

Teaching Children About Money: Prospective Parenting Ideas From Undergraduate Students

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Many Millennials (aged 18–30 in 2016) are struggling with financial capability and independence. As efforts unfold to address this issue by improving financial education, Millennials themselves can offer helpful family-centered ideas for children’s financial learning. As part of the Whats and Hows of Family Financial Socialization project, this qualitative study explored the ideas of 126 undergraduate students enrolled in family finance classes at three institutions from three regions of the United States about how and what they intend to teach their future children about finances. Thematic content analysis and coding of interviews revealed four core themes: (a) “Communicating Family Finances,” (b) “Opportunities for Responsibility,” (c) “The Value of Hard Work,” and (d) “The Process of Saving.” These findings have implications for parents, future parents, financial counselors, financial planners, family life educators, financial educators, therapists, and researchers in improving parental financial education for future generations.

Keywords: emerging adults, financial socialization, financial education, family finance, financial parenting, qualitative

A n understanding of financial education for children received from parents in the home is critical to the growing body of research on the financial capability of emerging adults. Recent studies show that emerging adults are often mismanaging their finances—and that this mismanagement is associated with a host of negative outcomes such as: poor health, academic stagnation, problematic interpersonal and family relationships, psychological imbalance, and reduced likelihood of moving into adulthood effectively (Fenge et al., 2012; Xiao, Chatterjee, & Kim, 2014). There is a clear need for improved financial education that better prepares children for financial adulthood. A key source of financial education is that which takes place within the home. The financial knowledge and principles that children retain as they transition to adulthood originate primarily from their parents (Beutler & Dickson, 2008; Chowa & Despard, 2014; Clarke, Heaton, Israelsen, & Eggert, 2005; Jorgensen & Savla, 2010; Schuchardt et al., 2009;

Shim, Barber, Card, Xiao, & Serido, 2010). However, most financial education research focuses on sources like public schools (Batty, Collins, & Odders-White, 2015; Sherraden, Johnson, Guo, & Elliott, 2011).

Millennials (aged 18–30 in 2016) serve as a key group for research on parental financial education because: (a) they are currently experiencing the transition to adulthood where financial knowledge and skills are required and (b) they have recently experienced parental financial education and likely remember more than older adults would. Though many Millennials are struggling with financial capability and independence, they may still generate productive ideas. What financial principles and knowledge do Millennials believe will be most essential for teaching their own future children? What prospective parenting ideas do they project will be most effective in teaching about finances? Where did their own parents go wrong (or do well)? Our study begins to answer these

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questions. We are hopeful that our findings will be beneficial to parents, future parents, financial counselors, financial planners, family life educators, financial educators, therapists, and researchers in learning how and what to teach children with regards to finances, thus enhancing the financial abilities of future generations of emerging adults.

Literature Review

Recent national surveys and research have revealed that the financial abilities and knowledge Americans possess are not up to par with the increasing stresses of financial demands (Babiarz & Robb, 2014; Emmons & Noeth, 2015; Lusardi, Mitchell, & Curto, 2010; Mottola, 2014; Robb & Woodyard, 2011). Millennials, today's emerging adults, are faced with a greater number of financial choices at an earlier age than previous generations, and when they are not prepared for these decisions, there can be significant, long-lasting implications (Elliott & Nam, 2013; Emmons & Noeth, 2015; Sherraden & Grinstein-Weiss, 2015).

Clearly, the financial education that children are receiving is not enough. "[T]he practical significance of the effects of financial education interventions tend to be alarmingly small even when they are statistically significant" (Batty et al., 2015, p. 71). Moreover, parental financial education has been widely neglected as a research focus thus far (McCormick, 2009), despite parents being identified as the number one source of children's financial education (Lachance & Choquette-Bernier, 2004; Serido, Shim, Mishra, & Tang, 2010; van Campenhout, 2015). The research has found that parents who teach their children sound financial principles and practices have a significant influence on their children's financial capability and independence (Clarke et al., 2005; Kim, LaTaillade, & Kim, 2011; Mimura, Koonce, Plunkett, & Pleskus, 2015).

