


Money

Talk



Empowering Your Family through Communication

by Beth Douglass Silcox



Americans face a financial paradox: rocketing bankruptcy and foreclosure rates vs. an economy based on consumer spending. Money—how we spend and save—is a touchy subject, even among

those we love most. Our reluctance to talk about money contributes in some ways to the financial challenges we face today. The faltering economy has only exacerbated America's existing financial literacy problem, resulting in greater pain and stress for families.

With this recession's dramatic ups and downs, it's hard to imagine a silver lining. But igniting America's interest in financial literacy and finally learning how to effectively talk to one another about money may be the shiny upside to the downturn.

Out of necessity, families are talking about their finances in households across the country. But it's important to note that fighting about your spouse's new golf club or fifth pair of strappy black sandals doesn't count. David Bach, a financial strategist and best-selling author of *Smart Couples Finish Rich*, says immediate crises like paying the bills often distract couples from working together on an overall financial game plan, and that's a big mistake.

"You really need to plan a money day once a month and a financial anniversary each year to look at where you stand financially—goals for the year, what you are working toward as a team. Be on the same page," Bach says.

The challenge is that people tend to attract their financial opposites. One person wants to spend like there's no tomorrow, while the other wants to sock away every spare dime for a rainy day. One partner wants to talk about money, plan and set goals, while the other defers, relinquishing control and input, leaving their significant other to shoulder the full responsibility and make all decisions. That's a losing proposition for both financial and emotional health.

Love may conquer all, but there's an exclusionary clause when it comes to money.

A Unified Front

Yet talking about money can help strengthen a relationship, says author and radio host Dave Ramsey. Discussing money forces couples to discuss just about every other topic, and that translates to meaningful communication, cooperation and unity.

"When you have two sets of goals in anything, you're not unified," he says. "But when you're forced to sit down and reconcile your goals, prioritize around the good of the other person and come into agreement on the spending of your money, then you're agreeing on your dreams. You're agreeing on your future."

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Still having trouble convincing a lackadaisical partner to sit down for a heart-to-heart about money? Then proceed solo and spread your financial records out on the kitchen table in clear sight. “Pulling together all your financial records and setting up a new filing system tends to spark the interest of even reluctant spouses and partners,” Bach says. “Believe me—sometimes all it takes to change your life massively for the better is a small action and a small success.”

Instantaneously flipping your financial world upside down isn't a great idea, but achieving small personal finance successes inspires. Together, assess your current financial situation, so both partners have equal footing. Look at where the money's going, how much you owe and your assets; update insurance and retirement beneficiaries, and reexamine your mortgage.

After you've gathered the data, build teamwork by coming together in purpose. Bach recommends exploring your top five values of who you want to be as a person/couple, then attaching five specific and measurable goals based on those values. Consider and write down what you can do to move forward on those goals within the next 48 hours and whose help you should seek. Finally, set a start and finish deadline for meeting each goal.

Couples who focus their energy on such a financial plan for 12 months can positively impact the financial health of their families, as well as their relationships. “The key is to truly believe that wherever you are starting from—no matter how bad or bleak it looks—things can and will get better,” Bach says. “If right now you are badly in debt or living paycheck to paycheck, I am here to tell you... it can and will get better... if the two of you take action together.”

Money Talk for Kids

Better yet, bring the right kind of money talk out into the open at the dinner table and give your kids a financial head start, too.

“When it comes to financial issues, as in everything else you discuss with your kids, your role is to satisfy their curiosity in an honest and age-appropriate way,” author Janet Bodnar says in her book *Kiplinger's Dollars and Sense for Kids*. “Your ultimate aim is to turn out independent adults who know how to manage money and have a healthy regard for what it can and cannot buy.”

To that end, everyday life provides an ideal classroom. While abstract money concepts are above most preschoolers, parents can foster a connection between work and money by giving them “atta-boys” and, perhaps, token rewards as positive reinforcement.

By second grade, kids count change and eagerly meet grocery store scavenger challenges that help them discover low-price, high-value items, while the youngest teens can understand stock market basics, play simulated stock games online, or chart the ups and downs of mock stock purchases with adult help.

“You don't want to disclose the details of your family's financial affairs to younger children, but teens are old enough to learn the nitty-gritty of household finances,” Bodnar says. Watching you write out monthly checks or paying bills online together opens teenage eyes to the realities of money. Parents aren't ATMs.

If that doesn't work, take a cue from one father who literally “cashed” his paycheck and had his teens parcel out the cash needed to pay the monthly household bills. “By the time his kids saw how little was left, they were talking about getting part-time jobs,” Bodnar says.

Ramsey says money conversations become a lot easier when children understand how their own personal economy works. “If Junior learns to work for, save, give and spend his own money, he'll get it when you let him know that a spring break vacation is not in the family budget this year.”

Empowering Lessons

Going a step further, Sharon Lechter, member of the President's Advisory Council on Financial Literacy and co-author of *Three Feet from Gold*, recommends empowering children by igniting their entrepreneurial spirit. If they beg





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business relationships with like-minded kids, share experiences, successes and failures. Kids are enterprising, and Lechter reminds parents that creative, open minds often produce ideas that can expand a family's income stream. That's not only an empowering lesson for kids, but also for recession-weary parents being forced to reinvent themselves.

Family financial stress isn't exclusive to Mom and Dad; kids feel it, too, despite your best efforts to protect them. Younger kids mostly need honest reassurance you have a plan to solve the problem and everything will be OK. Teens can handle a bigger dose of reality and learn from global economic turmoil. Positive conversation that adds perspective about our country's long history of economic recovery and your family's ability to bounce back will ease their fears.

Simply understanding that they can make a living for themselves and actually create their own prosperity can go a long way toward easing a young person's fears. Those lessons represent "the gift of a lifetime," Lechter says, "because they learn that they don't have to depend upon their parents or an employer or their government. They can create assets and make money on their own."

That empowerment not only impacts a child's future, but also his or her present. Faced with family spending cuts, Johnny sees clearly how his lawn-mowing efforts can directly impact the family's bottom line. He can elect to pay for his own iTunes downloads or, better yet, invest that money for college.

Guided by honest money talk from you, Johnny's choices can be informed decisions based not on teenage angst or whim, but on a solid and responsible financial footing. If the math simply doesn't work, parents must be prepared to disappoint their kids. Out-of-state or private school might be the dream, but the balance sheet doesn't lie; it just might say state university or community college.

But keeping the right kind of money talk on the table at home certainly improves a family's financial odds, and you never know where financial empowerment can lead. Johnny's entrepreneurial efforts could surprise you, and you might just surprise yourself. **S**

for a new toy, don't reject them out of hand. Lechter says, "Ask them, 'How can we afford it?'"

Lechter encourages parents to ask money questions to kids of all ages. Each day last May, she posted questions on her blog ranging from "Do you know what your parents do to make money?" to "Does it feel good to buy something on sale?" These questions, as well as casual parental guidance, are still available online.

The site also serves as a social network for youthpreneurs, kids who run their own businesses. Here they can develop

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