

STEPHANIE SAYS



Children, Money & the Holidays!

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The holiday season is here and it's once again that time when children begin exerting financial pressures upon family members for gifts. These demands present an opportunity to teach our children good habits about spending and money.

It is more difficult today for children to grasp the concept of money as society has moved into using credit for their purchases. We are already using apps at some retailers to make purchases, and soon we will be using payment features on our phones to charge everything else.

In a child's eyes, buying things has nothing to do with money because they are not seeing the exchange of currency. Children will lack the awareness of what it takes to buy things unless parents or caregivers discuss money, and create financial lessons for their children.

TEACHING THE VALUE OF A DOLLAR

Many adults have varying views about earning an allowance. If you are one that resists giving an allowance, but you are wanting to establish good financial decision making for your children, I encourage you to consider this - in order to teach children the value of money and the importance of managing it well, they must be given the opportunity to earn it and make choices on how to spend, save, donate and invest.

My suggestion is to hold a family meeting where parents and children can negotiate a couple of points: 1. Agree on what chores will earn them money and 2. How much allowance will be earned? Make a list where the child can see the chores with the payment amount.

I also attach the money to the list in advance. Children are motivated by seeing the money they will earn with their commitment to their agreed responsibilities. Then check the work to ensure it was completed properly, then place their money in an "Earned Income" envelope. Now children will have their own money to make purchasing decisions.

This gives them the opportunity to see how expensive items can be, and how quickly money can disappear. We want our children to learn these lessons now, and not when they're older with more serious financial consequences.

AVOIDING THE SPOILED SYNDROME

If you have been known to buy too many gifts and feel like your children were unappreciative, then you know it's time to cut back and set limits.

You can do this by planning ahead with an established gift list. The bigger challenge is when family members overindulge our children despite our requests for less. Grandparents are known for this because they enjoy spoiling their grandchildren.

Furthermore, it brings grandparents great joy to see their grandchildren's faces light up with enthusiasm and excitement when showered with gifts. So, what should you do if gift giving is over the top?

Prepare: Create a list, or perimeters, around the gift giving. You may want to cap the gifts at a dollar amount, or give grandparents your child's wish list with items you're comfortable with.

Set boundaries: Set time aside to communicate your wishes to grandparents. A comment in passing like "remember, not as many gifts this year" probably won't work.

Plan a time to share your wishes to agree on a gift giving plan. You can do this by providing them with your child's wish list and ideas you've prepared. If there's something they are really wanting to get for your children, hear them out and maybe negotiate based on both of your desires.

For instance, "I know you want to give Johnny his first cell phone, and we don't feel he's old enough yet. We're comfortable with you being the one to give him that gift next year."

Or "How do you feel about getting these items on her wish list and then contributing the rest of what you would spend toward a savings bond or prepaid college fund?"

BALANCE RECEIVING GIFTS WITH APPRECIATION.

If parents are concerned about children being spoiled then incorporate some lessons of giving and showing appreciation. Create a time each year for you and your children to clean out and choose toys/clothes to donate to charity.

Talk about how children less fortunate will enjoy what they are no longer using. You can also teach your children to write thank you notes to show their appreciation for the gifts they received. Younger children can do this by drawing a picture, and parents can include a photograph of the child's smiling face with the gift.



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