Specifically, financial education from parents has been linked to lower debt in emerging adulthood (Norvilitis & MacLean, 2010; Shim et al., 2010) and higher savings, higher credit scores, and lower credit card debt in adulthood (Grinstein-Weiss et al., 2011). Grinstein-Weiss, Spader, Yeo, Key, and Freeze (2012) further found that financial education from parents predicted less loan delinquency and home foreclosures during adulthood. Hira, Sabri, and Loibl (2013) found that parental financial education was positively associated with net worth and investing during adulthood. Kim et al. (2011) found that when parents communicated with their children about charitable donations,

children were more likely to make donations and save for future schooling. On the other hand, Norvilitis and MacLean (2010) found that having parents who avoided financial topics during childhood was associated with adverse credit card use during emerging adulthood.

Other studies have begun to explore other methods of financial education besides direct communication. For example, there is some evidence that experiential learning may be important for children's financial socialization (LeBaron, Hill, Rosa, & Marks, 2018a). Kim, LaTaillade, & Kim, 2011 found that receiving an allowance was negatively associated with children's financial anxiety. Kim and Chatterjee (2013) found that having a bank account as a child was associated with more financial assets and more positive attitudes toward finance in emerging adulthood. Parental modeling of healthy financial behaviors may also be important (LeBaron et al., 2018a). Clarke, Heaton, Israelsen, & Eggett, 2005 found that maternal modeling and adolescent imitation of financial tasks predicted frequency of performing those financial tasks during emerging adulthood. Additionally, Hibbert, Beutler, and Martin (2004) found that growing up in a financially prudent home was related to fewer negative financial behaviors in adulthood.

These studies are representative of the relatively small pool of research dedicated to parental financial education. The findings are encouraging: parental financial education is related to beneficial financial attitudes and behaviors later in life. However, the limited available findings also reveal there is much research yet to be done on the subject. Researchers have not yet identified what specific financial knowledge, behaviors, and attitudes are most important for parents to teach and instill within their children, nor the best practices or most effective methods for doing so. We hope that the present study can contribute to filling this gap in the literature by beginning to explore what specific financial principles may be important for parents to teach children as well as what teaching methods appear most effective.

This study relied heavily on some of the assumptions of social learning theory, namely that children learn in a social context (including, and especially, their family context) through observation of modeling (i.e., implicit teaching) and intake of explicit teaching (Bandura, 1986). Other financial education

researchers and evaluators have also highlighted social learning theory as fundamental to understanding and enhancing financial education (Drever et al., 2015; Shim et al., 2010; van Campenhout, 2015). We also acknowledge the influence of Gudmunson and Danes' (2011) family financial socialization model that stresses the significance of the family on financial education and incorporates the idea of both implicit and explicit education. We agree that the goal of financial education should be to improve financial behavior and well-being (Gudmunson & Danes, 2011); knowledge is not an end in and of itself (van Campenhout, 2015).

Method

This article is part of a larger study, the *Whats and Hows of Family Financial Socialization* project (LeBaron et al., 2018a). The purpose of this multigenerational, qualitative project is to better understand what and how parents are teaching their children about finances. This project is led by Dr. Jeff Hill, an expert in family finance, but it is unique in that the qualitative data collection, data analysis, and data reporting have been done by students themselves. Phrased differently, this is a project about Millennials that is executed by Millennials using an innovative team-based methodology. In the method section, we will review: (a) Sample, (b) Procedures, and (c) Coding and Analyses, respectively.

Sample

The convenience sample for this study ($N = 126$ participants) included undergraduate students (ages 18–30) enrolled in family finance classes at a private university in the Intermountain West and two public universities, one in the Midwest and the other in the Southwest. Students in the sample ranged across four undergraduate years but were predominantly juniors and seniors. Students' majors varied widely because the targeted undergraduate family finance classes were available to majors and minors as well as for general education credit.

Age data were missing or not collected in a minority of cases, but for those participants whose age was recorded, age ranged from 19 to 27, with a mean age of 22.35 ($SD = 1.76$). The gender composition of this sample was approximately 61% (77 of 126) female and 39% (49 of 126) male. The racial composition was approximately 72% (91 of 126) White and 28% (35 of 126) ethnic and/or racial minority (including Black, Asian, Latino/a, and Pacific Islander) participants. Significant differences in participants' reports

across gender, race, or age were rarely noted—with a notable exception. Namely, students from minority families were more likely to discuss experiencing both poverty and single-parent family contexts.

