

Teaching Kids about Wealth and Money: Dos, Don'ts and Maybes
Oksana Yakushko, PhD & Charles Eckhart, PhD
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Common advice for UHNW/HNW parents is: be sure to teach your children about wealth and money! Whether using terms such as financial literacy or family wealth discussions, seemingly every single financial advisory group, family office, and financial services company emphasizes that parents should start teaching their kids about money and family wealth early, and continue throughout kids' lives. This outstanding advice often lacks simple and pragmatic advice on how to do so.

Notably, every group that researches this topic highlights that such conversations are not happening frequently or consistently enough, even if they occur. Numerous surveys by financial firms such as Merrill Lynch, Wells Fargo, and others find that very few wealthy parents actually teach their kids (systematically) about money or wealth. Other groups have found that many affluent young adults themselves report that they have very limited knowledge about wealth accumulation or its maintenance. Another strand in research shows that the "Now Gen" wealth owners believe their Next Gen inheritors are not ready or knowledgeable enough to receive the wealth transfer, and many Next Gen agree. It seems like research from every side of the parent-child aisle is consistent: learning about money management and wealth transfer among affluent families isn't happening in the way it should.

These challenges, like many challenges in parenting, are typically not intentional. In many families, especially culturally diverse families, money talks can be perceived as awkward or even vulgar. Many parents worry that their children are already at risk of growing up spoiled, and giving them more information about wealth could put fuel on the "entitled" fires. Other parents may believe that since *they* never learned about wealth or money but figured it out all on their own, their children will learn on their own. Yet others may think that since children are always around family wealth anyway, kids would just absorb the knowledge around them and be ready when they are ready.

Family wealth education (both formal and informal) is an important part of parenting but, like most parenting decisions, can feel complicated. Recognizing how much parenting advice affluent parents (like all parents) receive, the following ideas are among the most common "Dos, Don'ts, and Maybe's" that we and other experts have suggested for parents to consider. In general, we (and a diverse array of experts) suggest age appropriate conversations that build on each other over time, emphasizing trust and interconnectedness, which are attuned to the temperament of the child.

One essential preliminary point: we believe each family, parent, and child are unique –therefore it will be important consider what fits. What might work for other families and children may not suit yours. Thoughtful consideration, discussion with one's spouse and advisors, and progressive

conversations that build on one another (rather than all-in-one conversations) are most likely to set parents up for success.

According to diverse experts in this area:

- DO talk about money and wealth with your children, throughout their lives. These conversations may change as kids grow but children, teens, and young adults are trying to make sense of their world, and wealth is part of it. Avoiding discussions of money and wealth may silence their important questions, concerns and curiosity. Even when money may seem too abstract, children understand generosity, limitations, trading, sharing, and other concepts. Therefore, learning about these values from the beginning can set children up for easier conversations about money when they become possible.
- DO tell stories about how wealth was accumulated in your family. Tell them about how hard work, luck, ambition, cleverness, agency, character, good fortune, team work, and other qualities contributed to its accumulation. When it's time, tell them also about challenges, struggles, and bad decisions – kids have to learn about these to do well in the world. Seeing parents as “human” allows children to know that they will grow and progress in their capacity for stewardship overtime. They are in fact, the Rising Generation, not the Risen Generation.
- DO frame wealth as an opportunity and a responsibility, teaching stewardship and related values as central messages in conversations about money. Children of significant wealth can grow up with significant guilt in a world with much inequality. Emphasize wealth as a responsibility (to family, self, and community). Shared family values around entrepreneurship, philanthropy, and care for shared family resources can help ease some of these concerns, and also frames money beyond consumptive spending.
- DO keep in mind that kids' and teen's questions about money might not be about money itself: kids might pick up that their peers treat them differently when someone talks about how “freakin' rich” they are (no matter how affluent their schools, neighborhoods, and communities are, such differences do come up). Kids might be far more worried about being liked by their friends or being accepted than being given a lesson on wealth differences. Do use such opportunities to listen beneath kids' questions or worries about the money. Teens might feel tensions about their personal life struggles because they are given messages (often implicit) that they should not complain because they are “lucky” and “privileged” and “have nothing to worry about.”
- DO be consistent in your values: if you appreciate fine food, clothes, and lifestyle, talk with older kids and especially teens about how and why you enjoy these things, and have some consistent limits around what is appropriate for kids to want and have. Telling your children that they are being spoiled when they want somewhat the same stuff as you is inconsistent. Discuss how you have balance in your spending, including how or why you make certain financial decisions.
- DO get support for navigating parenting challenges, including with your questions about why you feel uncertain about money and wealth when raising your kids. Sullivan (2019) in the *New York Times* review described how wealthy parents avoid discussing money

even while they feel comfortable speaking with kids about drugs, sex, bullying, school expectations, stress and so forth. In contrast to Sullivan other experts stress that most parents struggle to talk to their kids about all manner of charged topics, whether money, sex or addictions. Parenting is often impacted by parents' own histories and worries about being good/bad parents. We recommend having trained family wealth professionals and psychologists as resources to help you think through what interferes with having conversations about money (or sex, drugs, or other loaded topics) with your children.

