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# Money Matters: Talking to Kids about Economic Ups and Downs

by [Anita Gurian, Ph.D.](#)



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Dr. Richard Gallagher appeared on *ABC World News with Charles Gibson* in a segment about kids and the economy.

In these times of economic uncertainty, family talk is apt to center on money, mortgages, jobs, moving, school tuition, and credit cards. Talking to kids about money issues is tough, especially when parents are under stress and have to deal with their own anxieties. Although parents may want to protect their children from worries, kids pick up the signals when things change and when there's tension in the household. When they don't know the facts, they're likely to fill in the gaps themselves with their own imagination or with misinformation based on media reports or talks with other children and teenagers.

Open and honest communication with kids is important, but parents should be careful not to overburden them or tell them more than they need to know. Take your cue from your child, listen to questions, and provide information in an age-appropriate way.

**Children under 5** - are most concerned about themselves and need assurance in simple and concrete terms that they will be cared for. They can be content with short term rewards and gifts such as stickers, rather than more expensive toys.

**Children aged 6-9** – can understand the concept of waiting or saving to buy more expensive things at a later time. They can go through catalogs and can make wish lists of what they want for birthdays and holidays. On shopping trips they can learn to read labels critically and to comparison shop.

**Children aged 10-12** - can put facts together in more complicated ways and understand that the family has to cut back. They can understand everyday effects of having to economize and can contribute ideas to budget planning.

**Teenagers** – may feel pressured to keep up with the latest fashion or what their friends have, but can understand the need to prioritize when there's a limited amount of money.

Teenagers are capable of understanding the ramifications of the economic crisis and can discuss issues in more detail, understand more subtle effects of having less money, and be active in problem solving.

### **What parents can do**

- Be a model for your children – demonstrate how to solve problems, how to deal with a crisis, how to make decisions. When they see you handle a situation with confidence they learn that they too can handle life's challenges.
- Use the financial situation as an opportunity to help children learn the difference between what they need and what they want; kids need to learn that every wish cannot be granted. Let them know their parents' personal values about how to save and spend money.
- Don't feel guilty about saying "no" to some requests, and explain that everyone will have to be more watchful about spending.
- Establish a regular schedule for family conferences on how the drop in income will affect everyone's life. Discuss:
  - Life style changes, such as changing recreation and vacation plans
  - Decisions about priorities for spending money; planning a budget
  - How each family member can help control spending
  - Ways for teenagers to earn money
- Involve children in helping out at home - e.g., babysitting, household chores --
  - but don't make them think they're responsible for supporting the family
- Maintain household routines as much as possible.
- Help children focus on the positive aspects of their lives. Explore fun, low cost activities.
- Assure kids that many families are facing the same issues and need to budget.
- Let children know you're concerned, but sharing your feelings too much or too often can cause undue stress. Kids depend on their parents for security, and when parents are tense and upset the kids feel unsupported.
- By responding to questions and concerns regarding the family's economic situation in a truthful and respectful manner, parents help develop children's personal self-confidence, problem-solving ability and knowledge.

### **The good news is that kids are resilient**

Resilience is the ability to adapt well to adversity, trauma, tragedy, threats, or other significant sources of stress. Resilience helps children manage stress and feelings of anxiety and uncertainty. However, being resilient does not mean that children won't experience difficulty or distress. Pay attention to signals such as sleep and appetite changes, nightmares, avoidance of people or situations that may indicate that your child is having difficulty and consider a consultation with a mental health professional.

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