All participants were from the cohort commonly referred to as "Millennials." Evidence that the group of students in the present sample could be in a position to offer helpful ideas includes: all had voluntarily enrolled in a family finance course, all had completed readings, assignments, quizzes, and exams in this course for at least three months, and all were passing the course. It is hoped that though many Millennials are struggling financially, this group of students can offer sound ideas about teaching their future children.

Procedures

Internal Review Board (IRB) approval for the research project was secured in February 2015. Interviews were conducted either face-to-face by team members in a research office on the site's campus or over-the-phone. These qualitative interviews were semistructured and lasted approximately 15–30 minutes each. The purpose of the interviews was to explore parental financial education. The questions that were asked focused specifically on what financial principles and practices were taught by parents and how they were taught. All interviews began with variations of two open-ended questions: (a) "What did your parents teach you about money?" and (b) "How did they teach you those things?" Based on the responses to these questions, interviewers then asked follow-up questions to obtain deeper and more specific information.

Although the interviews were designed to be retrospective, 96 of the 126 students interviewed (76%) mentioned how they plan to teach their own future children about money. Some of these instances were prompted by the interviewer, but many related responses were spontaneous and not interviewer-elicited. These findings seemed to demonstrate not only retrospective but also prospective thinking by our Millennial participants (hereafter referred to as "students") regarding financial parenting. All interviews were recorded and transcribed verbatim. Data were then coded as explained in the next section.

Coding and Analyses

Qualitative research is often based on interviews, transcriptions, coding, analyses, and presentation of the findings by a

single researcher. This approach arguably has its place but is subject to numerous critiques, including the lack of checks and balances related to validity and reliability (Marks, 2015). By contrast, we used a systematic, team-based approach to qualitative data collection, analysis, and coding (for detailed explanation, see Marks, 2015). More specifically, the work behind the present article utilized five (two-person) coding partnerships or “coding pairs” (comprising a data analysis team of 10 qualitative coders). Two individuals independently analyzed each interview, looking for concepts or themes (e.g., “hard work,” “saving”) that recurred in the participants’ reports and would identify those themes along with supporting and illustrative excerpts (Strauss & Corbin, 1990). The coding pairs would then meet to review (line-by-line) their open codes and discuss/resolve discrepancies as they arose to track and facilitate inter-rater reliability (see Silva, Marks, & Cherry, 2009).

In connection with the central or “core” theme-related data reported in this article, composite inter-rater reliability for the five coding pairs (measured by unresolvable discrepancies versus agreement) was high, slightly more than .90. Following the initial coding process, one coding pair (two team members) further analyzed the “teaching future children” core theme in order to identify more in-depth subthemes. Inter-rater reliability was similar (.90+) for the subthemes presented in this article.

NVivo 11 software was used to document, track, and sort coded excerpts. In the team-based method we employed, only emergent themes that were repeatedly identified and documented by all team members were “designated with the carefully reserved appellation of *core theme*” (Marks, 2015, p. 503, emphasis in original). As our team coded the 126 interviews, we identified seven (consensus) core themes related to what and how parents taught their children about finances (LeBaron et al., 2018a), as well as one core theme related to what and how students wish they had been taught (LeBaron et al., 2018b), and one core theme regarding what and how students plan to teach their future children. This article focuses specifically on the last core theme of “what and how students plan to teach their future children.” Of the 126 students interviewed, 96 made at least one comment relating to teaching their own future children about finances. Within the “Teaching Future Children” theme, four subthemes emerged. “Our primary aim is to present our participants’ voices and to convey their experiences

and observations with as much fidelity as possible” (Marks, 2015, p. 503). In keeping with this goal, our interpretations and explanations are relatively brief, allowing for a richer blend of participants’ voices to be heard. Indeed, almost 50 excerpts of qualitative data are presented in the “Results” section.

Results

Some students, especially those who discussed teaching future children without being prompted, seemed to express great enthusiasm. One male student (interview #95), in reference to teaching his future children about finances, said: “Yeah, I’ve kind of become obsessed with it,” while another (male, #98) exclaimed: “It’s a passion of mine.” This apparent zeal seemed to be present in many of the ideas and feelings explored in the following themes. The first two themes are related to *how* to teach future children about money, while the latter two are related specifically to *what* important principles should be taught.

