

33. Family 2: Teaching Children Financial Responsibility

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 We also know,

And again, inasmuch as parents have children in Zion, or in any of her stakes which are organized, that teach them not to understand the doctrine of repentance, faith in Christ the Son of the living God, and of baptism and the gift of the Holy Ghost by the laying on of the hands, when eight years old, the sin be upon the heads of the parents.³

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.”⁴

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.⁵

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, 34 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.

Objectives

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

- A. Understand the importance of your family vision and teaching your children
- B. Understand the principles of teaching children financial responsibility
- C. Know when to teach children financial responsibility
- D. Understand some plans and strategies for teaching your children.

Understand the Importance of your Family Vision and Teaching Your Children

If you have children, have you thought about your vision and your goals for your relationship with them? Important questions to consider include:

- What responsibilities do you have? What do the scriptures say? Is teaching an important part of your vision and responsibilities?
- What type of relationship do you want to have with your children? How are you planning to develop that relationship? What is your “sacred duty” to your family?

What happens if we don’t strengthen the family and teach our children?

- What are the problems that we have because of the “disintegration of the family” and parents who do not each their kids?⁶
- How are we going to work to ensure that doesn’t happen in our family?
- You have already developed a Family Vision from the previous section on Money and Marriage. Continue to work and refine it as you think through these sections

We are concerned for our youth. Joe J. Christensen reminds us:

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?⁷

Our youth need to be stretched. 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.⁸

Children should not always get what they want. 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?⁹

These are important parts of helping our 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. Know Yourself, Your Vision, Goals and Plans. It is critical that you know yourself. You must have our vision of what you want your family to be like, and then develop your personal and family goals and your plans to achieve them. If you have not written your goals down, you should do so now. Know what you want out of life and family.

2. Teach by example to seek, receive and act on the Spirit’s guidance. Your children will learn this most critical principle from you. This includes seeking diligently through study and prayer, living worthy of the Spirit’s guidance, and then acting on it once it is received.

3. 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.”¹⁰

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.

4. Teach by Example as a Couple. 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.¹¹

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.

5. 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.”¹²

6. 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”¹³ 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.”¹⁴

7. 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

8. 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

9. Teach family members they are accountable for their financial choices and you will not reward bad behavior. Help family members understand that you will not bail them out of their poor financial choices—they, not you or the government, are accountable. There are consequences to the choices they make and natural consequences are a good teacher. You teach like the Savior. The Lord said: “Whom I love I also chasten”¹⁵ and “My son, despise not the chastening of the Lord . . . For whom the Lord loveth he chasteneth.”¹⁶

10. Teach Family Members That Paying Financial Obligations Is Part of Developing Integrity and Honesty. Marvin J. 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!”¹⁷ We should teach family members and others that as disciples of Jesus Christ, we should be honest in all of our dealings.

Finding Balance

As you work on building your family and considering how you will teach your children, finding balance among doctrines, principles and application is critical. We have shared some ideas for principles, although you will likely consider many more.

<u>Principles</u>	<u>Doctrines</u>
Understand yourself, your vision and goals	Identity
Seek, receive and act on the Spirits guidance	Obedience
Teach by example individually	Stewardship
Teach by example as a couple	Stewardship
Pay a full tithe and fast offering	Agency
Teach the importance of work	Accountability
Teach to make money decisions	Stewardship
Teach we all contribute to family welfare	Agency
Teach and model accountability for our choices	Agency
Teach to be honest with finances	Accountability

From Obedience to Consecration

From the principles and doctrines, we can see that we are not just working on being good parents

or teaching our children wisely, both of which are applications; rather, from a higher perspective, or with increased vision,

We are children of Heavenly parents (identity), trying to live worthy of the Spirit (obedience), and who have a vision of what is important (Plan of Salvation). We are wisely making choices (agency) in teaching our children who they really are (identity) so they can come unto Christ (stewardship), make good choices in their lives and finances (accountability), and become unified and find joy in their families (Plan of Salvation) and ultimately become more like their Savior and accomplish their individual and family vision and goals.

Understand Plans and Strategies for Teaching Children 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.”¹⁸ 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?

When my wife and I were first married, we had seven theories on raising children and no kids. Now we have seven children and no theories. Following are some general plans and strategies for teaching children financial responsibility, divided into age groups. These would be included in your Family Plan discussed earlier.

Plans and Strategies

Young Children

- Teach young children:
 - 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
- From a temporal framework, teach young children:
 - To set and achieve goals
 - To learn to enjoy and work
 - To learn to save for things they want
 - To love and help others.

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.”¹⁹ How do you grow in grace and in the knowledge of the truth?

Teach pre-teens:

- 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, teach pre-teens:

- To work
- To save and pay themselves second
- To be disciplined and frugal
- To recognize that there are many things more important than money

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.”²⁰ How do you learn to keep the commandments of God when it comes to finances?

Teach teenagers:

- 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, teach teenagers:

- To differentiate between income and wealth
- To differentiate between good and bad liabilities and assets
- To spend less than they earn
- To develop and live on a budget.

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”²¹ How do we get closer to God? And how does doing so help with our challenges?

Teach young adults:

- 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
- That conduct on the journey is as important as your destination.

At the same time, teach young adults:

- 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.

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:

- Realize that your own retirement planning comes first, and helping your children with money problems comes second.
- Stay out of your adult children's family matters.
- Teach by example. Be a good example of a wise financial steward by having your priorities in order.
- 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.
- 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 principles of financial responsibility. While these are not the only principles, they are among the most important. They include:

- Understand yourself, your vision and goals
- Teach by example to seek, receive and act on the Spirits guidance
- Teach by example individually
- Teach by example as a couple
- Pay an honest tithe and generous offerings
- Teach early the importance of work and earning
- Teach children to make money decisions in keeping with their capacity to understand
- Teach we all contribute to family welfare
- Teach and model accountability for our choices and you will not reward bad behavior
- Teach that paying financial obligations is part of integrity and honesty development.

The final area we discussed plans and strategies of when to teach financial responsibility to young children, pre-teenagers, teenagers, college students and older children, and married children. Each of these areas 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 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?

¹ “Teaching Children of God,” *Ensign*, Oct. 1980, 2

² “The Family: A Proclamation to the World,” *Ensign*, Nov. 1995, 102

³ D&C 68:25.

⁴ “Strengthening Families: Our Sacred Duty,” *Ensign*, May 1999, 32

⁵ “Earthly Debts, Heavenly Debts,” *Ensign*, May 2004, 40

⁶ Gordon B. Hinckley, “[Proclamation on the Family](#),” 1995

⁷ “Greed, Selfishness, and Overindulgence,” *Ensign*, May 1999, 9

⁸ “Sharing Insights from My Life,” BYU Devotional, Jan. 12, 1999

⁹ Joe J. Christensen, “Greed, Selfishness, and Overindulgence,” *Ensign*, May 1999, 9

¹⁰ “Teaching Children of God,” *Ensign*, Oct. 1980, 2

¹¹ *Liahona*, Apr. 2000, 42

¹² “Guide to Family Finance,” *Liahona*, Apr. 2000, 42

¹³ Genesis 3:19

¹⁴ “Guide to Family Finance,” *Liahona*, Apr. 2000, 42

¹⁵ D&C 95:1.

¹⁶ Hebrews 12:5-6.

¹⁷ “One for the Money,” *Ensign*, Jul. 1975, 72

¹⁸ Doctrine and Covenants 93:40

¹⁹ Doctrine and Covenants 50:40

²⁰ Alma 37:35

²¹ Alma 37:37