32. Teaching Children Financial Responsibility (2)

Introduction

To a large degree, parents hold the destiny of their children in their hands. The lessons they teach both by precept and example may have eternal consequences for their children. To illustrate this point, N. Eldon Tanner shared a verse that he learned as a child.

I am the child.
You hold in your hand my destiny.
You determine, largely, whether I shall succeed or fail.
Teach me, I pray, those things that make for happiness.
Train me, I beg, that I may be a blessing to the world.¹

This verse discusses two important questions: (1) what are those things that will make for happiness and (2) what must children learn to become a blessing to the world?

As I have thought through this first question, I have determined that we must teach the things that bring happiness both in this life—the temporal things—and in the hereafter—the spiritual things. The Family Proclamation teaches “Happiness in family life is most likely to be achieved when founded upon the teachings of the Lord Jesus Christ.”²

As I thought about the second question, I thought about this counsel from Robert D. Hales, “Teach our children by example how to budget time and resources. Help them learn self-reliance and the importance of preparing for the future.”³

Teaching children financial responsibility is the parents’ job. Joseph B. Wirthlin commented:

Too many of our youth get into financial difficulty because they never learned proper principles of financial common sense at home. Teach your children while they are young. Teach them that they cannot have something merely because they want it. Teach them the principles of hard work, frugality, and saving.⁴

Clearly both the spiritual and temporal are both important parts of the teaching process. We must begin this process when our children are small, but it is never too late to start.

Please know that I write from the position of a father and not as one who has been trained in counseling. When I was first married, I had seven theories about raising children. Now, 26 years later, I have seven children and no theories. However, the following are a few ideas that may be helpful in teaching your children financial responsibility.
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Objectives

There are three objectives from this chapter that you should remember:

1. Understand the importance of teaching your children
2. Understand the principles of teaching children financial responsibility
3. Know when to teach children financial responsibility

**Understand the Importance of Teaching Your Children**

The following are a few ideas that I have found helpful as I have worked to teach our seven children.

1. **Teach your children to deny themselves.** Joe J. Christensen commented:

   In our day, many children grow up with distorted values because we as parents overindulge them. . . . We as parents often attempt to provide children with almost everything they want thus taking away from them the blessing of anticipating, of longing for something they do not have. One of the most important things we can teach our children is to deny themselves. Instant gratification generally makes for weak people. How many truly great individuals do you know who never had to struggle?5

2. **Teach your children to work for what they want.** Youth should be paid according to their work, and not according to their whining. Neal A. Maxwell commented:

   A few of our wonderful youth and young adults in the Church are unstretched. They have almost a free pass. Perks are provided, including cars complete with fuel and insurance—all paid for by parents who sometimes listen in vain for a few courteous and appreciative words. What is thus taken for granted . . . tends to underwrite selfishness and a sense of entitlement.6

3. **Teach your children that un-tempered wants will never be satisfied.** Joe Christensen quoted Fred Gosman, a noted child psychologist, when he said:

   Children who always get what they want will want as long as they live. And somewhere along the line it is important for the character development of our children to learn that “the earth still revolves around the sun” and not around them. Rather, we should train our children to ask themselves the question, how is the world a better place because they are in it?7

These are important steps in helping your children become both temporally and spiritually responsible.
Understand the Principles of Teaching Children Financial Responsibility

Much has been written about the best ways to teach children about finance. The following are a few ideas I have found helpful:

1. **Teach by Example Individually.** N. Eldon Tanner counseled on the importance of our actions when he stated:

   "It is most important, therefore, that we are always on the alert, remembering that one teaches more effectively by example than by precept. Let us never forget the old axiom, "Your actions speak so loudly that I cannot hear what you say."8

   Teaching by example should always be our starting point as we seek to teach others, and especially as we seek to teach our own children.