Theme 1—Communicating Family Finances

The first theme, an example of *how* to teach future children, was entitled “Communicating Family Finances.” This theme was mentioned 62 times, which is an average of 0.6 references per interview. Further, this theme was found in 54 of the 96 interviews (56.3%). Some students felt that an important way to teach their future children about finances would involve being open about the family’s finances. A female student (#40) expressed:

I [want to] make sure that I [don’t] keep everything about our family finances secret. . . . If I feel it is a good learning moment, I would let them know what’s going on, what we are doing, why we decided to do it that way, [so] that they understand.

Similarly, another female student (#120) said: “I think it is really important . . . [for] finances [to not] be a taboo subject, and to be really open with your kids.”

Participants seemed to think that age-appropriate sharing will be a critical component of open financial communication in their families. For example, one male student (#76) shared:

[Y]ou don’t tell your 10-year-old about mortgages because they’re not going to get it, but . . . you can tell small kids that want to buy big toys, “Well, if [we] spend

a lot of money on that, we won't have money for this." So you can teach simple principles to kids as they're old enough to understand. Just be open with them.

Several participants discussed that they want to be open "but not too open" about the family's finances. Some explained that they do not want their children to be arrogant about being financially well off, while others seemed to not want their children to worry too much about their family's struggles. Even so, one female student (#29) said: "It's still important to talk to your kids even if you're not as financially well off as you'd like to be."

Based on participants' comments, perhaps one way to facilitate open communication would be to hold family financial councils in which they discuss financial goals and review the family budget. One male student (#73) expressed:

I'm going to be [very] open with our finances [in my future family]. I really like the idea of holding family councils and saying, "Look, this is how much we have for the year." You can choose what activities you want and which activities you want to sacrifice . . .

Another student (female, #91) also spoke of family "financial meetings": "[I want to tell] them, 'This is what's going on. The house isn't free; we pay for it. And this is where the money goes.' Just so they are aware." A female student (#22) said:

It's really important [to me] to have a budget, and I want my kids to be involved in that. I want them to know what our budget is [and] why we budget. I want them to be a part of that, like every month sitting down together and looking at our finances. What do we have? Talking about things maybe we need to cut out [and] what's most important.

When pressed about why they considered open family financial communication so important, one female student (#16) responded that being open gives

perspective to the kids about where all the money is going and coming from so that they know how much everything costs, and I feel like that will help if they think, "Why can't I just have this? . . . I want it right now." They'll learn early that money doesn't grow on

trees, it doesn't just appear in the bank account. You have to work hard for it and then you have to pay bills and emergencies come up and you have to pay taxes . . .

Another student (male, #76) seemed to wish that his future children would learn from his financial mistakes and successes as he had done by learning about his parents' experiences:

My parents have learned some things from [my grandparents], but they definitely have some things they could [have done better]. So I would like to learn from their mistakes and do better and then pass . . . my learning and also my mistakes to my kids so that then they can continue to do better.

Based on these student participants' ideas, as parents seek to teach their children about money, perhaps they should begin with their own budgets and balance sheets. Then children may be more prepared to manage their own money, as discussed in the next theme.

Theme 2—Opportunities for Responsibility

The second theme was also related to *how* to teach future children. This subtheme was called "Opportunities for Responsibility." This theme was mentioned 124 times, which is an average of 1.3 references per interview. Further, this theme was found in 72 of the 96 interviews (75.0%). Students seemed to feel that it is critical that children start learning to be financially independent before emerging adulthood. For example, one female student (#16) reflected: "I think [kids] should be pretty independent with their finances, especially by the time they leave for college." Some participants seemed to express that the process of financial independence will start young in their families. A male student (#88) stated: "I'm gonna start a lot earlier when it's pennies and dimes and not 20s and 50s." Another male (#69) said:

It's important to get money in children's hands early on, even if it's just small amounts to start out. . . . [It will help them] see . . . what the expenses are . . . [as they are] paying [their] own way for things. [If they get] the experience [themselves] . . . managing . . . those finance[s], then when [they] get a job, the [same principles] will roll over into that.

