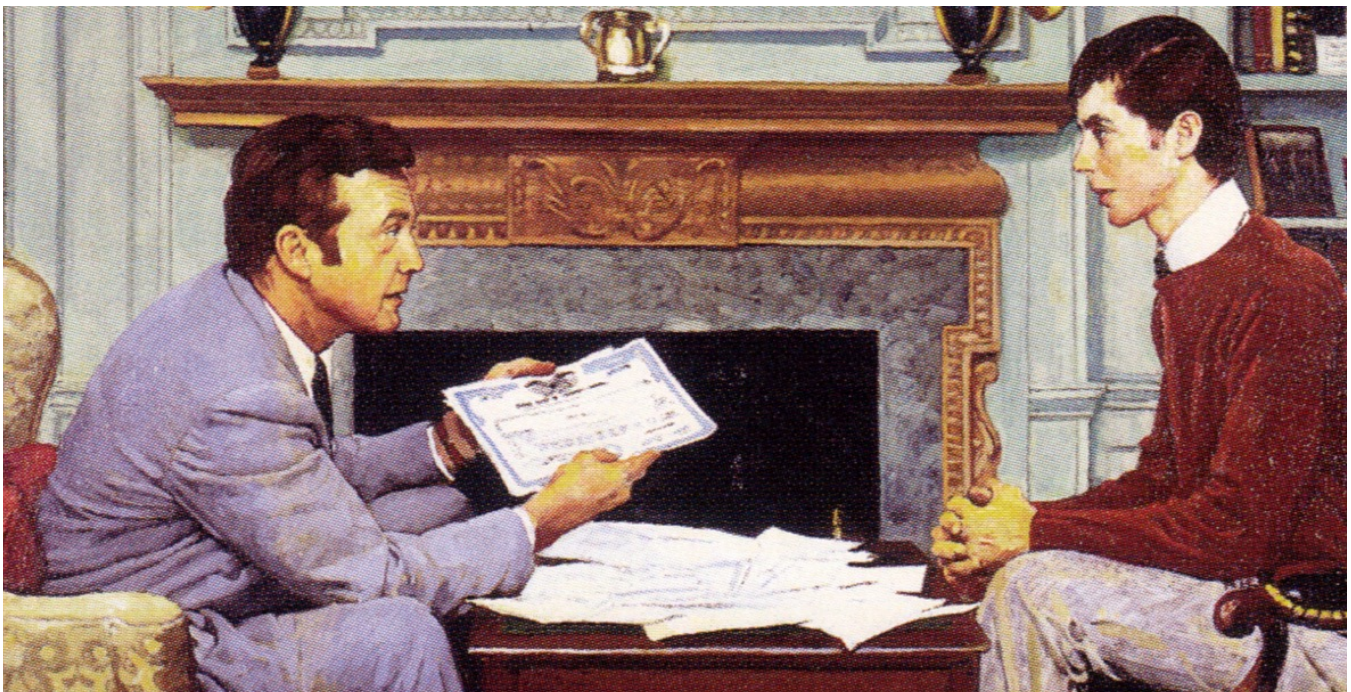


# Financial Parenting for Children Growing Up in Abundance

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Financial education started with Junior Achievement in 1919. Its goal was to provide vocational training to high school students. By the 1990s, as federal policy introduced financial education as one solution to poverty, poor and middle-class kids were exposed to a wide range of financial literacy classes, entrepreneurship camps, and programs aimed at developing a new generation of entrepreneurs. Financial education in the U.S. emerged as a crucial tool for economic mobility.

Meanwhile, in more affluent homes, money remained as impolitic to discuss in public as sex. Financial education for kids who would inherit substantial capital was impeded by the well telegraphed impropriety of talking about money: "It simply wasn't done." A telling Norman Rockwell painting, still hanging in one of America's august financial institutions, illustrates the most common financial ed session for young beneficiaries throughout most of the 20th century: time with the trust officer sent to 'explain' one's trust fund.



The young man, hands tightly clenched, sits at taut attention while the family attorney communicates as much and as little as possible to someone who likely doesn't know a bond from a stock and has no idea what the implications of said trust may mean for the future.

It's not just concern about the stewardship of family capital that drives parents to seek instruction for their children, rather it's a genuine desire to provide skills for economic self-defense; to imbue them with knowledge that will empower them and build confidence as they gain increasing access to significant resources.



