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PERSONAL FINANCIAL PLANNING

## Many parents failing to educate children about money

BY KEN TYSIAC  
AUGUST 9, 2012

Many children aren't learning much about money from their parents, a new survey shows.

Three in 10 parents never talk to their children about money or have had just one big talk with their children on the subject, according to a U.S. telephone survey conducted for the AICPA by Harris Interactive.

On average, children are 10 years old when their mother or father has their first conversation with them about money, and mothers are more likely to talk with children about money at an earlier age than fathers, the survey showed. Just 13% of parents surveyed talk daily with their children about financial matters.

Sixty-seven percent of parents surveyed strongly agree that they know enough about personal finance to teach their children good habits. Yet parents participating in the survey were more likely to have talked to their children about other important topics, including:

- The importance of good manners (95%).
- The benefits of good eating habits (87%).
- The importance of getting good grades (87%).
- The dangers of drugs and alcohol (84%).
- The risks of smoking (82%).

This week, Federal Reserve Chairman Ben Bernanke said early financial education is important for individual well-being and also the economic health of the United States.

"Based on our findings, parents seem more concerned about the politeness of their children than their financial fitness," Ernie Almonte, CPA, vice chair of the AICPA's National CPA Financial Literacy Commission, said in a statement. "Dollars and cents should get the same attention as 'please' and 'thank you' at home. Financial education builds critical skills that help put life goals within reach and strengthen the economy. Parents must make financial lessons a priority in both conversation and action as early as possible."

Almonte, who is also a past AICPA Board chairman, said it is important to teach children the right lessons about financial responsibility, and said that in his work he has encountered financial misunderstandings that people have held for decades.

The National Financial Literacy Commission offers the following tips for parents in educating their children:

**Start early.** As soon as children are able to express a want, discuss basics like delayed gratification that are the foundation for budgeting and saving for a goal. Require children to save some of their birthday cash and money earned in after-school jobs. Give them small jobs to earn an allowance to pay for toys or other wants. Make saving fun by giving them a grocery list, and have them clip coupons and comparison shop by reviewing store fliers. Split the savings with them to reward their effort.

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**Speak in their terms.** A child might not care about money for college and may be more interested in money to buy a toy or spend with their friends. Create teachable moments around things your children care about. Also, show them the statement for their college savings account to build an understanding of compound interest and saving toward a long-term goal. The real learning will occur when your child

tries to figure out how to earn and save for a toy or other item you decide not to purchase for them.

**Repeat often.** The more you discuss good financial habits, the more likely your child is to make them a part of their daily life. During dinner, talk about saving for a big purchase, such as a family vacation, and how it might affect the budget. Show them your pay stub to talk about taxes and saving for retirement, and review their savings account and college account statements with them.

**Walk the talk.** No matter what you say to your children about money, your actions are even more important. If you cave in easily when they make a fuss over a toy at the store, you will have difficulty convincing them to delay gratification and stick to a budget.

For more information on financial education and responsibility, visit the AICPA's 360 Degrees of Financial Literacy [website](#).

—**Ken Tysiac** ([ktysiac@aicpa.org](mailto:ktysiac@aicpa.org)) is a JofA senior editor.

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