
FINANCIAL FREEDOM

TEACHING YOUR KIDS ABOUT MONEY *workshop*

EQUIPPING PARENTS TO PREPARE
THEIR KIDS FOR LIFE!



Financial Freedom TEACHING YOUR KIDS ABOUT MONEY Workshop
Equipping Parents to Prepare Their Kids for Life!

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FINANCIAL FREEDOM
MINISTRIES



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FINANCIAL FREEDOM

TEACHING YOUR KIDS ABOUT MONEY *workshop*

EQUIPPING PARENTS TO PREPARE
THEIR KIDS FOR LIFE!

TOPICS:

- 8 Keys to Raising Financially Healthy Kids
- 3 Stages of Your Child's Development



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SESSION 1 – INTRODUCTION

Q: What can you spend your time doing that will matter 50 years from now?

A: Teaching, training, and preparing your kids for life.

Why Teach Kids about Money?

- Before we can successfully parent our kids from a financial perspective, we need to know why we should passionately care!
- The future of our kids is at stake!

You can never start too early teaching your kids about money!

THE CURRENT STATE OF KIDS AND MONEY

- Two year olds are identifying name brands
- Kids influence their parent's spending
- Many teens are "clueless" about interest charges
- Age 18-25 are the fastest growing group filing for bankruptcy
- College students are overwhelmed with credit card debt
- Adult-aged children continue living with their parents



In 1970, a majority of college freshmen said their number one objective was to develop a meaningful philosophy of life. Today's freshmen say that their number one objective is to become well off financially.

PARENTS NOT PREPARING THEIR KIDS

- Kids know that money is an emotional “flash point” with many parents and one of the hardest topics to discuss with them.
- Parents too often sacrifice preparing their kids for the future in exchange for making them happy—and accomplish neither.

But . . . there is hope!

A PARENTAL “WINDOW OF OPPORTUNITY”

You have, in essence, a “Right of First Refusal” to model and teach your kids about money. Of all the potential influences in your kids’ lives, who better to teach them about money but you? However, if you don’t accept the challenge, the culture will gladly assume the job.

- Friends
- Media
- Advertising
- Cultural Fads

REFLECTING ON YOUR ROLE AS PARENTS

- Would you be satisfied if your kids grew up handling money the way you do?
- What example of handling money do you *want* your kids to imitate?
- What example of handling money do you *not want* your kids to imitate?
(Focus on specific areas for improvement.)



Take a minute to jot down some thoughts:

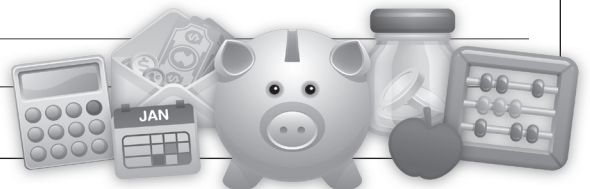
What do you want your kids to imitate?

What don't you want your kids to imitate?

| | |
|---|---|
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|---|---|

**Training your kids about money now . . .
will change their futures!**

**A vitally important question . . . How well
are you preparing your kids?**



SESSION 2 – 8 KEYS TO RAISING FINANCIALLY HEALTHY KIDS

What Are the 8 Keys?

1. Model healthy finances
2. Prepare them for “battle”
3. Protect them from materialism
4. Stress ownership and ramifications
5. Teach them how to budget
6. Stress work as normal and healthy
7. Model generous living
8. Show them God’s perspective of money