Many participants, such as this male student (#61), spoke of allowing children to learn through their own experiences and “letting them learn by mistakes.” He reasoned: “[W]hen [my kids] spend all their money and then they say, ‘Can I buy this?’ I [will] say, ‘Well, why’d you spend all your money on [candy] if you wanted to buy a toy helicopter?’” A female student (#128) also spoke of allowing kids to experience financial autonomy: “I want to give [my kids] opportunities to manage their own money . . . because then when they grow up they know what to do.” The importance of hands-on experience was summed up by this male student (#76):

If kids don’t ever have money, they don’t ever learn how to use it. And then, as soon as they get a credit card, they think everything is free! . . . [We] learn by experience . . . so mak[e] sure they have opportunities to earn money and also to spend money.

Based on the interviews, it seemed that some of the participants believe that letting children manage their own money, while still providing guidance, will help them learn financial independence. Multiple students appeared to suggest that one way to give children financial responsibility is through allowances. One male student (#20) proposed: “Until your kid is able to work, give them an allowance. How else are they going to learn how to use money?” Others appeared to mention that another way to give their children financial responsibility is to sometimes have them pay their own way. For example, one male participant (#98) stated:

If you give [kids] everything, . . . they’re not going to want to work for it. So I think [it should be] a balance [of] giving them some [money] but [helping them] still [work] for some so you’re not spoiling them. You’re teaching them a good lesson, but you’re still taking care of them, you’re not abandoning them. So that’s what I want [to do], whether it’s school . . . or marriages . . . anything they need to pay for.

One reason offered as to why giving children opportunities for financial responsibility might be so important is that it will help children be more accountable for how they use their money. A female student (#24) said:

The earlier that you can expose [children] to money, the better. . . . [They need to learn] the idea of respon-

sible spending, . . . [that] it doesn’t matter so much the [amount of] money you make as it does the way that you take care of the money or what you allow the money to do for you.

Based on reports, perhaps giving children appropriate levels of financial responsibility—enough to allow them to learn from their mistakes and successes alike—may give them a jump start in financial capability, confidence, and independence.

Theme 3—The Value of Hard Work

The third theme was a financial principle that students identified: “The Value of Hard Work.” This theme was mentioned 84 times, which is an average of 0.9 references per interview. Further, this theme was found in 55 of the 96 interviews (57.3%). Students seemed to feel that hard work is an essential principle to pass on to their children. One male student (#11) expressed:

I’m never gonna spoil [my kids]. . . . I’m not just gonna hand them things on a red velvet cushion. They are going to work as they’re able, and I’m gonna expect them to get a job. I want them to build up from ground zero like I had to so that they appreciate work . . .

Some spoke of encouraging their children to seek opportunities to work outside of the home to earn their own money. For example, one female participant (#38) said: “I want to . . . encourage [my children] to mow lawns or babysit . . .” Another female student (#119) stated: “I feel like [a lemonade stand is] so old school, but I like the concept because you’re teaching kids how to handle their own money, and I feel like that would be a great learning tool.”

Others, such as this female student (#41), suggested offering an allowance for completion of chores because kids “should know that things aren’t just handed to them in life and that they need to work for them.” Another female (#24) similarly expressed: “I want to not give my kids an allowance unless it is earned. . . . There is no value in giving someone something for nothing.” A married student (female, #20) said: “[My husband and I] don’t want to do an allowance with our kids because it’s easy to feel like you’re entitled to it.” However, many seemed to express a compromise between giving children money with which to practice financial management and teaching them to work hard. For

example, this married student (male, #25) stated that he and his wife are considering “having jobs around the house like mowing the lawn or pulling weeds and being willing to pay them for that—to both teach them how to work and how to gain money.”

Some participants mentioned that giving children opportunities to work and encouraging critical reflection may help them hone in on their future careers. Other participants proposed other venues for teaching hard work such as through academic excellence and extracurricular pursuits. Two students were interviewed together as a married couple (#79). The husband said: “I definitely want them to [be] involved in extracurricular activities, sports.” The wife replied,

[F]or me, doing the extracurriculars and focusing on school [was] the best because I [was] able to get scholarships all through college to help me pay for it. I don’t think I could have worked enough hours to be able to support myself in college, so for me that has worked out great. But, I have another younger sister who just doesn’t like school . . . she can work really, really hard, and it is still a struggle for her. So working while she has been in high school is actually really good for her because she has learned a lot and it has helped . . . prepare her for her future a little bit better. So I think every child is different.

