



Teaching Your Children about Money

Use these seven gospel-related principles to help your children stand on firm financial footing.

By Ashley B. LeBaron, MS

PhD candidate in Family Studies and Human Development, University of Arizona

And by E. Jeffrey Hill, PhD

School of Family Life, Brigham Young University

Money affects nearly every facet of mortal life: physical and mental health, educational success, marriage and family relationships—even spiritual health. If we want our children to succeed, they must learn to manage money well.

Research reveals that parents are the number-one source of kids' financial education.¹ Kids learn more about money from their parents than from school, media, peers, and work experience combined.

You might be thinking, "I am not qualified to be a financial educator." Well, to be frank, you are a financial educator whether you like it or not! No financial course can replace your ongoing influence.

"Too many of our youth get into financial difficulty because they never learned proper principles of financial common sense at home," noted Elder Joseph B. Wirthlin (1917–2008) of the Quorum of the Twelve Apostles. "Teach your children while they are young. Teach them that they cannot have something merely because they want it. Teach them the principles of hard work, frugality, and saving."²

Here are seven proven principles and practices that will help you as you teach your kids about money.³





1. FIRST THINGS FIRST

Use tithing to teach spiritual and financial principles.

Some of the most sacred gospel principles can be taught to our children through tithing:

First, consecration. Elder Robert D. Hales (1932–2017) of the Quorum of the Twelve Apostles taught: “The law of tithing prepares us to live the higher law of consecration—to dedicate and give all our time, talents, and resources to the work of the Lord. Until the day when we are required to live this higher law, we are commanded to live the law of the tithe.”⁴

Second, accountability. God gives us everything we have, including our money and material possessions, and we are accountable to Him. He is the owner, and we are merely the managers. This knowledge should inspire us to be better money managers and more generous.

Third, obedience. In our baptismal covenant we promise to keep the commandments (see Mosiah 18:10). Through tithing, the Church can use our money to bless God’s children. But it’s not just about money; it’s about the two great commandments: love of God and love of neighbor (see Matthew 22:37–39).

Paying tithing is also a great opportunity for children to practice their first financial calculations. Parents can help young children figure out 10 percent of various amounts—a penny from every 10 cents, 10 cents from every dollar—until it becomes automatic.



2. HARD WORK

Teach children to earn their own money.

To combat a sense of entitlement, it is vital to teach children to work hard. This will help them provide financially for themselves and their future family. There are many ways kids can practice hard work, such as chores, part-time employment, academic rigor, entrepreneurial endeavors (such as mowing lawns), and so on.

Much of the work we do in life is never compensated, at least not monetarily. Children should be encouraged to contribute to the home (such as by completing certain chores) simply because they are a member of the family. However, it is important for kids to learn the connection between work and compensation. Parents may consider giving kids the option to do extra chores for money.

Parents can also teach their children the spiritual value of work. Elder Neal A. Maxwell (1926–2004) of the Quorum of the Twelve Apostles said that “work is always a spiritual necessity even if, for some, work is not an

economic necessity. . . . I have not seen any perspiration-free shortcuts to the celestial kingdom.”⁵



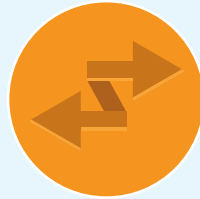


3. BUDGETING

Even five-year-olds can learn to live within their means.

The creation, implementation, and review of a budget is a critical financial skill that even toddlers can begin to make a habit. Parents can teach young children to use a basic budget: giving (tithing), saving, and spending. You can use a simple homemade bank with three slots. The *giving* money is paid as tithing, the *saving* money is deposited in a real bank account, and the *spending* money is used to buy something the child has been wanting—all with the child as involved as possible until he or she is old enough to do it independently. As children grow into adolescents with more financial goals, budgets will likely also grow in terms of amount and number of categories.

Budgets teach children to save and sacrifice for what they need and want. Whether it's a new toy or a college education, kids should learn to make and reach both short- and long-term financial goals. The best budgets are those that reflect the person's priorities. Talk with your kids about what they value, and help them develop their own budget accordingly.



4. CHOICES

Give children autonomy in managing their own money.

Children need both limits and latitude. For example, you might require them to save a certain portion of their money, but you might let them choose what to do with the rest.