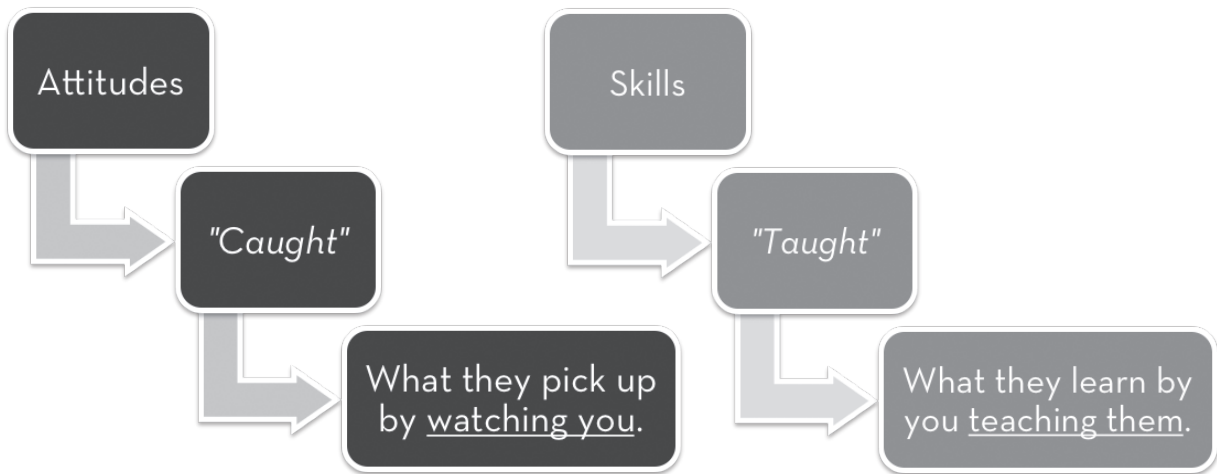
KEY #1 – MODEL HEALTHY FINANCES

- This is the critical foundation for successfully teaching kids about money and values
- Kids say they learn about money from their parents
 - Positive or negative?
- The “Good Intentions Gap”
 - 42% and growing!

**“The way to train up a child
in the way he should go . . . is to go there first.”**

– Abraham Lincoln





We must do both well!

- Effective teaching and training must involve both attitudes and skills
- Parental “talk” must match the “walk”
- Kids are too smart to buy into what is not consistent in the lives of their parents
- How are you doing in this regard?

Our Mission as Parents

Teach them to fish . . . not just give them a fish.

Deuteronomy 6:6-7 (NLT)

*You must **commit yourselves** wholeheartedly to these commands that I am giving you today. Repeat them again and again to your children. Talk about them when you are at home and when you are on the road, when you are going to bed and when you are getting up.*



Helpful Specifics

- Never argue about money in front of the kids
- Clear message . . . Our family is unique!
- Teach a million small lessons
- Admit your own past failures . . . (kids don't want perfection, they want sincerity)
 - Lifestyle excesses
 - Consumer debt
 - Lack of savings
 - Hypocrisy

Parents as Role Models

- Be comfortable and confident setting firm limits!
- Build confidence in your kids
 - Praise and encouragement
 - Firmness and conviction
 - Knowledge
 - God's perspective
- Be the example you wish you had!

**Be role models . . .
confident and “in control.”**



KEY #2 – PREPARE YOUR KIDS TO SURVIVE IN A HARSH FINANCIAL WORLD

Kids need to know how hard life can be.

- Adult financial life will be harsh!
- Engage kids in understanding:
 - Debt and credit cards
 - Savings, interest and investments
 - Insurance and mortgages
 - Paying bills

Dangers are waiting in the adult world for kids who go there unprepared!

Emphasize the Long-Term View

- The lingering cost of every dollar spent
- Don't shield kids from harsh financial realities
- Understand the danger of bribing kids

Engage kids in real life stories of financial success and failure!

Give Allowances

There are two allowance methods and they each reflect the “real world.”

- Paycheck method
- Commission method



Paycheck Method: Models being a salaried employee who works in exchange for a regular paycheck

- Ramifications of not meeting job expectations
- Earning money not always pleasant
- A paycheck often requires doing difficult things

Commission Method: Models generating your income based on how well you perform your job.

- Ramifications of missing targets
- Pay based on performing job well
- Income requires pushing yourself to excellence

Successful Basis for Allowance

- Have a well-constructed, written plan
 - Employment contract
- Commit time
- Be patient and consistent
- Pay kids on time!

A Question about Allowances

How will you structure allowance in your home (paycheck, commission, or a combination)?



Three Types of Household Chores

1. *Mandatory Chores . . . For No Pay*

Viewed as a normal part of being in the family

- Unloading the dishwasher, setting the table, taking out the garbage, keeping room clean, etc.