Another participant (male, #66) expressed:

[I don’t] want [a job] to . . . take away from school [and] . . . extracurricular activities [like] sports and music. . . those [a]re valuable as well. So if [my children] had the choice between the two [a job and extracurricular activities], [I] would encourage doing extracurricular activities.

Based on student reports, whether children learn through a job, chores, school, or extracurricular activities, teaching children to work hard will help them be financially successful, especially in preparing them for financial independence. These students seemed to feel that as their future children earn their own money, they will come to place a higher value on money. One male student (#71) shared his thoughts on teaching children to work hard and simultaneously prompting them to save by stating:

[I want to show] my child, “Okay, here are your possibilities of ways to make money.” . . . [The children] may not care, but if you . . . say, “When you have this money, you can buy this Lego [set]” then they think, “Oh, money equals Lego [sets]? Yes!”

Similarly, another female student (#143) explained the following:

I would hope to have . . . my children contribute to a college fund. I want them to put in the work towards it too, not just me. I want to help them any way that I can, but I want them to know how much . . . savings and . . . hard work can pay off in the future.

These students seemed to believe that when children are given the opportunity to make money through hard work, they are in a position to practice the process of saving, as discussed next.

Theme 4—The Process of Saving

The final theme was “The Process of Saving,” which included elements such as budgeting, being thrifty, and investing. This fourth and most pervasive theme was mentioned 157 times, an average of 1.6 references per interview. Further, this theme was found in 86 of the 96 interviews (89.6%). The participants seemed to feel that teaching their future children to save will be essential in helping those children become wise consumers. Many students seemed to express that the process of saving begins with budgeting. One male participant (#46) described:

As a family I want to start budgeting [together] when [the kids are] younger—eight, nine, ten. . . . But [I want to have them] actually do it with their own finances . . . in their teenage years. So that [way] they can have those concepts and ideas at a young age and then put them into practice.

Based on reports, an important category for a child’s budget is savings. One male student (#75) suggested the following tactic for helping children have a concrete experience with saving: “I [want to open] up a bank account for them . . . [and bring them] to the bank with me.” Another student (female, #126) outlined the plan she has for her children:

Once [my children are] getting money, I’m going to tell [them], “It’s OK for you to keep half, but we’re going

to put [the other half] in savings for you.” [I want to] implement that rule . . . so that little by little [they develop the habit of saving].

Other participants, such as this male student (#92), discussed helping children identify life goals that would require financial planning so they could begin to save towards those goals as children: “[I might say,] ‘Okay, what do you want to do?’ ‘Go to college.’ ‘Okay, let’s talk about saving for college.’ . . . And [then I could start] teaching them the principles of saving . . .” According to this female student (#17), reminding children of their long- and short-term goals can help children learn to save: “[I could] teach [my kids] good lessons on ‘Yes, you could buy this candy bar, but you could also buy a bike if you just save.’”

Indeed, many students, such as this female (#14), discussed the value of encouraging children to save up for an item or event: “Instead of just buying it for them, [I’ll] have them learn that principle of being patient and waiting for when you have all the money, not going into debt.” To provide an incentive to save for an item or event, one male student (#75) suggested “having deals where [the children will] pay half of it” and the parent will pay the other half, while another participant (female, #16) suggested that “you could match [their savings]. So, if they saved 5,000 dollars . . . then you could put in an additional 5,000 dollars.”

According to participants, some of the most basic but vital financial principles they will pass on to their children will be frugality and self-control, as this female student (#7) described: “I think [it’s important for kids] to know the difference between your wants and your needs. . . . [I]t’s okay to get things that you want, as long as you actually have the money.” Another student (female, #152) expressed a similar sentiment: “I don’t want to spoil my kids. I know [other] kids will have Nike pants [and] iPhones . . . [but] I don’t want to do that for my kids. . . . They should not expect nice things all the time.”

