

Tough Times: Talking to Your Children about Money

The American economy is quite scary these days, with inflation rising, home prices slumping and weekly family grocery and gasoline costs growing. Many families coping with higher monthly living expenses have scaled back plans for summer vacations, camps and extracurricular activities.

A rocky financial period, though, is a good time for families to reevaluate their budgets and even teach the kids a few things about money. Mom, Dad and Junior can scrub the household budget together, questioning everything from daily lattes to DSL broadband internet connections.

Adults frequently become so preoccupied with money problems they forget that tough times have an emotional, as well as a financial, impact on their children also. Children depend on their parents for emotional security. When parents are tense, upset and inattentive, children notice and their sense of security can be affected.

Reduced income can mean sudden lifestyle changes for the entire family. There's less money to spend, so decisions must be made on how to spend what's there. It also may mean other family members must find jobs or work more hours to make ends meet. This can result in less family time for everyone. It also may involve a move for the family. What ever changes tough times bring, all family members feel the impact. Discussing these feelings and concerns *as a family* is important.

The following are some tips for families going through tough times:

- Don't keep income loss a secret from children despite the urge to spare them or "save face," but remember the age and level of maturity of your children. Do not overburden small children with minute details of where the money is going. Provide children with information about the family's situation in a way that is within the child's understanding. It might be enough to just state that "money is tight and we are not going to be able to do some of the activities we used to do as a family."
- Be sure to have some free fun things in your tool kit that could replace expensive outings.
- Have a financial night with your children and depending upon their ages, really talk about family finances. "This is the amount of money we have and these are our options" can be the beginning of your discussion with older children.
- Cost-saving things that everyone can do to help with family expenditures can be as simple as tuning off lights, televisions or other electronics not in use. Taking shorter showers will save water and electricity. Turning down the air conditioning thermostat to 78 can also save money on your electric bill and making one grocery trip a week can help cut back on your gasoline bills.

Finally, remember family communication has two parts – talking and listening. Each must occur for communication to be successful. As families undergo changes in their lives, they need to talk about them. This includes adults and children. According to Gerald Kaplan, Harvard psychologist, people who are not ashamed to express fears, anxieties and sorrow and to seek help from others, deal with crisis the most successfully. Children who learn this at a young age will be more like to cope with stress as adults.

References:

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