2. *Mandatory . . . With Fair Pay*

Normal family responsibilities but paid fairly




- Mowing the lawn, sweeping the garage, washing car, etc.

3. *Voluntary . . . With Fair Pay*

Optional ways to make money with fair pay

- Weeding the garden, painting, washing windows, etc.
- Plentiful number of jobs available at all times

Rules for Payment . . . Laid Down in Advance

| | | | |
|---|------------------------|---|-----------------|
|  | Half-done job | = | No pay* |
|  | Poorly done job | = | No pay* |
|  | Job well done | = | Fair pay |

Give plenty of intentional praise for a job well done!

* Specific feedback on how to do better.




Encouraging Your Child's Good Work Ethic through Earned Allowances

- Create a detailed list of jobs

Proverbs 19:18 (NLT)

Discipline your children while there is hope . . . otherwise, you will ruin their lives.



MY Chore CHART

| Chores to do | S | M | T | W | T | F | S |
|--------------------|---|---|---|---|---|---|---|
| 1 Clean Your Room | | | | | | | |
| 2 Sweep the Patio | | | | | | | |
| 3 Dust Living Room | | | | | | | |
| 4 Vacuum | | | | | | | |
| 5 Walk the Dog | | | | | | | |
| 6 Set the Table | | | | | | | |
| 7 Homework | | | | | | | |

Rules for Payment: Your allowance may only be given after everyday chores are accomplished and your mom and dad approve the quality of your work.





AGE APPROPRIATE Chores

Ages 2-3

- Put toys away
- Stack books on shelf
- Place dirty clothes in hamper
- Throw trash away
- Fold washcloths
- Set the table
- Get diapers and wipes

Ages 4-5

- Feed pets
- Wipe up spills
- Make the bed
- Straighten bedroom
- Sort clean silverware
- Use vacuum
- Clear kitchen table
- Dry and put away dishes
- Disinfect doorknobs
- Put groceries away
- Empty trash cans replacing bag

Ages 6-7

- Fold towels
- Dust mop floors
- Empty dishwasher
- Match clean socks
- Weed garden
- Rake leaves
- Make salad
- Replace toilet paper roll
- Take trash to outside cans

Ages 8-9

- Load dishwasher
- Change light bulbs
- Wash laundry
- Hang or fold clean clothes
- Dust furniture
- Sweep patio
- Wipe off table
- Wipe down countertops

Ages 10-11

- Clean bathroom
- Deep clean kitchen
- Prepare simple meal
- Mow lawn
- Bring in mail
- Do simple mending
- Peel potatoes or carrots
- Clear off porch

Ages 12-13

- Mop floors
- Change overhead lights
- Wash and vacuum car
- Trim hedges
- Paint a wall
- Shop for groceries with list
- Cook complete dinner
- Bake bread or cake
- Do simple home repairs
- Wash windows
- Iron clothes
- Baby sit

KEY #3 – TRAIN YOUR KIDS TO AVOID THE DANGERS OF MATERIALISM

Materialism . . . A Dangerous “Disease”

- Kid’s have weak immune systems to Viral Materialism!
 - Confusion between *needs* and *wants*
 - Few tools to resist peer pressure
 - Poor financial literacy . . . never been taught
 - Dangerous “culture-based” view of *normal*

**Parents must fight this
disease before it takes hold!**

A Question about Materialism and Your Child

How have you specifically observed the effects of the culture and materialism on your child’s perspective on money, spending and priorities? Write your answer on the lines provided below.



Parents Taking a Stand Against Materialism for Their Kids

- Joy in the tension of limited resources
 - You can't have it all
 - Don't rob your kids of the thrill of overcoming scarcity
 - Over-saturation destroys your child's joy
- Are we buying completed puzzles?

**A difficult concept for parents to grasp
is the fact that the less their kids have,
the more they will appreciate it!**

- Kids remember time invested in them, not money spent on them.
- Work to create win-win situations
 - Match funds in savings set aside for a future purchase . . . identified in advance
 - Match child's Giving Fund or Travel Fund
 - Give bonding experiences

Don't forfeit the goal under pressure.



