

# The New York Times

WEALTH MATTERS

## For Grandchildren, the Gift of Financial Awareness



Nathan Weber for The New York Times

Susan Beacham, chief executive of Money Savvy Generation, created four-chambered banks shaped like pigs, soccer balls and footballs to help children think about using money to spend, save, donate and invest.

By [PAUL SULLIVAN](#)

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**THIS** is the time of year when many grandparents struggle to figure out what to get their grandchildren for the holidays — and many parents, stuck in the middle, worry that those presents will be too indulgent. Instead, a group of financial educators is advocating that grandparents, with their children’s support, give their grandchildren the gift of financial awareness.



### Wealth Matters

Paul Sullivan writes about strategies that the wealthy use to manage their money and their overall well-being.

“Grandparents are looking for opportunities to interact with their grandchildren, so why not add financial literacy to their repertoire?” said Susan J. Bruno, a certified public accountant and co-founder of CollegeDivaCFO.com, which aims to educate college-age women about financial matters. “They want to be taught. It just has to be relevant in the moment.”

Most grandparents, she said, have an advantage over parents: They can talk more freely with their grandchildren and, in return, their grandchildren tend to open up to them.

The fear, of course, is that grandparents are going to meddle and make life more difficult for their adult children. This can certainly happen — just as easily as grandparents can give their grandchildren all the big-ticket items that their parents say the grandchildren themselves should be saving money for. But many busy parents need someone to help them.

“Parents are overwhelmed by all their responsibilities when it comes to raising a child and doing it right,” said **Susan Beacham**, chief executive of **Money Savvy Generation**. “Why not take this help?”

“Some parents fear they are handing their children over to their grandparents and they’ll never get them back,” but that is nonsense, she said. “What I tell adult parents is at the end of the day, the most impactful teacher in a child’s life is you,” she said. “Don’t worry if your parents get involved and go astray, because you’ll have the final word.”

This sounds wonderful. But how should it be done? Here is a little nonshopping holiday guide for grandparents looking for ways to connect with grandchildren about financial matters.

Of course, it all starts with a conversation, but the form that talk takes matters. The Rev. Davis Fisher, an Episcopalian minister, a former private banker and the grandfather of eight, said he was always fascinated with how people lived with money — not how they made, invested and spent it — from his time as a local minister on up through his career in business. When he became a grandfather, he felt it was important to talk to his grandchildren about this and to have deeper conversations with them than how their day at school was.

With their parents’ consent, he started giving his grandchildren “money savvy pigs,” which Ms. Beacham created to show children the four uses of money: save, spend, donate and invest. (She now has a cow, as well as a football and a soccer ball for older children.) He asked them to divide their allowances into the four categories, and they would talk about those decisions at their regular breakfasts.

With his granddaughter Morgan, he said, they discussed the different words on the pig, and that led to broader discussions about what she was overhearing from her parents and friends about money. A memorable conversation was about why her friend got \$10 a week when she got only \$8. (Maybe she had more things to pay for, he told her.)

“Kids pick up on all the money stuff, but they don’t have any context for it,” he said. “They just know there is a lot of emotion around it.”

He didn’t push the subject, but instead waited for it to come up. “We were talking about money topics and it would be very focused,” he said. “But we were talking about other things, too. It was, ‘Let’s go out and spend a little time talking.’ ”

When she was 8, he said, he brought up the idea of giving away some of the money in the donate part of her bank. She had \$30, and he threw in \$100 for the “Morgan/Papa Philanthropy Fund.” He then gave her a copy of the Episcopal Relief and Development catalog, which lets people pay for specific things to help people in developing countries, like a flock of chickens, mosquito nets or vocational training.

At their next breakfast, she told him she wanted to donate a latrine. “I was dumbfounded,” Mr. Fisher said. “I thought she’d want to buy a cute little goose.”

Instead, she explained that she had learned in school that clean water was important. The only problem was that the latrine cost almost twice what she had. That gave him the idea of suggesting that she write to family members who might want to donate to her cause. He then called them all to make sure they gave small amounts.

She ended up raising more than she needed, and she received a thank-you letter from the relief agency in return. “Now she’s 14, and it’s in her bloodstream,” he said. “You don’t get carried away, but you give.”

A less formal, more situational approach could be just asking grandchildren questions throughout a normal day out. “Have you ever asked your grandchild how money comes out of an A.T.M.?” said Peg Eddy, president of Creative Capital Management. “Explain if you take the grandchild out to lunch why you’re leaving money on the table as a tip.”

This, she said, is a good way to model behavior. And more situational discussions might also open up an opportunity for that crucial childhood conversation between a need and a want, she said.

Ms. Bruno said field trips worked for grandchildren of all ages, even if they were to visit a financial adviser or an accountant. To make the trip special, she said, grandparents could suggest skipping school for a day or taking a train trip into the city. The central point, though, is “to explain that everyone needs a financial team,” she said.

She also encouraged grandparents to create a financial memory bank with their grandchildren. Where did they struggle or fail? What did their first car or house cost? Why did they decide to go back to school while working with a young family?

“I’ve seen it be life-changing for the family dynamics,” she said.

With grandchildren who have summer jobs, Ms. Eddy said, grandparents could propose some sort of match for the dollars earned, perhaps by putting an equal amount into a Roth I.R.A. for the grandchild or contributing to a savings account, perhaps toward a car.

While grandparents may go overboard with gifts, they can just as easily make mistakes with advice.

“I think of the grandmother who finds out the kid is saving for a bike and writes a check and says, ‘There, you’re done,’ ” Ms. Beacham said. “Or there’s the grandparent who forgets that this is not their primary responsibility or who doesn’t understand that by partnering with their adult children, they’ll have success.”

Yet there are subtler mistakes — like the grandfather bent on teaching his grandchildren about investing above all else when the grandchild couldn’t care less about it.

“We know that doesn’t work,” said Joline Godfrey, chief executive of Independent Means and author of “Raising Financially Fit Kids.” “If we don’t engage them first by developing context around money, we’re not going to get them to a stage where we can talk about skills.”

She said she encouraged grandparents to reframe the conversation around what was valuable to their grandchildren and not try to teach them a specific skill like stock picking.

The same goes for gifts meant to encourage investing.

“If it’s, ‘Here’s this piece of stock,’ and it doesn’t go any further, it’s a missed opportunity,” Ms. Godfrey said. “The grandparent needs to understand that unlike a gift that is a toy, this isn’t a single gift but a process.”

Where the money to buy that stock came from and what could happen to the stock’s value over time can expand a grandchild’s understanding of money.

Ultimately, it’s up to the parents to be involved in teaching their children about money. “But what grandparents can do,” Ms. Beacham said, “is strengthen your money message.”

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