Nonetheless, nearly half (48%) of these parents remain concerned about their children's readiness to manage wealth. Why, if this many families are engaging some form of financial education for their children, are almost half of them concerned about the effectiveness of that effort?

It turns out that, as critical as financial education is in preparing young people for the opportunities and responsibilities of abundance, it is not the full solution. The missing puzzle piece is financial parenting—which cannot be outsourced.

## Financial Education and Financial Parenting

**Financial education is instruction.** It's the workshop you send a teenager to that explains the difference between saving and investing. It's the online course they sign up for that introduces the basics of budgeting and investing. It's the family financial advisor explaining trust structures. Financial education is curriculum, content, concepts—typically delivered by experts, often in structured settings, focused on knowledge transfer. Maybe not the most entertaining part of young lives, but like time spent mastering a musical instrument, a sport, or the basics of another language, kids add to their life skills toolkit; they acquire intellectual assets that expand their understanding of the financial assets they may one day steward. It's expertise that can be outsourced.

**Financial parenting is formation.** It's the process of helping children develop language, confidence, values, identity, endurance, and purpose. It's experiences, support, and life modeling that build confidence and resilience—and encourages young people to make informed decisions about money, finance, and the economics of their lives, throughout their lives. It's about cultivating financial intelligence as systematically as we cultivate their ability to read, find their way home, think critically, make good choices. It's about a mindful development of family alignment on what constitutes wealth: developing a shared vision about the family's intellectual, social, and human assets, as well as financial assets.

Financial education helps explain the math of the family's investment portfolio. Financial parenting connects directly to kids' questions about identity and family values, embracing material and non-material wealth. Financial education can explain the impact of compound interest and may be able to illuminate cryptocurrencies.



Financial parenting is the parent in the shop saying no, even though they can well afford that special toy or trendy gear. It's a parent explaining why, even though they drive one, their teen's first car will NOT be a Maserati. It's mom explaining why that Gap credit card is not the bargain the salesclerk made it out to be. It's the conversation about what the family does—and doesn't—spend money on, and why.

It's the teenager hearing a parent say, "Just because we can doesn't mean we should," then talking about what that means and why it is. It's a child watching parents make financial decisions and hearing them think aloud about values, trade-offs, and consequences. Financial parenting is presence, modeling, values transmission—delivered by parents, grandparents, and trusted adults in daily life, focused on character development.

Financial education is essential, but insufficient. Without financial parenting—without the parental voice, values, and lived example—financial education is just information floating in a void. Children in families of abundance don't just need to know how money works. They need to know who they are in relation to it. That's something no curriculum can teach.

## Ready to Talk with No One to Talk With.

A sudden silence, a deflecting comment, or an impulse to change the subject are common responses when a child expresses curiosity about the family's financial status. The three-year-old who asks, "Why don't we have a summer house?" (true story, real kid) and the six-year-old who looks at the pool in the back yard and wonders, "Are we rich?" can trigger discomfort and uncertainty in the most self-assured grown-up.

Children want to talk about money a decade (or more) before their parents are ready. They're actively observing, copying, and absorbing the financial habits and values of the grown-ups around them. And their curiosity is strong enough that when parents deflect and avoid their questions, children 'fill in the blanks'—with imagination, misinformation (and sometimes even real information if they've gotten lucky online).

Six-year-olds go on Zillow to find out how much their house is worth and compare it to classmates. Ten-year-olds stress about whether they have the 'right' boots, bag, or branded sports equipment to 'fit in.' Little ones watch with fascination as cards are waved and 'things' appear; cash spits out of machines, and stuff shows up on the doorstep like magic. Fifteen-year-olds bet on sports.



Twenty-year-olds ask, "What's a reasonable amount to pay for rent? \$1000? \$10,000?" They have no context to help them answer that question.

Reluctance to engage children in meaningful ways tends to arise from two impulses: "I want them to enjoy childhood—money is inappropriate at such an early age." Or, "They don't understand anything at this stage and it's not their business."

