

Teach Your Kids Money Fundamentals

**By Matthew Crider, JD
Family Wealth Protection Attorney**

Kids generally don't understand money innately, and until they learn that money must be earned and is in finite supply at any given time, kids are apt to develop a one-way relationship with money and become very good spenders. Those are tough habits to break. They can last into well into adulthood, and the consequences can be dire in the most serious cases.

It is never too early to start teaching your children about money. If they develop good habits and beliefs around money early on, life will make much more sense to your children later on, since so much of life requires an understanding and healthy relationship to money.

Slow Comprehension

Children are often cognizant of money long before they can add or subtract. They understand that parents trade money for goods and services, and many times children even connect the dots and conclude that money comes from the bank. If you have young children, don't assume they have no understanding of money. It's more important, actually, for you to find out what your children do assume about money and work to slowly correct misconceptions and instill appropriate beliefs. It will take time, but the rewards will be well worth the effort.

Naturally Good Savers and Big Spenders

It's pretty natural for kids to begin looking for and "collecting" money as soon as they realize that money can be traded for the things they love—candy and toys. How you manage that urge to find, save, and splurge will largely determine what type of money managers your children turn out to be.

Make the Most of Opportunities

When your children gain comprehension of the fact that money buys many of the things they want, you have the best opportunity to make an impact. For example, you can

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encourage your children to develop a mindset of abundance and the belief that in order to have money they must be a responsible steward and conduit of money.

One way to do this is to give your children an allowance, and require them to save part of it, give part of it away, and spend another part of it. When their savings reaches a particular figure, you can increase the allowance and the related giving and expenditures until it becomes second nature. And rather than sitting idly by while your children spend the entirety of their “free” money, encourage them to reach a little bit—to budget for bigger items and save in designated envelopes until they have enough for more significant purchases.

The point of these exercises is to teach your children to respect and use money so it serves them. You want to help them avoid developing an unhealthy “need” to have money just for the sake of having it or spending it.

Our Concern for Your Family

We are concerned for you and your family. That’s why we think about issues like the one addressed in this article. We are here to help you make sure that your family is protected, no matter what happens to you. If you have questions about how you can plan to protect your family, you should contact our office and schedule an appointment. We normally charge \$750 for Family Wealth Planning Sessions™, but if you mention this article by name when you call, we’ll waive that fee and meet with you for free.

About Matthew Crider, J.D.

Matthew Crider formed [Crider Law PC](#) in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.

