

# Kids can cope with money issues



By Web Bryant, USA TODAY

## If you're in financial trouble, you might want to lay it out for them

By Sandra Block  
USA TODAY

Talking to your kids about sex is easy, especially if you have cable. Talking to your kids about money, though, is often difficult.

The roots of this discomfort run deep. Some adults were raised to believe that it's tacky to talk about how much money they make. Others want to shield their children from financial worries.

But if you're having a hard time paying the bills, hiding your struggles from your children is a mistake, says Olivia Mellan, a psychotherapist and co-author of *Overcoming Overspending: A Winning Plan for Spenders and Their Partners*. "Trying to prevent your kids from experiencing any pain is not really the best way to be a parent."

Your children will probably figure out something is wrong whether you tell them or not, says Howard Dvorkin, founder of Consolidated Credit Counseling Services in Fort Lauderdale. "If you don't address it straight on, they really start to imagine things, and they'll imagine things for the worst," he says.

Dvorkin and other financial education pros recommend convening a family meeting to discuss the state of your finances. Some tips on how to organize an effective family confab:

► **Stay positive.** Reassure your children that even though you're going through some financial troubles, they'll still have a place to sleep and food to eat, Dvorkin says. If you lost your job, tell them about your plans to look for a new one.

Convey to your children that you have matters under control, says Christy Buchanan, a psychology professor at Wake Forest University. "Kids look to their parents to protect them," she says. "The reason it's important for kids to feel that parents are taking care of a situation like that is because kids don't know what to do."

But in your efforts to reassure your children,

don't make promises you can't keep. Don't tell your kids that they'll never have to move if there's a chance you'll lose your house, Buchanan says. Even if you're facing some major lifestyle changes, she says, "Parents can give confidence that the most important thing in our life is our relationship with each other and the time we spend together."

► **Keep the conversation age-appropriate.** For young children, provide plenty of reassurance, but give them concrete examples of how the setback will affect their lives, says Susan Beacham, founder of Money Savvy Generation, a Lake Bluff, Ill.-based company that makes personal finance products for children. For example, you might explain that they won't go to bed hungry, but they may not be able to go on vacation this year.

For tweens and teens, you can be more specific, Beacham says. Ask them to help you prioritize the family's needs vs. its wants, she says. Explain that because you've had a cut in pay, you may need to cut their allowance, too.

You may get some resistance from adolescent children, but don't succumb to guilt, Beacham says. "A way to really screw up a 9- to 12-year-old is to start to apologize for what you can't give them," she says. "It's very empowering for them to be part of the process. If you apologize, you're a victim, and they're a victim."

► **Come up with an action plan for the entire family.** Even young children can help save

money, says Paul Golden, spokesman for the National Endowment for Financial Education. "It can be very simple things: 'We need to conserve energy so we need to limit the amount of time we watch TV,'" he says.

Older children can help by performing chores that you used to pay someone to do, such as yard work or babysitting younger siblings, Beacham says. If they participate in a sport or hobby that costs money, ask them to get a job that will cover those costs, she says. "You may find out that the sport or hobby you've been supporting is not really as compelling to them when they need to earn money to support it," she says.

### A tricky topic

Many parents are uncomfortable talking to their children about money, according to a recent survey by ING Direct:

► 39% are more prepared to talk about alcohol and drugs with their children than money and finance.

► 29% are more prepared to talk about dating and sex than money and finance.

► 95% believe financial education should be taught in school.

Source: ING Direct

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### How much to share

It's not necessary to tell your children how much money you make or how much you made before your recent setback, Beacham says. But parents should provide their children with a write-up of family finances that shows how much is coming in and how much is going out, she says. That's "a much more concrete lesson for a child," she says, than showing her your W-2.

If your children ask how much money you make, "You should take those questions seriously," Golden says. But he agrees that sharing your salary isn't particularly meaningful. Showing your children the household budget and explaining how they can contribute "is probably a better ap-

proach," he says.

The upside to this downturn is that children could emerge from it with better money-management skills, Mellan says.

"Learning that they can't get what they want when they want it is a very important life lesson," she says. "We live in a spendaholic adolescent culture. The sooner we teach those lessons to our kids, the better."