The first impulse misunderstands the developmental process. The early years offer a stage of readiness filled with the potential of thousands of teachable micro-moments that can engage young, rapidly developing minds. This is not a time to introduce spreadsheets, the difference between stocks and bonds, or the nature of trust funds. Rather it is a period to encourage curiosity, tell stories, demonstrate values, and tap children's hunger to play as the vehicle they use to absorb new information. The second misunderstands what children are asking. With all their questions, what children are trying to sort out: "Who are we? Who am I? What does this mean? What's my place in all of this?"



Financial parenting is the mindful practice of using the child's developmental readiness to help them build capacity and confidence that will serve them for life. Using the developmental stages as a guide helps resolve the question of "when is it too early to talk about money with kids?", transforming it to the more useful question of "how do we nurture the strengths they need throughout life to manage the challenges and opportunities of abundance—material and non-material?" Rather than avoiding the queries of early childhood, we capture them, finding ways to anticipate—and respond to—the lively curiosity of children.

Young people growing up in abundance may suffer a range of emotional responses to their economic status: depression, shame, anxiety, confusion, over-confidence, lack of purpose, or unfortunate entitlement. Though the mythic dream is to 'be rich,' for many young people it is no walk in the park.



It can be a disconnect with identity, a lack of ease with their standing among peers, discomfort about the economics of their family. In fairness, this is not a failing of parenthood, so much as the simple reality that parents feel (and often are) ill-equipped to pass on financial wisdom to their children.

So, they refer the young beneficiary to ‘experts’ who will explain economics and the difference between stocks and bonds, but not the context, values, or expectations that come with whatever financial information they are delivering. Or families simply defer, leaving time and space for kids to answer their own questions by making things up—or gleaning ‘information’ from suspect sources.

## Harnessing Curiosity, The Developmental Stages

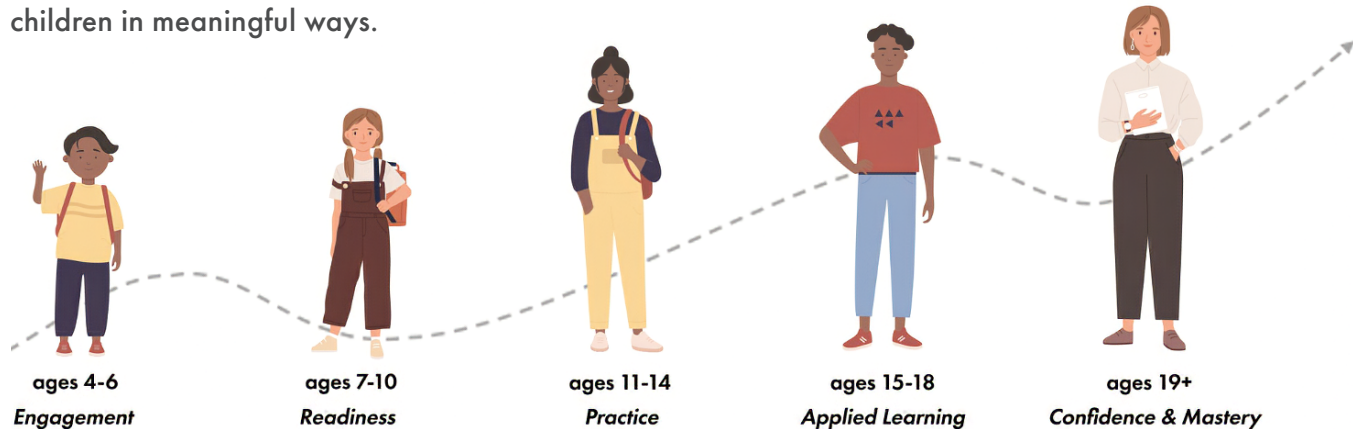
Effective financial parenting begins early. Not with the Tooth Fairy, who typically introduces money as magic, but with F.I.S.H.<sup>™</sup>, a foundational concept inspired by Jay Hughes, that offers families a bigger canvas—a means of talking about wealth with kids in more textured and interesting ways. Jay includes—and encourages families to lead with—spiritual capital, core to the family’s well-being. The F.I.S.H.<sup>™</sup> model we use with children is an acronym that stands for financial, intellectual, social, and human capital because any 5-year-old can—and does—remember it.