Keep an Eye On Grandparents Who Spoil with Material Things

- Do not allow grandparents to undermine your teaching
 - This may make you unpopular with “Mama & Papa”
 - Keep the real goal in sight
- Dangerous competition . . . “Dueling Grandparents”
 - This may produce harmful friction and spoiled grandkids
- Many grandparents think more stuff equals more love!
 - In reality . . . the opposite occurs
 - Kids view grandparents as a free pass to Toys-R-Us®

**Kids remember *time* invested in them,
not money spent on them.**

- Gift giving is often driven by grandparents’ needs.

Parents . . . Must be the parents!

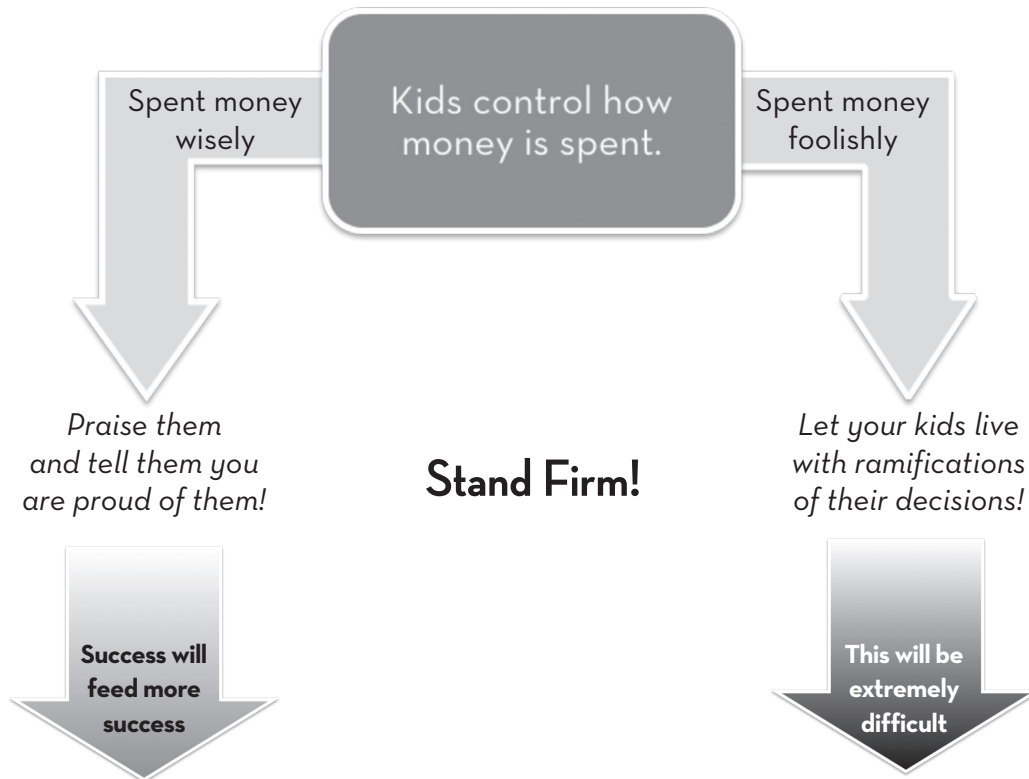


KEY #4 – GIVE YOUR KIDS OWNERSHIP AND EXPERIENCE THE RAMIFICATIONS OF DECISIONS

Help Kids Accept and Manage the Responsibility

- Teach kids ownership of financial responsibilities
- Give control over a portion of the family budget
 - Their clothes budget
 - A section of the eating-out budget
 - Part of the activities and vacation budget
- Make rules clear . . . but ownership must be theirs!

Accept mistakes as part of the learning process.



