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MARKET MATTERS: 'Back to School' means financial education for everyone

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Autumn is well underway, and for millions of students that means the first set of exams — and parent-teacher interviews — is just around the corner. This is a perfect reminder that education around finances needs to be addressed, as well.

The world of finance is seeing shifts brought on by technology that could change the way many people do business in coming years, and “fintech,” or financial technology, is being addressed by many schools.

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Staying current with technological advances may be important indeed, but I believe a holistic approach to finances should be a higher priority. Financial education can start early, in the home, with parents giving simple lessons. Why is it important to have a job and earn money? What is a bank account and how does it work? Should you save your money or spend it? These are very basic concepts that are not being taught in schools, yet can lay a foundation for lifelong financial success.

Here are a few ideas to keep in mind as you consider teaching your children financial lessons:

Overcoming typical reluctance to talk about money should be an initial step. Many parents may feel reticent about discussing finances with their children, but I am a firm believer in having open and honest communication about finances is a must.

But before you begin teaching you children about finances, consider your own values about wealth: your own spending habits. Spending habits may be a much stronger message than what you actually say; for example, your lifestyle, your house, your car, and the nature of your vacations provide your children with not-so-subtle clues to family wealth and could suggest conspicuous consumption which would prove hypocritical to the message you are trying to teach your children. So, as you begin talking with your children about finances, provide context on the purchases you've made and continue to make.

Encourage your children to formulate their own opinions about money. For example, if your child asks you, “Are we rich?” you could respond, “Everyone has a different definition of what it means to be rich. What does it mean to you?” Helping your children think independently about the real meaning of wealth and happiness may lay a groundwork for their future goals.

As a general rule, conversations are much more effective than lectures. The focal point might be your family's values and what you as a family hope to accomplish with your wealth. Is charitable giving important to your family? What form does it take? Instilling the importance of giving back to the community at a young age can be beneficial.

To truly get the message across, consider living, not just speaking, your values. For instance, if you want to teach your kids about budgeting, saving, and making choices about spending, give them an allowance

that they and they alone control. They will quickly learn how to manage their own money if, for example, they don't have enough saved for a coveted purchase.

If you are trying to teach the importance of philanthropy, encourage your children to find creative ways to give back, perhaps through a lemonade stand or bake sale. Or, bring your children to volunteer at a community organization, such as a soup kitchen or seniors' residence, and let them experience giving firsthand.

Teaching kids about wealth and money is an ongoing dialogue, not a one-time conversation. As they grow in their responsibilities, their priorities and relationship with money will change, as should conversations about how to manage it.

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