Children grasp these four quickly (especially when playing the card game Go Fish with F.I.S.H. Cards). They understand a piggy bank as a form of Financial capital; their ability to tell time as a superpower or Intellectual capital; cousins and grandparents are part of their Social capital; and the classic children’s book *The Table Where Rich People Sit* by Byrd Baylor, does a great job of introducing Human capital as the family’s memory-making old table where they share chocolate chip cookies, served on a blue china plate. Kids who grow up with this more expansive understanding of wealth have a multi-dimensional context in which to place themselves—and their family. Once children have absorbed these relatively concrete capitals, we count on families to help them include—or grow into—the spiritual capital Jay talks about so eloquently.

Like mastering any new language, it is never too late to develop financial fluency. But it is easiest when the journey begins early, in small incremental bites that match the child’s readiness as they mature. Because few parents have had intentional financial parenting themselves, it’s no wonder they often defer, avoid, and outsource. But financial parenting does not require that a parent be a financial expert. Financial parenting is more about co-learning, providing opportunities to explore and discover, than it is about ‘teaching.’



The chart below illustrates how each stage provides unique opportunities to prepare children growing up in abundance. It's a guide. Developmental age is different from chronological age. Some families have precocious 10-year-olds ready to practice real allowance plans; others have 16-year-olds still in the readiness stage. The power of developmental stages is in being able to meet the child where they are—regardless of their chronological age, and to be creative about using those stages to connect with children in meaningful ways.



**Ages 4-6: Engagement.** Children are observing and listening as early as 18 months. The parents of the three-year-old mentioned earlier had no idea what prompted her to ask, “Why don’t we have a summer house?” Ideas come to little ones in many ways and it’s enough to note that even if children don’t know things, they know. They intuit, imagine, and make things up to satisfy their curiosity about the world—and their place in it.

For this reason, financial parenting is best when begun early, not with lectures about compound interest, but with play that develops the foundational capacities for endurance and adaptability. This is the stage when children begin to build tolerance for uncertainty and comfort with experimentation. We help them acquire intrinsic motivation and confidence in their own abilities (their ‘superpowers’), so they are less dependent on externals—what they wear, drive, or score ‘likes’ on.

At this age, we try to create what play expert Cas Holman calls “tools for imagination”—open-ended scenarios where children can experiment with choice, consequence, value, and purpose. This doesn’t mean buying them a toy cash register (too prescriptive, too ‘educational’). It means something more organic.

Give a five-year-old three dollars at the farmer’s market and say, “Choose something for yourself or something for our family dinner tonight. You decide.” Then step back. Watch them deliberate. Don’t guide them toward the “right” choice. Let them experience the weight of having to choose. Let them feel disappointed if they choose the cookie and watch you buy the strawberries. Let them feel proud if they choose the berries and everyone thanks them at dinner.



This is not financial education (no one is teaching about money). This is financial parenting through play—creating a low-stakes environment where children can experiment with economic agency.

The conversation afterward is the parenting opportunity: “How did you decide? What did you think about? What would you do differently next time?” Not judgment. Curiosity. The conversation frames financial choices in terms of thinking about values, tradeoffs, and consequences. Children learn that parents trust their decision-making process, even when it results in a choice they would not have made.

Especially in their earliest years, it is a challenge to remember that play is the work of children and they’re ready to learn and master new things. The child learning to use new muscles to stand, repeating words when a story is read to them, and putting their tongues to improbable surfaces is trying to make sense of their world. Giving them opportunities to ‘play’ with F.I.S.H. , to make choices and try things out in the economic universe is a version of play best suited to time spent with parents and grandparents.

The real challenge at this stage is that intense engagement is a lot to ask of parents just trying to make it through the day with demanding young children. The good news is that the earlier the family starts, the longer the developmental runway. That is, rather than worrying about getting a ‘class’ or a ‘lesson’ in, parents who begin early can relax with more of a ‘drip, drip, drip’ approach that extends over time. Two minutes here, fifteen there; over the course of months and years, those micro-moments add up. Continuity rather than big gulps of regular lessons makes a lasting impact with children.

It’s also true that the gurgling smiles of adorable children are delicious reinforcement for family members trying to manage the challenges of parenting. Keeping a child happy is its own reward. Noticing and taking advantage of teachable moments is a lot harder than satisfying a momentary need. Trying to make children happy versus raising happy kids is a strategic choice made daily by parents who may themselves be exhausted, unclear of the difference, or simply too distracted. But it is in the unscheduled teachable moments that the most important financial parenting happens. And one of the most important roles of grandparents, aunts, and uncles during these years is to lend a hand as family coaches— supporting the intentions and values of parents working hard to practice financial parenting.