KEY #5 – START YOUR KIDS ON A BUDGET AND HELP THEM SPEND WISELY

Controlling Money

- Partner with your kids and how they use money
- Develop life-long habits
- Be creative . . . make dealing with money fun
- Eliminate negative association of handling money

Money Control Tools

- Creating a budget
- TV Tokens
- Choose the “Jar” or “Envelope” method
- Record all spending
- Reward using a monthly bonus for good tracking

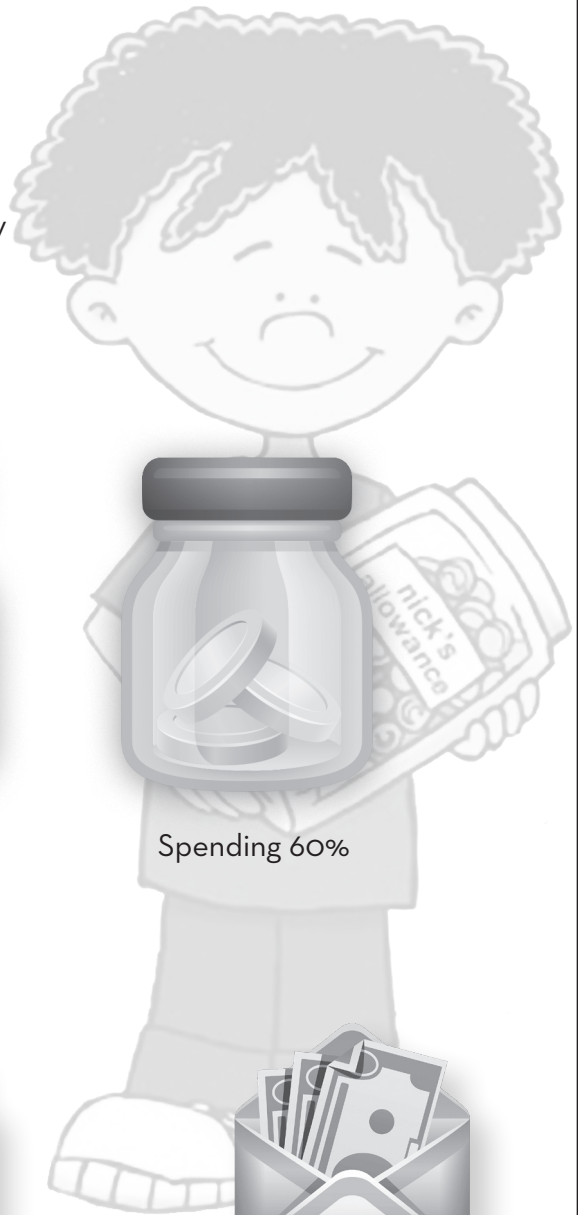


Show your kids that writing down spending is normal.



Two Recommended Money Control Systems

The three-jar system and the envelope method is a great way to teach your kids how to give, save, and spend.



Early System



Giving 20%



Saving 20%



Spending 60%

Later System



Giving at Church 10%



Short-Term Savings 10%



Gifts for Others 10%



"God Fund" Giving 10%
(Consider Matching)
Some Supervision



Long-Term Savings 10%
(Consider Matching)
Permission to Spend



Discretionary Spending 50%

KEY #6 – TEACH YOUR KIDS THAT WORK IS A NORMAL PART OF LIFE

A Question about What Kind of Job You Had As a Kid

Was your job a good experience or a bad one and why?

Parents Must Stress Work As a Good Thing

- Connect work and pay . . . that's the real world
- Abundant list of jobs available to earn money
 - Keep list on the refrigerator with available pay
 - Try a "reading goal" to supplement income

**When the kids want money,
send them to the refrigerator and not your wallet!**



If you teach your kids to embrace work, you will give them a lifetime gift!

God's Word Has Much to Say about Work:

Proverbs 22:29 (NCV)

Do you see people skilled in their work? They will work for kings, not for ordinary people.

Ephesians 4:28 (NCV)

Those who are stealing must stop stealing and start working. They should earn an honest living for themselves. Then they will have something to share with those who are poor.

Proverbs 12:24 (NCV)

Hard workers will become leaders, but those who are lazy will be slaves.

Proverbs 13:4 (NCV)

The lazy will not get what they want, but those who work hard will.

Proverbs 14:23 (NCV)

Those who work hard make a profit, but those who only talk will be poor.

We hurt our kids by protecting them from work!



