

How to Raise Financially Savvy Kids



Young adults today aren't leaving the nest. In fact according to The Pew Research Center, 1/3 of adults between the ages of 18-34 live with their parents. According to research published by the University of Arizona 50 to 60% of young adults with a high school diploma report that they get financial help from their parents, up from 30 to 40% in the mid 80's. Lets take a look at what proactive steps you can take to raise financially savvy children.



Start Young

Start when your children are young by talking openly about money with them. You have to lead by example when it comes to living within your means. Give them an allowance so they learn to save for the things that they want and think critically about their purchases. Show them how to think about money logically and turn wealth accumulation into a game (EG/ if you make 20 dollars mowing lawns I will double it.) Teach them how to use their allowance to create more money (staying with your example/ buy a lawnmower and start mowing lawns) instead of spending it all.

Financial Literacy

Teach your children to pay bills on time and save money. Help them to set up a high yield savings account and a no-fee checking account. Lead by example and remind them of the importance and perks of having good credit. Instill in them the understanding that it is impossible to get ahead financially by living beyond your means. Help them to create a basic budget. There are some great apps that can help with this- including Mint, PocketGuard, Mvelopes and more (see this article for information on the best budgeting apps to download in 2018 <https://www.thebalance.com/best-budgeting-apps-4159414>)



College Planning

Start discussing college planning as early as possible. 529 Accounts are a great option to grow your savings to help pay for college. Communicate with your children when it comes to scholarships, loans, and their expectations of what you are able to help with. Ditch the lottery mentality when they are young and show them how to plan for the future they want to create.



Credit

Talk to your children when they are young adults about credit. Predatory lending practices in the credit card industry (picture tables set up on college campuses offering 18 year olds a shiny credit card with a

\$1,000 limit) have slightly decreased in recent years, but it's still important to talk to your children about debt and credit. Show them that credit is not bad, in fact establishing credit is a vital part of financial success. Teach them to pay off card balances each month and to use their credit cards responsibly. Warn them against high interest store cards that tend to charge egregious interest rates and very high late payment fees. For more tips on how to build credit check out this article:

<https://www.nerdwallet.com/blog/finance/how-to-build-credit/>.



Leaving the Nest

What do you do when your new college graduate lands a job that doesn't quite cover his or her living expenses? It's always a good idea to make sure that your child has a plan in place. Get real with them about budgets- ask them to create a monthly expense spreadsheet and share it with you so you can help them to live within their means. Be explicit about what you are and what you are not willing to help with, but always have an end game in sight. Put their plan down in writing. Help them to set specific, measurable, attainable, realistic and timely goals. Form a united front with your spouse, set limits, and follow them.

I hope that this article has given you some ideas on how you can change the conversation about money in your household. Debt, credit, income and expenses should not be a taboo topic. If we teach our children how to be responsible from an early age, we can help mold them into successful, well adjusted, financially independent adults. For more articles and information please visit Suzanne Heron on linked in by clicking the button below.

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