



Seasons Greetings!

Teaching children about money:

Holidays, Budgets and the Gift of Giving



*Happy Holidays from
Karen Monroy!*

Knowing I have a Ph.D. in psychology, many of my clients ask me how to teach their children about money. Because holiday gifts fit in so well with the topic, I'm devoting this month's e-zine to helping families manage their money for maximum enjoyment this holiday season.



Newsletter Spotlight

Playtime is a wonderful time to teach your children about money and budgeting. Remember, money lessons can be fun!

Matthew and money

I recently watched my three-year-old nephew, Matthew, play "store." He wanted to buy the same bananas over and over. "When is a good time to teach kids about money?" my sister-in-law, Maria asked.

"We're always teaching our kids about money," I replied. "We just don't realize it." I added that she could teach Matthew important concepts about money while playing the store game — "just one," "more," "enough," "too much," and "need versus want."

"Why does Matthew like the plastic bananas so much?" I asked. "Easy," she said. "The color is great and he likes putting things in his mouth!"

"Would one banana do it?" I asked.

"Well, yes," she replied.

"What about the other fruits at the store? Don't you want him to try them?" I told Maria to tell Matthew, "You've paid for one banana, you don't *need* another. Why don't you buy something else?"

What this game teaches him is how to discern between want and need. If you buy too much of one thing, you don't have enough for another. And THAT is a valuable budgeting lesson.

The holidays are a great time to teach children about money.

Never too young to learn

We all want to "gift" the folks in our life on holidays. We all want to visit the people we cherish during the holidays. And sadly, many folks get themselves

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Newsletter Spotlight

Help your family decide who to gift and how much to spend on each person.

into bad debt during this time of year.

Here are some ways to make the holidays more joyful while teaching your kids about money and avoiding over-spending

Gather the family around the kitchen table. Make popcorn and hot chocolate (money talks should never be presented as a chore!) and together, decide who you are gifting. Each person writes down the names of those they want to acknowledge for the holidays.

Triage the gift list

Divide the list into categories:

- Purchased presents
- Homemade presents
- Cards
- Other acknowledgements

During the triage process, discuss gifting as an acknowledgement of love and friendship, but never as a competition. Talk about how hard it is to feel obligated to give gifts and how to acknowledge people with cards, baked goods/candy or homemade gifts.

Staying within your holiday budget

About this point, start a discussion on budgeting. Assign a dollar value to each child for purchasing supplies to make or buy presents. Assist with math skills as necessary, but don't make this about math skills!

You want each child to figure out what they are doing with each person on the list. I like to highlight in one color all presents to be purchased, with a different color for presents to make and another color for cards or baked goods/

candy.

Model "healthy giving" behavior for your children, especially when shopping for holiday gifts. Talk out loud (as if you're thinking out loud) and say things like, "Sally is on my list. I've budgeted \$20 for her, but this costs \$40. I wonder if I should break my budget. Well, I do have my credit card... hmmm. No, the purpose of a budget is to keep my spending on track. A budget is a promise to myself and I'm going to keep my word to me!"

The "talk out loud" technique is very powerful and it can be tailored to the age level of each child. The example I gave is good for 6-14 year olds. Remember, our children are watching us all the time; hence, we are teaching them all the time. Match your conversation to your actions and you have created a powerful lifelong message!

On the receiving end

Also teach your children how to graciously receive gifts. Even if you got the "white elephant" gift, acknowledge that it's the thought that counts and respond to the gifter in a positive way. Show your children how to deal with other gifting issues:

"Wow, Sally got me such an expensive gift. I'm going to tell her I will treasure it and let her know I feel the gift I gave her is not as expensive."

Hopefully, your children will see that you're comfortable with the difference in gifting levels (even if reversed — *you* gave the expensive present and received an inexpensive one). If you're not comfortable, be honest with your feelings (to your children!) and let them see you work through the feelings (in a healthy way, of course!).



Newsletter Spotlight

When holiday shopping, model "healthy giving" for your children using a "talk out loud" technique.



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Gift exchanges are a fun way to stay on budget and still affirm your desire to gift.

Gifts are from the heart

Many times, folks begin the gifting exchange with an apology; "I didn't have much money, I'm sorry this is all I could afford." How sad! A gift is not a requirement. You do not OWE anyone a gift. If you are not giving joyfully from your heart, call it something else, because it is not a gift. A gift honors your relationship with the giftee and it honors you. In order for you to be in integrity, the gift also needs to honor your budget.

Reining in your holiday spending

I remember the first time I did a holiday budgeting exercise with the Smith family. The Smiths had three kids, a large extended family on both sides and had just bought their first house in New Jersey. They decided to have the holidays at their new house. I mentioned some budgeting tools and said if they started worrying about money, it meant they were not paying close enough attention to their budget.

As the holidays got closer, Ms. Smith called, somewhat frantic. "What were those tools again? I feel out of control." Because the Smiths were hosting the extended family, they had made purchases they normally would not have made. Folding chairs, tablecloths and decorations galore. No wonder Ms. Smith was feeling out of control... she was! She still had presents to buy and no money to buy them.

We made a list of everything she had spent in the last 4 weeks and put each expenditure into a category: return because you can borrow, return because you don't need it, return because you promised to stay on budget and return because you want to be in integrity.

She returned all the purchased items. What was needed for the event was

borrowed and what was wanted — a perfect holiday celebration — was had by all. This is the same lesson Matthew is learning: need versus want.

Other economical gifting ideas for families:

- **The Secret Santa gift exchange**, with all gifts under a certain dollar amount. Most folks are familiar with Secret Santa. Everyone who wants to participate puts their name in the hat. Names are drawn from the hat and are kept secret. Many times, there's a theme (under 20 dollars or comedic gifts) to make it easy and fun to participate.
- **White elephant gift recycling**. The idea is to pass on gifts you've received that aren't being used. (Remember, one man's trash is another man's treasure!) I have seen this done with great humor; with prizes for the oldest, most original package, best white elephant, etc. You never know what you will get, and it's always fun to share the story of how you were given the white elephant in the first place.
- **Lastly, thematic gift giving** is another great way to stay on budget, such as "under \$5," "edible" or "handmade."

Many clients tell me they feel tentative about changing past gifting traditions. While understandable, remember the reason for giving. Surely no family, friend or co-worker would misunderstand an affirmation that you want to give, but have made yourself a promise to stay on budget.

Happy Holidays! May you and your family be showered with Peace, Prosperity, Health, and Joy.

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