



Thriving in Today's Times: Including Children in Limitations on Family Spending

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In tough times and in good times, all family members should be involved in making decisions about money. Children grow in understanding and self-worth when they contribute to the resolution of financial problems. Including children in decisions involving money both prepares them to become wise consumers and brings the family closer together (Consumer Federation of America). Including children in financial decisions can increase their appreciation for the financial challenges you face as their parent.

Understanding your own values about money is an initial step in preparing a plan to limit family spending (as outlined in ExEx14065, "Thriving in Today's Times: Sharing Values about Money"). Children and youth vary by age and developmental stage in their level of responsibility concerning money and finances, so keep this in mind when providing them opportunities to spend money to satisfy their needs and wants.

Preschool children. In the store, show the children two or three items, from which they are to choose one to buy. If after the purchase they are disappointed in their decision, do not give them more money—let them learn from their mistake. Help them understand the relationship between working to earn money and buying to satisfy their needs and wants.

Elementary and middle school children. Help them to understand about wise spending and savings. Let them help make some of the purchasing decisions when shopping

for the family. Ask teens and older preteens to assist in bill payment by making out the checks, or by addressing the envelopes, or with your close supervision, by assisting you electronically.

High school youths. In multiple nationwide teen financial literacy tests of high school seniors, teens "flunked" in their understanding of financial management principles (Mandell). Yet nationally, teens purchase billions of dollars of goods and services each year. They want and need opportunities for learning how to stretch and spend their money wisely. Give them experience in planning purchases, keeping records, and using credit sparingly. These experiences can go far to prepare them to be responsible consumers.

Children and youths will probably be the first to complain about the lack of money to buy the things they want. Keeping them engaged in creative activities (that utilize resources other than money) to help them learn about money management can be a challenge, but here are some suggestions from the Illinois Thrifty Living series:

- Save and wash food cartons (after consuming the contents) and open up a "grocery store" where children can pretend they are purchasing groceries for the family.
- Clip coupons with them (but only for items that you usually purchase).
- At the store, compare prices of different brands and sizes of the same item.

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- At two or more different stores, compare prices of items of the same size.
- Visit a thrift store. Prepare a scavenger hunt list and make a game of it!
- Instead of buying a greeting card, if the intended recipient is close to you, make a card and deliver it in person.
- Instead of buying expensive wrapping paper, make it.
- Instead of paying for a movie and refreshments, rent a DVD (or check one out from the library or borrow it from a friend) and pop your own popcorn.
- Learn how to cook without prepared foods, or learn to make a meal from what is already in the cupboard (as opposed to going to the store to purchase recipe items).

In guiding your children to accept limitations on family spending, be sure that they understand that even when times are better they cannot afford to buy everything they want. Let them know that you, an adult, cannot buy everything you want either.

Another tip is that children learn by practicing money management. Providing a regular allowance may cost you less than giving them money when they ask for it. Stick to guidelines about what expenses the allowance must cover—e.g., entertainment and school lunches plus 10% for savings. Do not fall into the habit of bailing out your children if they run out of money; they will fail to learn financial accountability.

Use good communication skills

The following guidelines for parents communicating about money with their children (Danes and Dunrud) are helpful in other situations:

- Guide and advise rather than direct and dictate.
- Encourage and praise rather than criticize or rebuke.
- Allow children to learn both by mistake and by success.
- Be consistent, while also taking children's differences into account.

- Include all family members in money-management discussions, decision making, and activities that are appropriate for their age.
- Explain to children both what they can and cannot do and the consequences of violating the limits.
- As children get older, increasingly include them in discussions of limits and consequences.
- Expect all family members to perform unpaid, routine household chores based on their abilities.
- Express your desire to have things you can't afford. But do not whine. Children need to know that parents say "no" to themselves too.

Situations that force changes in lifestyles can strengthen families and force them to improve their money-management skills. With a positive attitude and support of family members, families can overcome money problems.

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