It is inevitable that when you give kids opportunities to handle money, they will make financial mistakes. However, it is better for them to make those mistakes—and learn from them—at a young age when the consequences are not as big. It is very possible, for example, that 5-year-olds may make \$5 mistakes; 10-year-olds may make \$50 mistakes; 15-year-olds may make \$500 mistakes; and 20-year-olds may make \$5,000 mistakes.⁶ Which would you rather have them make? Apply Joseph Smith's principle: "I teach them correct principles, and they govern themselves."⁷





5. COMMUNICATION

Talk openly and regularly with children about finances.

Some parents may be reluctant to talk to their kids about money, especially about their family's financial situation. However, frequent and open parent-child discussion about finances is one of the primary ways children learn about money. When sharing sensitive information such as the family's income, make sure the kids are of appropriate age and maturity, explain to them why this information should not be shared with others, and then trust them. Share your financial experiences—good and bad—with them. Plan lessons and conversations and also teach impromptu (at the grocery store, at the bank, when filing taxes, and so on).

A good forum for financial discussion is family financial council meetings. These are great opportunities to create and review the family budget, teach children the costs associated with everyday life and running a home, and involve children in financial decisions (such as planning family vacations). Encourage questions about finances, and if your kids ask a question you don't know the answer to, find out answers together.

As you talk about money with your kids, remind yourself and them of the sacred gospel principles related to money. Money itself is neither good nor evil, but what we do with money can be either good or evil. Even taxes, investments, and insurance can become sacred when viewed through a gospel lens.



6. TO THE BANK

Facilitate real-world financial experiences for children.

We can't shield kids from money and then turn them loose at age 18 with a shiny new credit card and the prospect of student loans and expect them to succeed. We need to give our kids age-appropriate responsibilities and let them learn through their own experience. Whatever financial value or habit you want them to internalize, you can facilitate experiences where they can practice it now while still at home.

Here are some experiences you might facilitate for your kids:

- Help your children open a savings account.
- Show your children how to compare prices.
- Let children invest in or borrow from a “family bank” (that is, with parents acting as the bank); use a high interest rate, such as 10 percent, so kids can experience how interest builds.
- Help your adolescent children set up a custodial investment account.
- Let your children accompany you as you conduct your financial business (budgeting, going to the bank, grocery shopping, checking on investments, buying a car, and so on) so they can learn through observation and through your instruction.





7. RELAX AND LET THE SPIRIT GUIDE YOU

Happily, you don't have to be perfect with money to be a good financial educator to your kids. Do your best and invite the perfect teacher—the Spirit—to partner with you as you teach your children. They are not only your children; they are also children of a loving Heavenly Father. The Spirit will guide you as you teach these precious souls. Your righteous efforts will be an immeasurable blessing to them throughout their lives. ■



NOTES

1. See Antonia Grohmann and others, "Childhood Roots of Financial Literacy," *Journal of Economic Psychology*, vol. 51 (Dec. 2015), 114–33; Mary Beth Pinto and others, "Information Learned from Socialization Agents: Its Relationship to Credit Card Use," *Family and Consumer Sciences Research Journal*, vol. 33, no. 4 (June 2005), 357–67; Soyeon Shim and others, "Financial Socialization of First-Year College Students: The Roles of Parents, Work, and Education," *Journal of Youth and Adolescence*, vol. 39, no. 12 (Dec. 2010), 1457–70.
2. Joseph B. Wirthlin, "Earthly Debts, Heavenly Debts," *Ensign*, May 2004, 42–43.
3. These points are based on our research interviewing 128 emerging adults, 17 of their parents, and 8 of their grandparents about the teaching of finances in the home.
4. Robert D. Hales, "Tithing: A Test of Faith with Eternal Blessings," *Ensign*, Nov. 2002, 27.
5. Neal A. Maxwell, "Put Your Shoulder to The Wheel," *Ensign*, May 1998, 38, 39.
6. See Ashley B. LeBaron and others, "Whats and Hows of Family Financial Socialization: Retrospective Reports of Emerging Adults, Parents, and Grandparents," *Family Relations: Interdisciplinary Journal of Applied Family Science*, vol. 67, no. 4 (Oct. 2018), 497–509.
7. *Teachings of Presidents of the Church: Joseph Smith* (2007), 284.

