**EPISODE 1766**

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**FT:** So Money episode 1766, the best of So Money 2024, kid-friendly finances.

> "**KH:** *When you think about it, most family discord about spending between parents and kids stems from answering the question, what's the big deal, right? The kids are like, 'Oh, what's the big deal? I just want to. I just want to go to the movies.' Well, the big deal for most families is not the movie ticket. It's how do you get there and back safely and the fact that you need, on average, 2X the price of a movie ticket for popcorn and soda."*

[INTRO]

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**FT:** Welcome to So Money, everybody. I'm back, and it's Christmas. Happy Christmas, Merry Christmas to everybody who celebrates. In our continuation of looking back on the podcast, we're dedicating this episode to a topic that touched a lot of families this year, teaching our children about money, whether it's how to spend wisely, save consistently, learn how to budget, or just appreciate money. Installing good money habits early, we learned, can change the trajectory of their lives.

Today, we're going to go back and hear insights from three interviews. First, Karen Holland, founder of Gifting Sense; Renee Campbell, Head of Youth and Family Banking at Chase; and Peter Bergman, Head of Starter Segment Banking for Chase. Each guest brought actionable advice for kids of all ages. We're going to talk about the kindergarten years, all the way up to the young adult years.

We're going to kick things off with Karen Holland, Founder of Gifting Sense, whose focus is teaching kids how to think before they buy. She introduces to us the Does It Make Sense Score, the DIMS Score. It's her methodology. It's simple but powerful, a tool to help kids as young as elementary school begin to evaluate their purchases. Here's an excerpt where Karen discusses why spending choices are the perfect gateway to teaching financial responsibility to kids.

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**KH:** In behavioral economics, the technical term is money script, but I call it a money personality. These are all the habits and beliefs we have about money, and they inform how we think and act with it our whole life. Your money personality, of course, is established right alongside your social personality, which means it happens during childhood. If you think about the adage an ounce of prevention is worth a pound of cure, it's just so much easier to raise kids who are comfortable talking about, thinking about, and using money than it is to help adults reengineer what might turn out to be for them unproductive approaches to earning, spending, saving, sharing, and investing. Thinking before buying is just a really powerful, easy-to-teach, and sticky life skill for kids.

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**FT:** Yes. You chose to focus on the transaction piece, the buying piece, the shopping, spending piece, as opposed to investing or credit. Why is this so foundational, this part of our financial education?

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**KH:** Well, think about it. What did children before high school really get to do? What's practically achievable for them? Shopping, right? I mean, and middle school is this developmental sweet spot because they have all sorts of capability and agency. They can get themselves to and from school. They're starting to have a little bit of choice, maybe what they take. They're also starting to earn a little bit of money. This is when allowance really comes to play. They start getting gifted money for holiday and birthday gifts. They can earn money. An 11-year-old can take the Red Cross babysitting course.

If you want – I'm sure you know there's a dictum in financial literacy that financial information has to feel relevant to feel helpful. Those other things are important, but they're not relevant for children, right? What's immediately helpful for children is being able to spend your birthday money, your holiday money, your allowance in the best way possible for you. Parents at home can absolutely do those with their kids.

The DIM Score calculator, that acronyms, as you said, stands for Does It Make Sense Score. It's really a questionnaire, and it gets kids into the habit of asking and answering simple questions about typical childhood purchases before anybody spends any money. It takes minutes. But guess what happens. You answer those questions, and you can avoid disappointment, reduce waste, improve family harmony, and protect the planet all at once for free, for weeks, months, sometimes years. Not bad for three or four minutes.

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**FT:** Can you give us an example?

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**KH:** Yes. When you first click on the DIM Score calculator, we have two silos. It's an item or an experience. Then in items you choose, there's another six silos under that like electronics, toys, clothes, sports equipment, all the standard stuff. It's literally like the first question is how much does it cost. How much does sales tax and shipping add, right? I mean, in the case of an experience, when you think about it, most family discord about spending between parents and kids stems from answering the question, what's the big deal, right? The kids are like, “Oh, what's the big deal? I just want to. I just want to go to the movies.”