**Ages 7-10: Readiness.** These are the years children are ready for more complexity—but still primarily through experience and financial parenting, not instruction. Values transmission through lived experience—real responsibility with real consequences, scaled to the appropriate developmental stage. Dialogue about family finances becomes more routine, with transparency increasing gradually.



These are the years to launch “Allowance 2.0,” the reality-based introduction to discovering the difference between their invisible allowance (what families subsidize) and a real allowance, money provided that gives children opportunities to practice. Scores of parents lament that “their boys don’t spend money on anything. They don’t want new clothes, are happy to wear the same shoes forever...” I’m a skeptic. Withhold those running cleats or the hoop over the garage door and institute a “sports gear’ allowance; suddenly economics is interesting.

One family I worked with created what they called “Family Restaurant.” Every Friday night, their three children (ages 7, 9, and 11) had to plan, budget, shop for, and prepare dinner. They were given \$40 (inflation might bring that number higher today!). They had to figure out what to make, create a shopping list, stick to their budget, deal with unexpected price changes, decide whether to splurge on dessert or save the money for next week's more ambitious meal.

It was chaotic. They overspent multiple times. They bought ingredients they ended up not using. They made terrible meals occasionally. One week they spent the entire budget on ingredients for brownies and served brownies for dinner (the parents ate them with a smile).

What they were learning was resource allocation, planning, problem-solving, trade-offs, delayed gratification, collaboration, resilience when things don't work out. These are not financial education concepts. These are lived experiences that build the capacity for financial wisdom. By age ten, those children were extraordinarily competent. Not because they'd been taught about money—but because they'd been given real responsibility with real consequences in an environment where failure was safe and learning was expected. This is financial parenting. This is play. This is formation.





**Ages 11-13: Practice.** This is the stage when children who have had early engagement and been trusted to experiment are ready for responsibility with real consequences. This is when a clothing budget, sports budget, entertainment budget, or gift budget makes sense. Children who manage real money for real needs begin to understand the invisible allowances they have had all along. This is the low-stakes stage of their life when if they overspend in August and have to wear pants that are too short in November they may feel frustrated, but will learn that when they save carefully, they have resources for something they really want.

These are not lessons about money. These are opportunities to learn about themselves in relation to money. What matters to them? What are they willing to sacrifice for? How do they feel when they run out? How do they feel when they've self-disciplined and it pays off? These are questions they can only answer through lived experience. The caveat, of course, has everything to do with parent modeling. The parent who overspends—because they can—models a set of values and behaviors that can have the unfortunate consequence of sending mixed messages about family expectations (the old 'do as I say, not as I do' proclamation that was once an acceptable parenting prerogative). Parents who aspire to provide useful financial parenting will benefit themselves from good coaching.

**Ages 14-18: Applied Learning.** This is when financial parenting includes bringing children into real family financial conversations—not to burden them, but to show you take them seriously. How much does your house cost to maintain annually? What do you pay for health insurance? What do charitable gifts look like in your family?

And here's the key: these aren't lectures. They're dialogues. "We're thinking about increasing our annual giving by \$50,000. We're trying to decide between endowing a scholarship at my alma mater or giving to three different direct-service organizations. What questions do you have? What would you want to know before deciding?" You're not asking them to decide (they're not ready). You're inviting them into your decision-making process so they can see how you think, what you consider, what values guide you.



In one of my (many) favorite families, the teenage daughter came home from school asking her parents to pay for a new theater in the school (a multi-million-dollar investment). Rather than laughing her off the stage, they agreed to underwrite her bold ask—as long as she agreed to stay involved through the process. She did. Not just in symbolic ways—but through interviews with architects, budget meetings, and the tedious decision-making that comes with oversight. She hung in throughout.

