



Raising Money Smart Kids

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NO BETTER TIME TO TALK TO KIDS ABOUT MONEY

As our Bahamian economy worsens and the economies around the world continue to fail, this is an excellent time to teach your kids of any age about the importance of finances and money management. Times *are indeed* hard! Electricity, gas and food prices, among many others costs are extreme stressors for us today. Layoffs are happening left, right and center. *Bahamians are constantly seen and heard in the media worrying and complaining about the high cost of living and tough economic times they are now forced to deal with.*

Our kids are no doubt also feeling the pinch from this stressing economy. They are now expected to satisfy with receiving the bare necessities from their parents' shrinking budget. No more fast food lunches after school, endless desserts, or trips to the movies every other weekend – at least not for now. This situation may not be all that bad however. Parents should seize this opportunity to talk to their children about the value of money — and how to differentiate between `wants' and `needs. Chances are your kids have been hearing the word "recession" a lot lately. While your preschooler may remain happily oblivious, your interested teen may be a little different. It is best for them to learn something from you than to leave it up to the negative and depressing illustrations in media. So when you sit your kids down to talk, what do you say? Here are some suggestions:

You can start by **teaching them that everything in life is cyclical** — and that goes for financial markets also. Things go up and things go down. And then they go up again and down again. You can liken it to a wave which goes up and down, or to a glass of water you set down on a flat surface. If you knock the glass, the water is disturbed but, in time, it will once again level out. A good way to illustrate this is to enlist a grandparent to talk to your child about growing up during the Great Depression.

My international business counterpart, Elisabeth Donati, executive director of Creative Wealth International in Santa Barbara, California suggests that if you are personally impacted, don't try to sugarcoat the truth. She advises to be candid about your family's shaky finances — especially any mistakes you've made. "This is the best opportunity to share a lesson, and drive home a point that may be important to your child. It's never too early to emphasize that everything about money boils down to choice."

Start by explaining to them that the economy is in this position due to the choices of many individuals and have a discussion about those choices. Show them your pay stubs and bills to help them conceptualize where money comes from and how it is spent and try to relate it to the wider economy.

You should also aim to **lead by example**. It would be much easier for your kids to give up ballet and piano lessons if you have already cancelled your gym membership and cut out your morning visit to

the coffee shop. Also, instead of letting your child roam the candy aisles, use a trip to the grocery store as an opportunity to teach money management. If the current “crises” prompts you to clip coupons and make creative use of cheaper ingredients, show your child the ways in which you save. It’s important to also tell your kids that the upcoming holidays may be tight, and ask them to help prepare a more scaled-down wish list. Reassure them however by encouraging them to take action.

This is the best time to **encourage entrepreneurship**. They need to learn how they can earn money, how they can save and invest it. Talk about business ideas they may have, help them write up a little business plan. Running a lemonade stand is a classic example of youth entrepreneurship at its best -- and seeing something through from start to finish can be an excellent learning experience for children. Point out ways in which they can use their hobbies or skills to fill a need. Have a child who likes to bake? Suggest they make some cookies and cakes and sell to the family, friends and neighbors? This will help them develop skills that they would need when tough times hit them as adults.

Next, talk to them about **practicing smart saving**. There is no better time to teach the importance of smart saving than during tough times. Chances are you've set up your own savings fund that you can turn to in times of need, so why not have your kids do the same? If you haven't, this is a good time to prevent them from making the same mistake. They must also understand that change adds up. The coins they are saving today would value a pretty penny a few years from now. Make it clear that the money should be used for important purchases in their future, such as their first car, or to help others in need. Make them also understand that there's nothing fun about having to pay off debt when they could have money on hand instead of borrowing it - especially in these times.

Finally, as adults, the most important thing to do sometimes is to **turn off the TV**. I strongly believe in the philosophy that what we focus on expands and the more we listen to how terrible it is, the more terrible we are going to feel about it. As you reassure your kids that everything will work out in the end, you will feel more reassured yourself. Remember the age old saying that we all need to hear - “this too shall pass”.

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Send your comments and questions to keshelle@creativewealthbahamas.com.

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