Well, the big deal for most families is not the movie ticket. It's how do you get there and back safely and the fact that you need on average 2X the price of a movie ticket for popcorn and soda. When kids are given a tool that lets them quickly but not arbitrarily lay bare the facts of a purchase, well, all of a sudden, they know what the big deal is as well. That's how it improves family harmony.

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**FT:** Fun fact, I met Karen at a live event for So Money last year. I hope to do more of them in 2025. She came up to me, longtime listener, pitched herself as a guest. It was a no-brainer, obviously. Her approach to teaching kids about money is practical and actionable. What I love is that she teaches kids to calculate a purchase based on its true costs. If you're going to ask for movie tickets, think about the extra money for popcorn, for transportation. Then we give the kids the tools to evaluate if it's worth it.

Next up, Renee Campbell, a mom of triplets and Head of Youth and Family Banking at Chase. We sat down to talk about her experiences teaching her three kids about saving and allowances and what her work is informing her about how to teach kids of all ages. Specifically, we focused on the younger set where she talks about starting simple, being consistent, and using everyday moments as teachable opportunities, beginning as young as kindergarten.

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**FT:** In covering this space for many years, even before I had children, I was learning from experts. Now that I have kids, in practice, I think this is really been helpful to us, is just realizing that kids learn through observation. I think a lot of parents and families put stress on themselves to go, “What am I going to tell my kid about money? How are we going to start these conversations?” But do you agree that so much can be taught as you are consciously shopping, grocery list making?

I remember when my kids were even just like three, four years old. We go to the grocery store, and there are opportunities. They want to grab for things that maybe we already have. Right then, no, we're going to pass on this because why? Because we already have it, right? It would be excessive. Let's wait. You're teaching delayed gratification. You're teaching the importance of finishing what you have before you buy something again and just raising that consciousness level. It can be as simple as that sometimes, just taking them along a shopping trip.

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**RC:** You are exactly right, and that's what we do in our household. It's the natural everyday moments that matter. That's what I want to reinforce is that you're not looking for something complicated or challenging. You're just helping them understand how this is ingrained into everyday life. Like you, we do the – well, if we're at the cash register and you're in the checkout aisle and you saw all that candy and you say you want something, can you afford that candy? That's the moment that you're using to remind them setting a savings goal if you want something and how can you work towards getting it.

Those are all right for kids at this age, and it's a healthy happy way for them to learn those core basics before we get into the big feelings that some of us adults have around money. We're able to set our kids up with a very solid foundation by making it super normal. My husband and I just bought a home, and so our kids got to hear our conversations about choices that we were making about things we might not do because we were saving for the down payment. Now that we're in the home and some things have broken and those are unexpected expenses, how are we going to address them? What we do is just try to bring them in on the conversation. This might mean that we won't do the extra takeout meal this week because we had an unexpected expense, and this is how we're addressing it. Normalizing those conversations and finding ways to include your kids is a fantastic way to introduce the concepts without being overwhelming.

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**FT:** With our family right now, we just started doing an allowance system. In a perfect world, we would have started sooner. But, again, going back to what I said earlier about readiness, it's not just even my kids being ready. It was me and my husband being ready because there requires from us a stick-to-it-iveness, right? Mom's got to have her money and cash every week to give to them, or now we use an app, but making sure that I'm also on top of them because they forget to do their chores because they're still learning.

In the beginning, it was really hard for both mom and child, parents and child to kind of get this system down around the allowance. Also, the kids are 7 and 10, so there's an age difference. I really wanted them to both be ready at the same time. That was important to me because I wanted them both to be able to work together. Here's what we're doing briefly, and I'd love to get your take on an allowance system.

