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Welcome. My name is Andrew Baron, and this is Well... It Depends! The podcast where I address financial decisions that can't be answered with a simple yes or no. In this episode, I ask the question; how do I prevent my kids from being spoiled by money? But before we began a short disclaimer. This is being recorded on October 3rd, 2023.

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The contents of this podcast are strictly for informational purposes only, and nothing such should be taken as investment, tax or legal advice. It is important to consult with the professional before making any financial decisions, as the strategies discussed may not be suitable for you specifically.

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Getting into it; how do I prevent my kids from being spoiled by money? Well... It Depends!

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Before we dive in, let's acknowledge that the term spoiled is subjective. Its meaning varies from culture to culture and family to family. But for the purposes of today, let's define it as having an entitlement attitude, a lack of gratitude, or a lack of understanding about the value of money.

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First, let's discuss transparency. Some people argue that being open about family finances can provide valuable lessons. Kids can learn about budgeting, saving and investing if they're exposed to it. But there is a risk oversharing, which might lead to overwhelm them or provide them a sense of security leading to complacency. On the other hand, keeping them completely in the dark might shield them from the complexities of wealth, but leave them unprepared to manage money when the time comes.

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Another strategy to consider is a structured allowance. A basic allowance can be a great way for kids to learn about hard work and saving. But how much money is appropriate? Too little can make it difficult for them to learn effective money management, and too much can potentially breed entitlement.

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Then we have philanthropy. Encouraging kids to donate a portion of their money can teach them about empathy and the broader world. By understanding not everyone has the same resources, they might gain a more balanced perspective on their own wealth.

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Finally, we have experimental learning. Sending your children on trips or programs that are outside of their comfort zone, or having them work summer jobs can be invaluable. Not only do they learn about different ways of life, but also about earning and valuing money.

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Here are a few considerations. Open dialog. Talk about money regularly, but make sure that it's age appropriate.

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Set boundaries. It's okay to say no, but make sure that your kids understand why decisions are being made. Educate. Invest in financial literacy. Encourage your kids to take courses and read up on personal finance. Lead by example. Kids are observant. If they see you being frivolous with your money, they may adopt similar habits down the line.

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To recap, transparency can teach kids about saving budgeting and investing, but too much information can overwhelm them or lead to complacency. A structured allowance can be a great way for kids to learn about hard work and saving. But balance is key, and either too much or too little have their drawbacks by having kids participate in philanthropy. They can gain valuable experience and a broader view about different ways of life and experimental learning, and by getting kids out of their comfort zone may lead them to gaining an appreciation about the value of money.

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So to answer the question, how do we prevent my kids from being spoiled by money? Well... It Depends!