



Talking to children about money



Whether your child is six or 60, it's important that they are financially savvy and independent. It's a fine line between helping them out and doing so much for them that they can't look after their own finances when they need to.

Parents (and other carers) are children's main source of advice and learning about money, from when they're very small right through to becoming adults themselves. You can have a big impact - they learn from what you say, do, and teach them about money. There are lots of simple things parents can do to help your children be prepared to manage money later in life.

Attitudes towards money

If you don't teach your children about money, there's a risk they won't understand it or have a chance to make mistakes early on when it's still soon enough to learn from them without big consequences. They might learn bad habits from elsewhere, or think money is something to be scared of, or not taken seriously. You need to talk to them about money early on.

There are more and more things for children and teens to spend money on these days. It's hard to give your children everything they want (there is usually an endless list), and if you did it wouldn't be good for them - so it's important to talk to them about the value of money.

One easy way to explain this to your child is to get them involved with financial decisions when they are very young.

In the supermarket and need to buy jam? Ask your children to help choose, based on your budget and the price of the jars. Make a list before you go shopping and show them how you stick to what's on there. Or allow them a set amount of money to pick something from the store, be clear that 'when it's gone it's gone', and talk about the choice they made and what they might do differently next time.

The more little conversations you have about money, early on, the less awkward they will feel about the topic which will massively help them out later on in life. Having these conversations early on will also prepare them to manage their money better as adults and reduce costly mistakes in the future.

When children get a little older, talk as honestly as you can about money mistakes with your children. Do you regret debts you racked up? Do you wish you had been better at saving so you could have gone on more holidays, bought a car, or set yourself up for the long-term? Tell them about it and what you might do differently if you had the chance to start again, and encourage conversation about what they think and feel about money.

This helps them begin to understand financial concepts, includes them in the conversation and gets them thinking about how they plan on doing things when they are older.

Telling younger children 'no'

It can be really hard to tell your children 'no', especially if they keep pestering for something, you're facing pressure from others, or you want to buy them things. The problem is, if they get everything they want, they're going to ask for more and more, and you'll quickly find yourself spending more than you can afford. Giving in to 'pester power' or buying everything your children ask for could also mean they don't learn the difference between 'wants' and 'needs', or the value of money.

It used to be just an issue of children nagging for sweets by supermarket tills, but these days children and teens have free games and apps, which have lots of in-app/game purchases which can rack up bills of hundreds of pounds if you were to give in every time.

The best way to get your children to pester less is to talk to them more about money and there are choices and consequences to spending money.

You won't be able to stop the adverts your child sees that will make them want things, however, you can help them become a savvy consumer. Talk to them about how adverts, some TV programmes, and some things they see on the internet are made to try to sell them things. Get them to think about the ways ads do this.

Communicating openly and often about what they see and hear, as well as teaching them about the value of money, can make them understand what they are asking for and the reasons for why you might say yes or no.

Theory is great, but if you are being asked right now for something and you can't afford it, your child doesn't need it, or you feel you've already bought a lot for them recently, say no - and mean it. If your child knows that if they are persistent you'll give in, you are encouraging them to pester in the future.

That said, when you do say no, you should explain why. This shouldn't be a debate, but just a reason so they understand.

We have a [great set of guides for children of all ages](#) with fun and easy tips for how to start lifelong good habits around money.

Asking adult children to contribute to household expenses

The economy is tough on grown up children, but this doesn't mean you have to write them a blank cheque. Lots of them are living at home for longer as the cost of living is rising and it takes longer to get onto the property ladder.

Parents have to try to balance wanting to soften their child's entry into the big bad world full of financial responsibility, while making sure they are still financially secure themselves

If you can no longer afford, or want to cover all the cost of washing, internet use, phone calls, insurance, food etc that your adult children are spending, you may have to offer up some tough love rather than hard cash. After all, if you make sure you're financially secure you're better placed to support yourself and your family for the long term.

Clear communication with your children is key. They may not even realise how much the financial support they receive from you is costing if you've never told them.

Be honest about the financial impact they make, create a plan to end the support or suggest a time frame for reducing it.

Encourage your child to [complete a budget](#), so they are able to see what things cost, as well as organise their own finances.

Your love for your children, and theirs for you, isn't linked with money. It might feel like indulging them is for the best - the best thing for them in the long term is letting them know their costs and giving them an opportunity to

start standing on their own two feet. The sooner young people learn to take responsibility for money and make their own spending and saving choices, and understand the full implications of living independently, the better they will be prepared for the realities of adult life.

If you feel daunted about starting the conversation, read our guide [How to talk about money](#).

Elder financial abuse

Most children will be happy to pay towards household costs when asked to, and most parents will want to help their children when they can. However, sometimes adult children can try to control parents' or older family members' money.

This could be by demanding cash or running up debts in their name, often accompanied by threats of physical or emotional abuse if the person refuses to comply. When this happens, starting a money conversation could put someone at risk of emotional or physical harm. They may also feel isolated and fearful of speaking out about the abuse.

It's important to know that financial abuse is a criminal offence and if you are experiencing it you don't need to struggle alone. There is lots of help out there. If you want to know more about the signs of financial abuse and how to get support, read our guide [Protecting yourself against financial abuse](#).

Talking to working age children about money

Asking your parents to be a guarantor

If you aren't earning much or are finding it difficult to borrow money because you don't have enough credit history, you may want to ask for help from your parents to get a loan, mortgage or sign a tenancy agreement.

One way to do this is to ask them to become a guarantor -- a third-party person who provides financial assurance that loan repayments or the rent will be met by them if you are unable to pay.

If you get your guarantor to co-sign on the loan or tenancy agreement, they will be legally bound to the financial requirements just as you are.

This is why a guarantor is someone who would need to have a considerable amount of trust in you, and why often it's parents who take on the burden.

When asking your parents to be your guarantor, be honest with them regardless of your history with money and loans. They're probably familiar with your financial standing and spending habits, so there's no point in beating around the bush.

What matters most is assuring them that you will be responsible and say up front if any financial issues come up. To give them confidence in you, it's a good idea to:

- Share with them your monthly budget so they can see how exactly you plan to pay your rent and other bills
- Work with them to come up with a back-up plan together in case you fall behind on repayments and need to get back on track.
- Make sure you have explored all other options before asking. Do you really need to borrow? Is it worth waiting until you can afford repayments yourself or you've built up a good credit score?

Make sure the guarantors get their own independent advice, only ask them to guarantee what they're comfortable with and above all, make sure everybody understands what they're getting themselves into.

Things you should make sure your parents are aware of, include:

1. Do they completely understand their responsibilities as a guarantor?
2. Do they understand the legal liabilities and what they mean if you were to default on the payment?
3. Do they realise that the worse case scenario could mean them losing their home? Most parents think it would never happen to them, but it is actually quite common.
4. Are they able to really afford to cover your debt?
5. Do they feel pressured into being a guarantor? There's usually a feeling of emotional obligation.

For more help see our guides on our site:

Talking to children about money

Talking to yourself about money

Talking to your partner about money

Talking to friends about money

Talking with older people about money

Money Advice Line **0800 138 7777***

Typetalk **1800 1 0800 915 4622**

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