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**RC:** On the edge of my –

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**FT:** Yes. I know because your kids are seven. First of all, it wasn't this well-thought out plan. Let me just preface with that, okay? It was just me reaching a point of frustration where my kids, I felt, were asking me for everything around the house. I was doing everything and my husband were doing. They had no idea what was going on behind the scenes. Their beds would magically get made. Their laundry would magically get made. When they want water, here's your water. I kind of reached my point, my, my max for that. I said to my kids, I said, "Okay, allowance is $15 a week per kid," which is above –

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**RC:** That's not bad.

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**FT:** Which is – I mean, they're 7 and 10. The normal recommended, I've read, is like one dollar for every year of age per week. A five-year-old gets five dollars. A 10-year-old gets $10. Both kids, one 7, one 10, they get $15 a week. But there are some rules, and one rule is that you have to do your chores every day. If you miss a chore, you get nothing. That's not to say that if you get sick or we're traveling or we had our housekeeper that day. Clearly, there are exceptions to this rule.

But in the beginning, I wanted to make an all-or-nothing rule because I wanted them to get into the habit of it. Okay. This is how they get into the habit of it so far. People were like, "Oh, that's just recipe for disaster, Farnoosh, because if they skip a chore one day and they know they're not getting paid, then they're not going to do the chores for the rest of the week." I'm fine with that because then I'm also saving $15. I also bet –

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**RC:** [inaudible 00:12:12] everywhere.

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**FT:** I'll just keep the money. That's fine. But they love – I know my kids, and that's important. They are motivated by the money. Because they're working together on their chores, I see them negotiating with each other. “Hey, let's do this together. Let's do that –” Even though my son, his job is to do the dishes one night, they know they want to get to watch the movie, and then there's only so many hours left before bedtime. “Hey, why don't we do the dishes together, or we'll do all of our after-dinner chores together. So we can be done earlier, and we can get to watching the family movie sooner.” I see that's happening.

The other thing that's happening, and this is kind of ridiculous, but my son said to me the other day, he said, "Mom, I don't want to do my chores. Can I just pay dad to do my chores," because he's making money. The other thing is that they cannot spend all the money all the time. With the $15, $10 gets saved, and they cannot touch it for a minimum of, I think, three months. We started this in August, and I want them to wait so that when it's Christmas time, a holiday time, they have money to buy gifts for themselves and for each other. The other five dollars they can spend.

I also recently implemented a new rule. I'm making this up as I go. Because what was happening, my son, who cannot delay gratification, who has impulsivities. My daughter is way more chill. But my son, every time he has that $5 out of the $15 to spend, he wants to spend it. I said to him, “Look, if you save all these $5 until the end of camp, I will match you dollar for dollar so that by the end of camp, you won't have $25. You'll have $50, and then you can actually get something substantive.”

Anyway, that was a long story. But this video that I did on my allowance on Instagram, 4.2 million views, okay? This is it. People just want to learn about the allowances. Tell me how you're thinking about allowance, if at all. Not everyone has to do this.

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**RC:** It is a fraught topic right now in our household. I may not have said it, but I'm taking strong mental notes on all of your application because you baked in some really important concepts in there. There's delayed gratification. There is the exchange of one thing for another. There is a consistency. You're hitting on all of the core concepts that we are talking about but it's also – I think, one thing that struck me about what you said is you're learning about your kids' behaviors with their money by doing this. That's why we say start early because now you know where your son needs support and where your daughter might not, and she'll give you another tidbit at some point that lets you know how you should engage with her more appropriately.

That's really what this is about. We are not of the same mind yet around allowances, but what we are doing in my house is our kids each have their bank accounts. When we get money for them, they do the same thing. Their money gets deposited into savings. We choose a predetermined amount that they're allowed to spend. We don't weigh in on how they choose to spend it. That has been pretty eye-opening for us because, again, people have different money personalities. One kid is making it rain and is buying everything to their heart's content.