2. **Teach by Example as a Couple.** In his "Guide to Family Finance," Marvin J. Ashton commented:

   "In the home, money management between husband and wife should be on a partnership basis, with both parties having a voice in decision- and policy-making. When children come along and reach the age of accountability, they too should be involved in money concerns on a limited partnership basis. Peace, contentment, love, and security in the home are not possible when financial anxieties and bickering prevail."9

   The article then proceeds to outline five ways to involve children in money matters on a limited partnership basis:

   1. Pay an honest tithe and generous offerings.
   2. Teach family members early the importance of working and earning.
   3. Teach children to make money decisions in keeping with their capacities to understand.
   4. Teach family members to contribute to the total family welfare.
   5. Teach family members that paying financial obligations is part of developing integrity and honesty.

3. **Pay an Honest Tithe and Generous Offerings.** As a wise steward, it is important that you pay the Lord first in all you do. Ashton advised, "If our tithing and fast offerings are the first obligations met following the receipt of each paycheck, our commitment to this important gospel principle will be strengthened and the likelihood of financial mismanagement will be reduced."10

4. **Teach Family Members Early the Importance of Working and Earning.** Working and earning are critical skills for our children. The scripture, "In the sweat of thy face
shalt thou eat bread”¹¹ is not outdated counsel. It is basic to personal welfare. Ashton commented “One of the greatest favors parents can do for their children is to teach them to work.”¹²

5. Teach Children to Make Money Decisions in Keeping with Their Capacities to Understand. Help your children become wise financial stewards early. Ashton counseled:

Based upon appropriate teaching and individual experience, children should be responsible for the financial decisions affecting their own money and suffer the consequences of unwise spending. “Save your money” is a hollow pronouncement from a parent to a child. “Save your money for a mission, bicycle, doll house, trousseau, or car” makes understandable sense.¹⁴

6. Teach Family Members to Contribute to the Total Family Welfare. The “Guide to Family Finance” further counsels:

Help family members understand the family financial situation. As children mature, they should understand the family financial position, budget, and investment goals and their individual responsibility within the family. Encourage inexpensive, fun projects, understandable to the children that contribute to a family goal or joy.¹⁴

7. Teach Family Members That Paying Financial Obligations Is Part of Developing Integrity and Honesty. Ashton stated, “[Those] who ignore or avoid their creditors are entitled to feel the inner frustrations that such conduct merits, and they are not living as Latter-day Saints should!”¹³

We should teach family members and others that as disciples of Jesus Christ, we should be honest in all of our dealings.

Know When to Teach Children Financial Responsibility

The Lord has stated, “The glory of God is intelligence, or, in other words, light and truth. Light and truth forsake that evil one. But I have commanded you to bring up your children in light and truth.”¹⁴

Bringing up children in light and truth is a big responsibility. What do you teach your children? When do you teach them? How do you teach them?

Following are ideas for teaching children financial responsibility, divided into age groups.

1. Teaching Young Children

We should teach our children both religious and financial truths. From a religious perspective,
we should teach young children the following:
- To know they are children of God
- To pray
- To love their family and friends
- To share with and have compassion for others
- To be thankful for their blessings

At the same time, from a temporal framework we should teach them to set and achieve goals and to learn to save for things they want.

2. Teaching Pre-Teenagers

What do you teach pre-teens? Pre-teens are older and are starting to develop a sense of what money is and what it can purchase. The Lord has said, “Behold, ye are little children and ye cannot bear all things now; ye must grow in grace and in the knowledge of the truth.” How do you grow in grace and in the knowledge of the truth?

Religious truths we should teach pre-teens include:
- To recognize that all things come from God and that everything is His
- To understand that we are stewards over everything we have
- To always pay the Lord first

At the same time, you should also teach pre-teens the following temporal truths:
- To save and pay themselves second
- To be disciplined and frugal
- To recognize that there are many things more important than money

3. Teaching Teenagers

Teenagers are on the cusp of becoming men and women. Alma, in speaking to his sons, gave the wonderful counsel, “O, remember my son, and learn wisdom in thy youth. Yea, learn in thy youth to keep the commandments of God.” How do you learn to keep the commandments of God when it comes to finances?

Religious truths we should teach teenagers include:
- To be accountable for their actions
- To serve and to give
- To not covet
- To recognize the Lord’s hand in their lives

At the same time, teenagers should also learn the following temporal truths:
- To differentiate between income and wealth
- To differentiate between good and bad liabilities and assets
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- To spend less than they earn
- To develop and live on a budget

4. Teaching College Students and Older Children

Alma further counseled his sons, “Counsel with the Lord in all they doings, and he will direct thee for good”\textsuperscript{17} How do we get closer to God? And how does doing so help with our challenges?

