



THE PRIVATE BANK

Family Dynamics

Parents of Affluence: Blessing or Curse?

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In this update:

- » *Parents of affluence have an opportunity to shape how their children feel about financial success and how comfortable they are in dealing with money.*
- » *There are several ways you can help shape your children's views about money by: Carefully determining what it means to be "wealthy"; defining what money represents to you; thinking of money as a magnifier; and teaching your children where wealth comes from and valuing hard work.*

"Mom, are we rich?"

"Oh, well, no dear."

The child's eyebrows raise and his mother follows his gaze around the comfortably decorated dining room, the heavily draped large windows, the leather upholstered chairs, and gleaming broad table. His eyes come to rest on his after-school snack, a pile of delicious out-of-season fruits coupled with gourmet meats, cheeses, and crackers. He looks back up at his mother, confusion battling disbelief in his expression.

"I mean, yes, we are," she tries to amend quickly, "but not really rich, that is..."

As strange as it may seem, this scenario is not uncommon, and this mother's lack of a clear answer is pretty ordinary too. What is it about parents' financial success and teaching children about it that makes these conversations so awkward? Should you feel guilty, proud or embarrassed about achieving monetary prosperity? How do parents help their children to understand that the family is "financially wealthy" without it affecting them negatively or causing them to feel entitled?

These are all common questions. Parents of affluence have an opportunity to shape how their children feel about financial success and how comfortable their children are in dealing with money. Fathers and mothers need to be parents of influence in how they engender the concept of money and attitudes towards it in the minds of their children. It is common for parents to struggle in knowing how to handle these early conversations about money. Here are a few tips to get started.

Carefully determine what it means to be "wealthy"

You might consider broadening your definition of "wealth" to include things that are not quantified in dollars and cents. One example is to be relationship rich. Ask your children this question: Do you have people around you that

love and care about you, and have the ability to help you become successful in life? If they answer yes, then you can emphasize that they are “wealthy” from a relationship perspective.

Another example of a dimension of wealth is “working capital,” or the ability to engage in meaningful but challenging work. Do your children appreciate the value of hard work and know how to achieve ambitious goals? If they do, they might consider themselves wealthy. Defining wealth only in terms of things with monetary value is short-sighted, and doesn’t provide the depth of understanding that your children need to have healthy concepts about true wealth. Too many people who consider themselves rich are impoverished in many ways.

Define what money represents to you

As a parent, you have many opportunities to speak to your children about money and what it means. As you become intentional about seeking opportunities to “define your money,” you will find that your children will absorb those teachings. For example, if you focus on having the newest luxury car in the neighborhood or equate buying things to feeling happy, you are defining your money as a status symbol or a symbol of your own worth. You may not ever say that is what money means to you, but you are teaching it. At the same time, if you include your children in charitable giving from a young age, you are teaching them about an important context money has in your life and the good that can be done with it. Parents should take every opportunity to express what money represents to them and what role it fulfills for their family. Get intentional about defining your money before it defines you.

Think of money as a magnifier

To magnify is “to enlarge in fact or appearance.” As you think about money, this is exactly what it is: It simply enlarges in fact or appearance what attitudes, ideas, and intentions already exist. Money is not inherently good or evil; it is simply a tool of facilitating transactions. Consider how money might be a magnifier for good. Children who learn to share are more likely to be good corporate citizens when they are financially wealthy and grown. Children who are taught to “take all you want, but eat what you take” are less likely to misuse or underappreciate resources as adults. Children who witness random acts of anonymous generosity from their parents toward neighbors and even strangers have been pre-trained in the art of charitable giving.

Lessons learned as children are often forever imprinted on their personality. Childhood experiences like conspiring to be “secret elves” for the less fortunate during the holiday season may have a lasting effect on children. Will more money change a person from good to bad? It’s not likely, but money correctly applied may magnify the amount of good that person is able to accomplish. How is your money a magnifier for good?

On the flip side, children who grow up with a “scarcity mentality” are more likely to become wealth hoarders, never believing that what they have is enough. These children who do not learn the value of work and are given credit cards with no limits or accountability may squander riches during their mature years. The disease of entitlement has been known to wither away large sums of money and cause destruction in the best of families. Will money change a person from bad to good? It’s not likely, but money poorly applied can magnify character flaws. How is your money a magnifier for bad and how might you change that?

Teach children where wealth comes from

A clear understanding of how a family has achieved financial success is crucial. It takes hard work, ingenuity, and some sacrifice to achieve anything significant. It is also valuable to remind children that all success is a blessing. The talents and abilities that we have are all gifts for us to use for our benefit and for the benefit of others. As we help our children to view success in the proper context, they will be grateful for the wealth they have and become conscientious stewards of whatever financial blessings they have.

Teach them to love to work

As parents, we often desire to give our kids “more than we had.” Is more always better? More toys, more vacations, more material things are not always better. Perhaps because we want our children to be more (that is, better) than we are, we assume that giving them more things or experiences will make that come to pass. Many families that have become financially wealthy have done so with great sacrifice and work. Many times parents subconsciously try to make up for time away or for missing important activities with their children by showering them with gifts or not requiring them to work. This action can be considered guilt-driven and terribly destructive. The very same attributes that made a person successful are sometimes lost on the next generation. A strong work ethic is one of the most valuable gifts a parent can give a child.

So is being financially wealthy a blessing or a curse? It just depends on how you approach it. As parents become intentional about thinking and talking about money with children, it is more likely that financial wealth will be a blessing. Don't be defined by your money. You can define what true wealth really is and teach that to your children.

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