We actually had a moment recently in Target where we were in checkout aisle. Everyone picked up some candy, and I said, "Are you sure you can afford it?" Two of them knew their balances in their head. They're like, “Yes, I'm good.” One person wasn't so sure, so I logged in to the app. I showed how much money they had, and they did not have enough to afford the candy. Natural conversations, “What are your options? Either you don't get it. Is someone willing to buy it for you?” There were no takers on that proposition, so my son had to put the candy back. We get into the car, and we have, unprompted by me, a whole conversation about what business they're going to start because they want more money. Farnoosh, this is parenting goal, right?

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**FT:** Oh, my God.

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**RC:** This is what we're looking for, natural organic moments for them to work through the concepts on how do I get money. How much money do I want to have? What am I willing to do? It was me just grinning ear to ear because them having their bank accounts let them know how much money they had. I could respond to each kid's money personality appropriately. Then they were making their choices, and they were pretty solid choices. I mean, I didn't think the candy was worth it. But if that's what makes you happy and that's where you wanted to spend your wants money, that's on you.

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**FT:** An important takeaway from our conversation is that kids have different money personalities. As I'm learning in our house, one kid might save everything. Another can't wait to spend. Interacting with our kids around money at a young age will give us that insight and will teach us how to better teach them about money and the power of saving.

Finally, Peter Bergman, also from Chase, helped us shift our focus this year to tweens, teens, and the college students and how to teach them about financial principles. At this stage, Peter says, "Kids are gaining independence, and they're ready for bigger money lessons, including earning, budgeting, and even protecting themselves from scams."

Now, with the autonomy that comes with growing up, and you're out, and you're socializing, you're going out with your friends, you want for things that you didn't necessarily want when you were a kid because you didn't know any better. Now, the things are expensive, whether that's Taylor Swift tickets or school trips, summer camps, clothing, brand labels. If you've been at the mall lately, you know the lines at Sephora. I don't even have to tell you. What is going on? That's a whole other episode.

As kids become more independent and influenced by their friends and the media, they don't just want little five-dollar toys. They want cars. They want brand name items. They want concert tickets. What's your advice for parents on that front, whether that's boundaries or systems they can implement so that the kids learn to implement some reason and some budgeting as they're thinking about all the things that they want?

 

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**PB:** Yes. It's a great question. I, like you, so I have an eight-year-old daughter and then a five-year-old son. I'm not quite there with my own family, but something that's really important is having discussions with your family about your values and how you as a family choose to spend your money, what your saving is for as a family, and kind of democratize those conversations so that they feel part of it, particularly as they grow and age, and they may have a bit more of a say and a part of that dialogue.

For your younger siblings, they'll kind of start to learn that vocabulary and that mindset for your family. That's really something that you can teach younger and as they grow to set their mindset for how they manage their finances. Then as they get older, it's important as parents to ask the questions on the flip. Ask them what's important to them. Ask what they're looking to save for. Ask them to reflect on how they've spent the money that they've earned, what they're saving up their money for. Just verbalizing their intention can have a dramatic effect on the choices and the decisions, the behaviors that they make. Really, my encouragement is just to make it up in a family dialogue and one where it's a discussion and not a parent telling their kids what to do.

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**FT:** Yes. I like that. I like the idea of bringing them into the family's values. It reminds me of a story. A friend of mine who does have teenagers was saying where her daughter wanted to go to a concert. The tickets were expensive, but one of their family values is experiences. They value experiences. They invest in experiences. But it wasn't just like, “Okay, so we like experiences. Here's all the money for the concert tickets.” There was a plan. They found ways to cut costs. They may have converted points into – there's still other layer to this, which I think kids don't know about. They don't know that maybe you can find a coupon or find an alternative way to spend or save. They think the price is the price, and maybe they feel like it's a dead end. But maybe it's just, okay, this is hurdle number one. We need to get over it and find – get creative. I think, parents, this is where we can really show them, open up their world.

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**PB:** Yes. No, I think that's a great example and one where I'd encourage parents to ask questions and to show those different tricks and just talk through scenarios. Asking questions around, "Oh, how much does that cost?" "Oh, is that the all-in cost?" "Well, no. We got to get there in terms of transportation. We might buy food. We might buy some merchandise." "Okay, how much is going to cost really in [inaudible 00:21:39]? What are the different options? How might you pay for it? How might we earn some money?”