Kevin Salwen and his daughter, in *The Power of Half*, describe a year-long conversation in their household spending one night a week exploring the nature of philanthropy (no spoiler here—the story is too good to miss). And Ron Lieber, *NYT Your Money* columnist responded to his daughter, who asked how much he made: “I know you want to know, but you’re not ready. We’ll spend a year getting you ready and then we can talk.” Young brains are still developing. Financial parenting is still about exercising judgment, staying connected and finding ways to communicate values and provide experiences for curious kids who need to acquire real financial fluency for life.

This is financial parenting. It’s intimate, imperfect. It’s a parent being honest about their own decision-making process, uncertainties, and values.

**Young Adults (19+): Mastery.** This is when the financial parenting role shifts. Parents are no longer making decisions. They’re coaching their young adults—no longer children—to develop their own decision-making wisdom.

When the 22-year-old wants to start a business and asks for capital, the parent doesn’t automatically say “yes” or “no.” They say, “Walk me through your thinking. What problem are you solving? Who are your customers? What’s your runway? What happens if it fails? What have you learned from your last venture that informs this one?” Helping them develop rigorous thinking is the goal. Sharing your social capital—so they get great mentoring (not automatic approval), your Human capital, so they develop a moral compass, and your intellectual capital (even when they argue with you) is how you continue to nurture their capital.

And sometimes—maybe often—it’s watching them make choices and letting them experience the outcomes.



# How to Be a Better Financial Parenting Parent

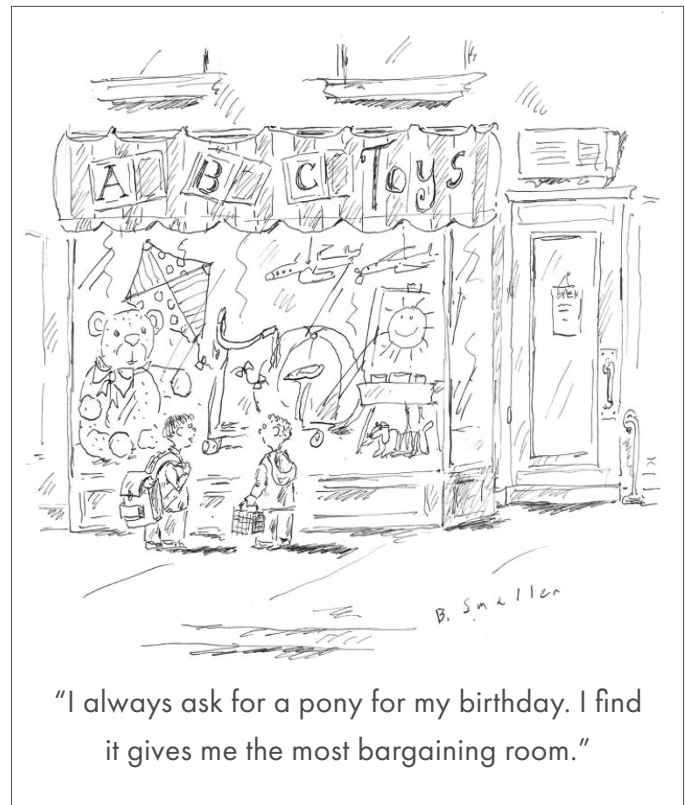
There's a line in Robert Frost's 1914 poem, *Death of the Hired Man*, that goes, "Home is the place where, when you have to go there, they have to take you in." It implies unconditional acceptance—a comforting myth about family. I've always felt that poem sets a low bar. For millennia, the idea of family has been code for shelter (even when it has failed at that).

But family can also be a launchpad; a place from which, with the right support, children leap into the future. Financial parenting helps that happen. It's the innovation of our times. And it works best when developmental readiness is in sync with the tools and resources children need at each stage of their development.

Let's be candid: financial parenting is hard. Few parents have had much coaching or practice for it. Even fewer have had much financial parenting themselves. But parents—and grandparents—can hone skills with a little help and practice.

Increasingly, family offices and private schools provide financial parenting workshops. Peer parenting groups are emerging to develop financial parenting cohorts. Podcasts abound. Cas Holman's book *Playful*, offers guidance for parents to tap their inner playmate. In my practice we provide community, coaches, and playful tools that parents, grandparents, and trusted advisors use to support the best instincts of intentional families and family offices.

Financial parenting is an innovation in the family system. And as with innovation, there's opportunity to try new ways of financial parenting and see what works. The stories you create will be the stories your children tell one day about growing up with you.



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