KEY #7 – TEACH YOUR KIDS TO LIVE GENEROUSLY AND TO BE GRATEFUL

Gratitude, the Key to Healthy Kids

- Partner with your kids in living generously
 - Live out daily generosity *with* your kids . . . so they can watch and participate!
 - Encourage evidences of their generous hearts
- Serve the under-resourced as a family
- Model gratefulness
- Talk often of your own thankfulness
- Teach giving as a *thrill* . . . not an obligation
 - Use Bible stories
 - Take family mission trips
 - Forego Christmas presents to help a needy family

**The goal is grateful and generous . . .
not happy and competitive!**



KEY #8 – TEACH YOUR KIDS THAT GOD CARES ABOUT HOW THEY HANDLE MONEY AND POSSESSIONS

Use frequent opportunities to integrate your faith, the Bible, and your church with handling money.

- Explain the concept of a “steward”
- Know what the Bible says . . . make it a tool kit
 - Learn key verses and use them with your kids
 - Communicate the authority of God’s Word

Kids need to know that God really cares about this!

Use Your Biblical Tool Kit

Proverbs 16:8 (NLT)

Better to have little, with godliness, than to be rich and dishonest.

Proverbs 11:28 (NIV)

Those who trust in their riches will fall, but the righteous will thrive.

Proverbs 22:1 (NCV)

Being respected is more important than having great riches.

Teach the Way Jesus Did

- **Model it:** The most powerful way Jesus taught
- **Let them experience it:** True training is experiencing reality
- **Give opportunity to fail:** More is learned by failure than success
- **Provide honest, helpful feedback:** Immediately given with the goal in mind
- **Reward progress:** Sincere praise is very powerful!



SESSION 3 – 3 STAGES OF YOUR CHILD'S DEVELOPMENT

Summary of the 3 Stages

1. Foundation Stage (Ages 4-9)
2. Transition Stage (Ages 10-13)
3. Independence Stage (Ages 14-18)

STAGE #1: FOUNDATION STAGE (AGES 4–9)

Characteristics

- Eager to emulate parents
 - Curious . . . high energy
 - Short attention spans
 - Experiences go a long way
 - Very susceptible to parental modeling
 - Time spent with child yields great rewards!
-
-
-
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Skills/Concepts to Be Learned

- Start early counting money
- Relationship between work and money
- Simple budget
- Concept of borrowing and paying back
- Life is more about giving than getting

Key Themes to Stress with Kids

- Teach them the difference between needs and wants
- Create a clear contrast between saving and spending
- Stress how spending too much causes problems
- Teach them that God is the reason for our happiness, not money

Specific Actions and Ideas (Early)

- Introduce allowance
- Set up their first budget jars
- Use the phrase often, “That’s not in our budget,” and “We don’t need it”
- Get kids a library card and borrow books
- Volunteer as a family to serve under-resourced others
- Hire kids for projects and pay for their time



Specific Actions and Ideas (Later)

- TV tokens
- Encourage a “small business” experience (jointly)
- Visit your bank and explain what they do
- Explain credit cards . . . show them the bill
- Engage kids in “money talk” while riding in the car

“What would you do if given \$1,000? . . . Why?”

“If you had \$500 to give away, what would you do with it?”

**“Can you suggest ways to save money
on our next family vacation?”**

STAGE #2: TRANSITION STAGE (AGES 10–13)

Characteristics

- Eager to emulate friends
- Growing and changing rapidly
- Self-esteem often hits low point
- Alternates between mature and immature
- Strong identity with peer groups
- Focus on the present . . . vague about the future



Skills/Concepts to Be Learned

- More complicated envelope budget
- Use checking account and balance checkbook
- True costs and dangers of borrowing money
- Concept of compound interest and dividends
- The reality of your family budget
- Concept of investing versus lending

Key Themes to Stress with Kids

- Behavior and choices . . . have consequences
- There is no “free lunch”
- The impact of time and money
- There are significant spiritual ramifications to money

Specific Actions and Ideas (Early)

- Non-family odd jobs
- Help set up first savings accounts
- Show examples of compound interest (positive and negative)
- Take a family mission trip away from home
- Let your kid write checks for a month of family bills
- Engage kids in values/peers/money conversations



Specific Actions and Ideas (Later)

- Share in a joint investment
 - Buy some stock, rare coins, mutual fund, etc.
- Give your kid control of a portion of the family budget
- Become your kid's banker for a significant loan
 - Real loan contract . . . harsh penalties for default
- Give your son/daughter full responsibility for the entire weekend budget for family eating and entertainment.