I also love, particularly as kids get older, them to put some of their own skin in the game. We may not necessarily feel like we can ask them to, pay for their whole concert ticket per se. But maybe if they want to buy a t-shirt, they're going to buy it themselves. Or they want to buy some food or pay for half of the ticket or whatever it is. To your point, Farnoosh, them being part of that journey and part of that planning process, particularly if you can connect it to their earning, then it'll motivate them to do that work and just get into this really healthy financial habit of having intention with their money and building your money engine towards things that you want, your aspirations.

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**FT:** Right, all the extras. When your colleague, Renee, was on the show Monday, we were talking about the younger set. She gave a story when she was younger, which I thought was really powerful, this image of her getting access to her mother's checkbook. Her mother wanted her to balance the checkbook. That is something that I actually hear repeated now, and experts tell me about how to raise money-savvy kids, especially the teens, getting them close to the money, the family money. It may not work for every family, but I think there's some value in that. What do you think? How can parents create an experience out of this that they feel like you don't want to overshare sometimes.

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**PB:** Yes, yes.

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**FT:** I guess it all depends on your kid, too, if your kid’s mature enough.

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**PB:** Yes. I think you're spot on there. First, managing and balancing a checkbook is a little bit of something –

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**FT:** Maybe that's not exactly what the exercise is in 2024. But maybe it's like, “Here's our spreadsheet of last month's expenses.” You can get that from your bank.

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**PB:** That's exactly right. The first part, I think, is helping to introduce having their own account, their own kind of responsibility of that debit card, of a balance, of a savings goal, et cetera as they're younger. As they age and perhaps get their own first job, then you – that's a key milestone of being able to talk about, okay, what are you going to do with that money that comes in? How much is going to go for savings? How much are you going to set aside for your spending?

The budget is a little tricky with tweens and teens because on the one hand, there are opportunities for the right children, the right families to start introducing aspects of the family budget with them. You can also think of micro budget. The most important piece is being able to set a budget and stick to it and being able to reflect on how you did. It might be, I know some parents, set a budget for lunch over the course of a week or a month, and give that to the child, and see how they do. They have to kind of plan it out.

It might be in [inaudible 00:25:02], setting a budget of intention and how much they want to spend their own money on that, and tracking if they actually do that, and being able to reflect with parents. I think as they get older, then being able to expose them to aspects of the family finances. It might start with just a grocery store trip. Okay, we're going to spend $60, $100, whatever the number is. Let's think through what do we really need and how do we spend against that and what actually shows up when you reach the counter. It's a starting point. But as they age, exposing them to the full family finances of how much did it cost to maintain our house, getting into things like insurance, streaming services, groceries, et cetera.

As well as if you separated from the family and go to – maybe it's cousins or a neighbor, someone that is going to college or recently graduated that's responsible about their finances and asking them to show your child how do they approach budgeting. What does their budget look like? They can see ahead another step on what it looks like later on. That might be a little bit more tangible.

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**FT:** What I loved about Peter's advice was that he emphasized the ownership piece of your financial life and giving kids real-life practice. When teens manage their own money, successes and failures included, it helps to set them up for lifelong financial success.

That's a wrap. From Karen Holland’s think before you buy tool, to Renee Campbell's lessons on allowances and saving goals, and Peter Bergman's advice for giving teens real-world experiences. We learned some strategies this year we can all start using today. Money lessons don't need to be complicated. As our guests reminded us, the most important thing is to start early, and keep it relevant, and let your kids learn through experience, your experience.

Next week, we have even more in store. We're going to revisit our guests who taught us how to break barriers to wealth and the guests who brought science to the show, teaching us science-backed habits to help us get better with money. I'll also be back here on Friday with an episode of Ask Farnoosh. Thanks for tuning in, and I hope your day is So Money.

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