Religious truths to teach this group of young adults include:

- To counsel with the Lord in all they do
- To be thankful for their blessings
- To continue to learn to serve and give
- To expect financial setbacks and challenges, but to know that setbacks and challenges produce growth of character and strength

At this age, young adults should also be ready to learn the following temporal truths:

- To develop habits of frugality and discipline
- To save and invest wisely
- To further commit to setting goals, budgeting, and earning as much as they can

When helping children financially with their education, give them money for necessities, rather than for consumption spending, and hold them accountable for the money given.

5. Teaching Married Children

Teaching married children is the most challenging of all. Perhaps the best counsel is from Doctrine and Covenants 121:41, which states:

No power or influence can or ought to be maintained by virtue of the priesthood, only by persuasion, by long-suffering, by gentleness and meekness, and by love unfeigned; By kindness, and pure knowledge, which shall greatly enlarge the soul without hypocrisy, and without guile.

Once your children are married and are establishing their own family units, you will need to alter your teaching style. Rather than teaching specific truths, I recommend applying the following principles:

- Teach by example. Be a good example of a wise financial steward by having your priorities in order.
- Realize that your own retirement planning comes first, and helping your children with money problems comes second.
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- Minimize discussions of what children and grandchildren will inherit or receive as gifts.
- Minimize gifts of cash to adult children as part of a negotiation strategy.
- Help adult children recognize when they need financial help and to accept it graciously.
- Stay out of your adult children’s family matters.
- Assure your children that they will not receive any inheritance until they have established a mature, disciplined, and adult lifestyle and profession.

Summary

To a large degree, parents hold the destiny of their children in their hands. The lessons they teach both by precept and example may have eternal consequences for their children. This chapter addressed two important questions, “What are those things that will make for happiness?” and “What must children learn to become a blessing to the world?” I delineated these as the spiritual and temporal things we should teach our children as we teach them about financial responsibility.

It is critically important to teach children financial responsibility. As parents, we have the responsibility to teach our children; if you do not teach your children, who will? Key things we should commit to teaching our children include:

- To deny themselves
- To stretch for what they want
- To recognize they will not get everything they want
- To obey the commandments
- To appreciate what they have

We then discussed seven principles of financial responsibility. While these are not the only principles, they are among the most important. They include:

- Teach by example individually
- Teach by example as a couple
- Pay an honest tithe and generous offerings
- Teach family members early the importance of working and earning
- Teach children to make money decisions in keeping with their capacities to understand
- Teach family members to contribute to the total family welfare
- Teach family members that paying financial obligations is part of developing integrity and honesty

The final area discussed when to teach financial responsibility to young children, pre-teenagers, teenagers, college students and older children, and married children. Each of these five chapters outlined important spiritual and temporal truths that each age group should learn.
Assignments

Financial Plan Assignment

Teaching children financial responsibility is a lifetime process, not something that occurs once and then they know it for the rest of their lives. It is challenging and time consuming, but it also can be a somewhat predictable process. Determine first how your parents taught you financial responsibility. Then determine how you want to teach your children financial responsibility.

Review Materials

Terminology Review

**Limited Partnership Basis.** A process of teaching children about finance based on their age and consistent with their ability to learn.

Review Questions

1. What are the seven principles of teaching children responsibility? Are these the only principles?
2. What should you teach young children about personal finance?
3. What should you teach married children about financial responsibility?

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5 “Greed, Selfishness, and Overindulgence,” *Ensign*, May 1999, 9
6 “Sharing Insights from My Life,” BYU Devotional, Jan. 12, 1999
7 Joe J. Christensen, “Greed, Selfishness, and Overindulgence,” *Ensign*, May 1999, 9
8 “Teaching Children of God,” Ensign, Oct. 1980, 2
9 *Liahona*, Apr. 2000, 42
11 Genesis 3:19
14 Doctrine and Covenants 93:40
15 Doctrine and Covenants 50:40
16 Alma 37:35
17 Alma 37:37