

## **Matt & Molly Smith's Financial Education Plan for their Kids**

*Their kids are currently 5 & 3...so you can start young...or at any age! (It's never too late).*

**Matt:** Molly gets the credit as she had the idea to start an allowance a few months ago with the weekly amount being a dollar for each year they are old. We said they need to start with allocating \$1 to give/save/spend then they can allocate anything above that to whichever category they so choose. Both Mason and Madison have a bank envelope from 1st bank and we cashed out \$100 in \$1 bills that we draw on weekly. (The bank gave Molly the envelopes free).

We had a discussion with them about what giving means and that God calls us to share our blessings with those less fortunate and gives us the free will to decide where that should be. We talked about different non-profits like supporting the church, animals and dumb friends league, helping other kids who are sick, etc. Both kids felt most compelled to give at church. We let them decide each Sunday (granted it's been a few between due to ski lessons lately) if they want to give their dollars or hold onto them to have a few to give at a time.

In Mason's case, he had a few he had held onto but he also chose for a few weeks to add his extra \$2 per week to his giving envelope when we did his weekly allowance. He was pretty proud that he had a few dollars in the envelope and we simply said you can put it in the white box at church but he thought it was a big enough amount he wanted to give it to someone.

It's been fun for us to witness him choosing to give more and his sister has followed suit a few times too. Last week they both put their dollars in the box together.

**Molly:** First, I wanted to begin teaching our children basic financial literacy skills at a young age. In a world where swiping and tapping credit cards is the primary form of payment, I worry a bit about how kids will learn basic principles of money. For example, if a Kinder Joy chocolate egg at the checkout line at King Soopers costs \$3 and you only have \$2.50 in cash, you don't have enough money to buy it (right, Mason?). When all kids see these days is swiping and tapping of credit cards, \$2.50 feels the same as \$3 or \$300. You just tap or swipe. Largely gone are the days of counting

out cash and coins to pay for things. I thought that giving Mason and Madison real money and providing the opportunity to do some basic budgeting for things they want would help make the concept of money come alive in a meaningful way. My desire also included helping them understand that they are called to be responsible stewards of their resources and with the privilege of having their own money comes the expectation to "give, save and spend" responsibly. As Matt mentioned, both Mason and Madison get money each week based on their age and put at least \$1 each in their "give" and "save" envelopes. They can do whatever they want with the rest. (I attached a couple pictures of them decorating their envelopes when we started all this back in January)

Another key driver of this little experiment was a desire to begin cultivating a spirit of generosity in our kids. In a church we previously attended, we said a corporate generosity prayer each week that closed with the line that "We are generous because our Father is generous and we want to show the world what He is like." What better way to cultivate a spirit of generosity in our kids than to give them an opportunity to practice being generous at a young age with their own money? It's a bit dated now (published in 2006), but I read the book *Who Really Cares: America's Charity Divide - Who Gives, Who Doesn't and Why it Matters* by Arthur Brooks. He focuses largely on the concept that charity begins at home. Not surprisingly, research suggests that when parents model charitable giving, their kids are more likely to become charitable later in life. The research also suggests that when parents give money to their children, their children are more likely to be generous themselves. Making an offering at Sunday School was a pattern/habit of my childhood and one that I felt was important to instill in our children, too (a predicable pattern, according to Brooks...).

It has been so heartening to see how our little experiment is working out. I initially anticipated that Mason and Madison would be most excited about having their own spending money (and ability to buy Kinder Joy eggs whenever they saved enough money to do so). While they have certainly liked having some agency in their spending, they have gotten more excited about how much they can give. When we asked Mason last week how much he wanted to give to church, he grinned from ear to ear, raced upstairs to get his envelopes and said "all of it, Mommy!" It's hard to underestimate the joy and gratitude we feel for the way God is working in their little lives to cultivate a sense of authentic generosity. And yes, the

first time Mason decided to give at church, he was so excited about it that he wanted to make sure to hand the money to a pastor (although he also likes stuffing the bills one by one into the white box now, too). When I asked him how it felt to give away his money, I sort of expected him to say something about how hard it was or how he wished he could have bought more Kinder Joy eggs with the money instead, but he just kind of shrugged his shoulders and said "It was good." Maybe his statement is a lesson to all of us to keep it simple. Giving is good.