to Kids about Morals, Values, and What Matters Most"

by Ian James Corlett
A series of 26 read-aloud stories that help kids understand ethical decision making in everyday situations. For ages 6-12.

"Every Kids Guide to Decision Making and Problem Solving"

by Joy Berry
This book offers guidelines for making good decisions and solving problems effectively. For ages 6-12.

NONFICTION BOOKS FOR ADULTS

"Ethics for the Real World: Creating Personal Code to Guide Decisions in Work and Life"

by Ronald Howard
This book explains how to master the art of decision making by committing in advance to ethical principles and generating alternatives to solve dilemmas.

What Would You Do If...

Cut apart the money ethics scenarios below and place them in a paper bag. Take turns drawing slips out of the bag and suggesting an ethical solution or the “right thing to do” in each scenario. **Be ready to explain your reasoning.**

What would you do if ...
you found some money in
the toy aisle of a store?

What would you do if ...
you accidentally dropped
your friend’s tablet and
now it’s not working?

What would you do if ...
you received an extra
dollar back in change?

What would you do if ...
someone offered to pay you
to do their math assignment?

What would you do if ...
you found money lost
in your classroom?

What would you do if ...
you were walking in your
neighborhood and found an
expensive ring on the sidewalk?

What would you do if ...
you were buying school
supplies and the cashier
forgot to scan an item?

What would you do if ...
you were shopping with a friend
and saw him take some gum?

