

# SEVEN MISCONCEPTIONS TO RAISING MONEY SMART KIDS!

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I recently made a presentation to a group of parents and I opened by asking two questions: 1. How many of you think it's important to teach kids about money? 2. How many of think that you are doing a great job at do it? In response to the second question, most parents simply said no! Statistics say that "80% of parents believe kids learn about money in school, while 90% of high school grads say they learned everything about money from their parents." If this is true, we are in serious trouble if we don't do something about it. However, because teaching money to kids is a new phenomenon here in our country, there are many misconceptions parents and adults have that interferes with what's most important. Let's look at seven.

## **Misconception#1: Kids are too young and irresponsible to learn about money!**

Kids will learn very early whatever you as a parent are willing to teach them. They have an innate ability to absorb massive amounts of information, all of which helps shape their personality. Kids are smart; they "get it"! And if kids can learn healthy habits like washing their hands before dinner and brushing their teeth after it, then they certainly can learn the important habits of good money management. Just ask yourself ... "Would I wait until my child had all of his adult teeth before I started to teach him to brush?" Certainly not! It's a habit all parents try to instill in their kids. Why? So that when they get older, they can look after their own teeth! The same analogy applies to managing their money. If they learn how to manage money when they are young, they will have that skill — and continue to hone it for the rest of their lives. As far as being irresponsible, yes, kids will be! Especially younger kids, and that's great! They are only beginning to learn about life — and much better to make little mistakes, like, "Ooops, I spent all my money, so I can't get any more candy today", than "Ooops, I spent all my money, I can't pay the mortgage and they're going to take my house!" Remember, the more our kids are empowered at an early age by being given age appropriate responsibility, the more confident and motivated they are.

## **Misconception #2: Money is not important and not a priority!**

As a parent, is money important in your life? Of course! And it will be important for your kids too! Money is a factor in everything we do, from housing to schooling, entertainment, transportation, travel, safety, bills, and the list just goes on! Right or wrong, that's the way it is and we need to let our kids know that money is important! Is it not true that the underlying intent of our kids getting a college education is so that they can get a good job and make good money, hence have a good life. Is it working?

Is money a priority? Yes! If you want your kids to be successful in anything, you need to start them young and teach them right. Many parents think that money is an adult subject, and that kids should just be kids. Kids should definitely be kids—and money can be taught to kids in a way that allows them to manage it as kids, in a kid-friendly manner, that will help them develop successful money-management habits which will define their future success.

## **Misconception #3 Kids will learn about money in school!**

This one is a big NO — not so! With exception of a few lessons taught on what money is, maybe, how to write a check and how to balance a checkbook, personal finance is NOT taught at school. While learning these skills does have benefit, the real learning lies in managing real money. Even in college, money is taught only at the level as it pertains to accounting, economics or business, not personal finance and money management. Parents are role models and mentors. They have the most influence over kids—especially younger kids—in shaping their habits, beliefs and values, so just simply include money in what you are teaching them about life.

**Misconception #4: Kids already have too much to focus on!**

Kids do have school, homework and extracurricular activities such as soccer, dance, swimming, tennis and football—kids' lives these days are very busy. However, is it up to us, as parents, to decide what our kids learn and how they spend their extra time. If you are reading this article now, it is my hope that you make a firm decision and accept that money is important and should be a priority! You will be amazed at how seamlessly financial education and training fits into everyday life.

**Misconception #5: I already teach my kids by giving them an allowance and have them save part of it.** I will be introducing you to proper money management system soon. However, many parents pay kids a traditional allowance, but there are two significant reasons why this doesn't work:

1. The allowance, which represents their spending money, is too small.
2. If a savings program is attached, it usually is insignificant and marginalized to have any real value.

For example, a parent would say, "I give my 7-year-old an allowance of \$5 per week. She saves \$2 and uses \$3 as her spending money." While this is better than nothing at all, the \$5 you give to your child has no real meaning in today's valuation. Kids need to be paid in direct proportion to your income and lifestyle in order for it to have real meaning and for them to consistently follow a money-management system that is not part of a one-account, piggy-bank mentality of money. The purpose is to teach kids to be good money managers ... not just spenders or savers.

**Misconception #6: College education is the only key to a successful future.**

This is one of my favorite misconceptions as I talk about it all the time. A college education is important, and all parents should plan on sending their kids to college. However, a college education without a financial education will not only limit your kids' personal and financial success, but it may also have a huge impact on whether your child gets the great job they worked so hard for during college. While a college education will help your kids seek better paying jobs and make more money, in today's world, and in our country, the more money people seem to make on their jobs, the more "in debt" they become. Most of these same high-earners are trapped in jobs that are either extremely stressful to them or they completely hate; but because they are so financially tied they cannot think about leaving.

**Misconception #7: I can't teach my kids because I don't know how to manage my own money or I am too busy.**

Bottom line, we were never taught, but we can change that for our kids. No excuses. Learning to manage your money is simple and easy, yet powerful and your kids can start your kids on right away. Perhaps you will also learn new things for yourself as you teach your kids.

Final Thoughts: I can't tell you the number of times that I've heard parents say (when learning about my financial education programs and resources), "I wish I had that when I was a kid!" Do not let this be your kid's mantra as adults. Find the time, wisdom and determination to give your own kids the edge they need to succeed financially. You will be glad you did!

*Keshelle is the owner of Creative Wealth Bahamas, an organization whose mission is to put young people on the road to financial independence. As the only certified Creative Wealth Coach and Youth Financial Education on the country, her passion is to teach financial success so that that next generation will be responsible, knowledgeable and powerful when it comes to money! Send your comments and questions to [keshelle@creativewealthbahamas.com](mailto:keshelle@creativewealthbahamas.com) or visit her website for a list of articles, programs, events and resources. For a customized program or talk for your special event contact her at 341-5860.*