

Sharing Financial Wisdom With Your Kids

Parents often try to impart their values about money to help their children establish a strong financial foundation. If you are a parent, talking to your kids about money can help them learn how to be financially responsible, self-supporting adults. To get the discussion flowing, consider using these conversation starters depending on your child's age.

Begin with basics for your preschooler. Look for opportunities to teach values that will help your child develop positive financial attitudes and behaviors later in life. For example, the concept of sharing with others is something most young children can grasp. Talking about what you're thankful for and involving kids in philanthropy can help instill gratitude.

Explain financial building blocks to your elementary school student. As your child progresses through school, start introducing the difference between needs and wants. Present the concepts of cost and quality to teach your child how to discern value. Give your child the chance to make some simple financial decisions that involve delayed gratification, such as setting aside a small allowance to buy a toy.

Understand that your middle schooler may be watching more than listening. Kids tend to be peer-oriented in the preteen years and may be less receptive to parental advice. Keep talks short, but don't abandon the mission. Remember that your actions speak volumes about your values. For example, if your child hears you continually talking about a new car purchase or sees you frequently shopping, he or she may pick up similar behaviors toward material goods. Consider involving your child in donations or charitable work you are passionate about, or encourage him or her to support a cause of their own.

Encourage your high school student to think about the future. Now is the time to discuss college costs and encourage saving for college expenses. Talk to your child about what you plan to contribute and what portion you expect them to pay. Discuss whether student loans will play a role and their potential impact down the road. Conversations about college and majors can include frank discussions about the job market and future income potential. Discuss day-to-day financial responsibilities as well, such as how to maintain a checking account and debit card and how to protect accounts from fraud.

Help your college student prepare for independence. Counsel your child about the importance of living within their means and establishing and maintaining a good credit record. Explain how to use a credit card appropriately (and how to avoid fees and other credit troubles). As graduation nears, discuss your expectations for your child's transition from student to working adult. Offer yourself as a resource for guidance on how to seek fulfilling work, negotiate a good salary and navigate the world of employee benefits.

Inspire your college graduate to embrace adulthood. Once your child becomes financially independent, be thoughtful about how you approach money topics. Let your newly employed college graduate know you are willing to offer support and guidance yet steer clear of making decisions for him or her. Allow your child space to decide their financial goals. Continue sharing advice based on your experience, such as the importance of saving for retirement early, having appropriate insurance or creating an estate plan. Encourage your child to establish a relationship with a financial advisor who can provide an objective perspective and tools to create a financial plan unique to their goals.

It's worth it. If you want to help your child develop financial competence and independence, start the conversation early and keep it going. Sharing your financial values can enrich your relationship and bring lasting rewards.

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