- DO make financial education, money discussions, and wealth conversations be a part of your relational family life with your kids. Certainly, kids can learn about wealth from books, webinars, games, apps, and hired professionals. But like all conversations with kids, parents have best chance of connecting with kids about their particular struggles with money or passing on family cultural values about it. Opening the doors for these discussions – to your kids' learning, curiosity, worries, and ideas— can enrich your family life and grow your connection and shared vision.
- “MAYBE'S” include: challenging decisions that require attention to your child's development, interests, or openness. Among the most common questions asked is what age to begin talking about money with kids. A difficult response is that there is no one agreed upon correct age. Attuned parents know when each child is ready to start learning more about money, and encourage parents to follow their children's curiosity. Such discussions should be age appropriate, and inspire curiosity rather than have them feel confusion, shame and guilt. Certainly, if your child is fascinated by macroeconomics, then you can follow their lead and let their interests lead the way. On the other hand, most kids might not want to play games of “markets” when they prefer to play ball or draw. For these children, finding ways to talk about how pencils are made, can more organically lead to conversations about business economics, than if the parent came in with a rigid agenda. In short: find ways to tie financial literacy into your children's natural interests. In short, the Maybe in all of this is how and when you start, and what you discuss.
- DON'T use a one size fits all approach with all children. Tailoring how you discuss wealth and values with your individual family relationships and the temperament of each child in your family is important. Some children will be more curious and naturally inclined towards financial understanding. Additionally, individualized culturally-sensitive approaches work best: in families where direct money discussions are not appropriate, money and wealth can be discussed in broader terms such as related to family business values, family legacy, or family future. In addition, in many cultures and communities, a focus on giving, especially for religious reasons, is strong: money and resources can be discussed in terms of tithing or other religious or cultural norms (rather than only as banking, stocks, and portfolios).
- DON'T gaslight kids, including young kids, about presence and influence of wealth in your life. It is confusing to everyone but especially children, when they see the impact of wealth on their family but are told that “money doesn't matter.”
- DON'T ignore your own complex history with wealth and money growing up, especially if you struggled (for example, you experienced high expectations about wealth

understanding without much support, or you faced accusations of being spoiled, or you grew up without financial resources, etc). Thinking through and talking to someone about your own history can help you navigate not giving mixed messages to your own kids or to clarify what it is you wish for them to know and understand that was same or different than you. Your own experience (what worked and what did not work) can guide you part way into tailoring your conversation with your children.

- DON'T include scare and shaming tactics with your kids such as telling them that if they don't do it right or learn it the right way, they will mess up the family legacy and will lose "all their grandparents worked for." Help kids understand, from when they are very young and throughout their lives, that money and wealth, like all aspects of life, can be exciting and fascinating but also complex and challenging. Kids and teens can also recognize that they can always ask for help. They can begin to meet professionals - people in their family life who help with all aspects of money management. Teens can be invited to become apprentices on varied family processes (e.g., investment, family business, philanthropy). Aligning with children and teens potential, and focusing on age appropriate competencies, rather than shaming them, sets them up for much better outcomes, and much more trusting relationships with the family.
- DON'T pretend to know if you don't know; don't give kids non-answers ("sure, money's important but there are people who manage it so you don't have to think about it"); and don't delay ("you can learn all you want about it in college"). Such responses, more or less, shut the conversation down for good.

Broadly speaking, the following advice is at the heart of most expert suggestions: thoughtful conversations, which are progressive in nature, are age appropriate, and consider the temperament of the child, set children of significant wealth up for confident learning about family wealth. Families who talk together about money and respect one another's diverse roles and responsibilities around wealth, will have significant opportunities for closeness, interdependency, and life long nourishing connections. When in doubt, seek out help from family wealth consultants who can help families navigate the complexities of wealth legacies and liabilities. These professionals can also embed education or support for children as part of progressive family governance strategies to integrate the next generation into the fold.

Excellent financial literacy advice and resources for parents and kids exists. We recommend the comprehensive options by the Family Office Exchange, which lists age appropriate financial literacy activities for UHNW and HNW families (<https://www.familyoffice.com/knowledge-center/fox-family-learning-handbook>), including games, apps, books, and more. Tamarind Learning also provides excellent resources.