STAGE #3: INDEPENDENCE STAGE (AGES 14–18)

**"You've got to do your own growing,
no matter how tall your grandfather was."**

– Irish Proverb

Characteristics

- Experimenting with adulthood
- Confronting serious life decisions
- Consumed with acceptance by peers
- Must demonstrate independence from parents
- Quits sharing their feelings with Mom and Dad
- Increased capacity for planning and thinking



Skills/Concepts to Be Learned

- Taxes, insurance, and retirement accounts
- Cost of living in the "real world"
- Delayed gratification
- Differentiate dangerous debt from acceptable credit
 - Oversee your teen's use of a debit card
- The true cost of college and education options
- Understand biblical generosity and giving

Key Themes to Stress with Kids

- These are life skills they will need for their family
- Part of being a healthy adult
- Good money management can help us pursue our life purpose

Specific Actions and Ideas (Early)

- Fill out a tax return with your teen
- Explain your pension, IRA and 401(k)
- Teach your teen how to tip
- Explain a credit report and FICO score
- Turn over part of family giving budget to your teen
 - They must explain reasons for giving choices
- Let your teen buy some stock and match it
- Let them "lead" in your next car purchase
- Explain your current home mortgage



- Directly tie level of financial responsibility to:
 - greater independence
 - family privileges (use of car, etc.)
- Never just buy your teen a car!

Specific Actions and Ideas (Later)

- Have your teen define his future lifestyle
- Create a representative budget
- Determine salary needed to support lifestyle
- Find typical starting salaries of real jobs
- Attend a financial seminar with your teen
- Incentivize attendance to learning opportunities
- Transition to “adult” budget
- Reward staying on budget

One of the greatest gifts you can give your child is to help them develop an attitude of appreciation and gratefulness.

Kids who grow up with appreciation as a core value will be significantly happier, have deeper relationships, and a healthier attitude about money.



A QUESTION ABOUT YOUR CHILD'S FUTURE DEVELOPMENT

Based on what was presented, what are some of the things you want to implement at home immediately?



CLOSING THOUGHTS TO REMEMBER

- You are the parent!
- God holds you responsible to teach and train your kids
- There is a positive impact of saying no wisely
- It is not about making kids happy but preparing them for life!

The Goal

The goal is to live healthy God-honoring lives, to learn to make wise life decisions, and to thrive in a harsh financial world!

If our kids don't learn it from us, then who will they learn it from?

If you do your job well:

- Your kids will be better stewards of God's money
- There will be reduced conflict with your kids
- It will be easier for them to honor God with their money and possessions
- You will give them a lifetime gift of skill, knowledge and confidence in financial areas
- They will experience significantly less marital conflict with their future spouse
- They will be prepared to teach and train their own kids some day

The life-long benefits are worthy of our best efforts!



A Final Thought from God's Word

Deuteronomy 11:18-19 (NLT)

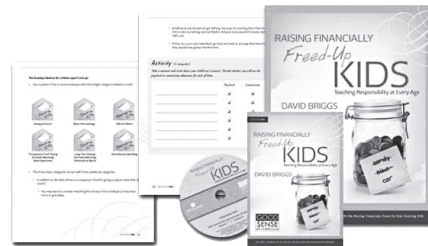
So commit yourselves wholeheartedly to these words of mine. Tie them to your hands and wear them on your forehead as reminders. Teach them to your children. Talk about them when you are at home and when you are on a road, when you are going to bed and when you are getting up.



RESOURCES

Curricula

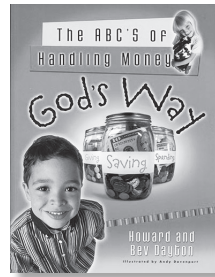
Raising Financially Freed-Up Kids
www.willowcreek.com/freedupkids/



Generation Change



The ABC's of Handling Money God's Way (Ages 5-7)
DaveRamsey.com



The Secret of Handling Money God's Way (Ages 8-12)
Crown.org