As part of the process of saving, many students spoke of teaching children about investing. One male student (#81) shared: “[I’ll] teach [my kids] the time value of money . . . and the different types of investments that can be made.” Another male (#20) suggested:

Talk to your kid and say, “Look, all of your friends

are going to want to buy candy bars with their allowance. But, if you invest your money now, you could be driving your own car in high school when they’re . . . driv[ing] their parents’ cars. Decide what car you want and start saving now.” Teach them the power of money.

Based on these interviews, teaching children the process of saving will help prepare them to be more financially capable and independent emerging adults. One male participant (#61) explained why he thought saving will be an important principle to teach his children:

[I want to] help them realize the importance of spending [their] money on what matters most rather than on what [they] want at the moment. . . . When they get into college and they want to buy an Xbox or they can pay rent, I don’t want them to buy the Xbox and then come to us and say, “Hey, I need some rent money because I spent it on this and this and this.” I hope we can instill in them the idea of “Oh, I need to pay my rent, but if I put away \$50 this month, maybe [in a few] month[s] I’ll have enough to buy the Xbox.”

Discussion

We have a societal-level economic problem: today’s emerging adults (Millennials) are having difficulty acquiring necessary financial capability and are significantly delaying the transition from financial dependence to financial independence. This has deleterious effects on all aspects of the economy. This study is important because it explores practical ideas from the mouths of Millennials themselves regarding what they hope to do in their own homes to ameliorate this problem in future generations. These ideas may be helpful for parents, future parents, financial counselors and planners, family life educators, financial educators, therapists, and researchers in improving parental financial education now and in future generations.

It is important to recognize that this research is part of a larger study, the *Whats and Hows of Family Financial Socialization* project, which is focused on identifying financial principles and practices taught by parents to their children (LeBaron et al., 2018a). It is also important to recognize that the findings for this article initially emerged based on comments that were volunteered by respondents, not in response to specific questions. On their own, often without prompting, these students expressed what would be important to teach their own

future children about finances. This shows how salient the topic was in their own minds. We believe this topic has great value because although a substantial amount of research has been conducted on the financial incapability of Millennials, rarely have researchers interviewed Millennials themselves in order to glean ideas from their experience with inadequate financial education.

Four core themes emerged relating to “Teaching Future Children,” two of them relating to *how* to effectively teach their children and two relating to specifically *what* they plan to teach their children. The process themes are “Communicating Family Finances” and “Opportunities for Responsibility.” The two themes illustrating critical principles to teach are “The Value of Hard Work” and “The Process of Saving.” Although it is almost impossible to know why these particular themes emerged, we feel it appropriate to offer some potential explanations. One potential explanation for the emergence of these particular themes is that they stem from regrets Millennials harbor concerning what and how their parents may have failed to teach them. Specifically, perhaps Millennials wish that their parents had been more open with them about their family’s finances and wish they had been given more financial responsibility. Perhaps Millennials wish that they had been taught more about the value of hard work and the process of saving from their parents. If this explanation were true, the four themes would represent key processes and principles that these Millennials feel they missed out on and hope to convey better than their parents did as they move forward and teach their own future children about finances. It is also possible that these themes emerged from positive personal experience; that is, perhaps these Millennials were taught via these methods and about these principles, and they have proved to be valuable in the transition to financial adulthood. Likely, the most accurate explanation is a mix of the two previously offered explanations: the four themes presumably stemmed from both weaknesses and triumphs of Millennials’ financial education received from parents.

Analyzing previous research relating to these core themes may provide some insight for interpreting these results. In regards to “Communicating Family Finances,” LeBaron et al. (2018b) found that Millennials wish their parents had practiced the method of “Open Communication,” or being more open with them about the family’s finances. As with the previous theme, Millennials may have experienced a

lack of “Communicating Family Finances” in their own childhoods and thus may want to parent differently. Research suggests that children grasp and retain family financial discussion (Jorgensen & Savla, 2010; LeBaron et al., 2018a; Shim, Barber, Card, Xiao, & Serido, 2010). The Millennials in our study may have recognized that when their parents did communicate openly with them, they understood and retained more financial knowledge.

“Opportunities for Responsibility” is also supported by current research. Bearden, Hardesty, and Rose (2001) suggested the importance of “consumer self-confidence” and how to achieve it. Consumer self-confidence is defined as “the extent to which an individual feels capable and assured with respect to his or her marketplace decisions and behaviors” (Adelmann, 1987). It seems as though it would be difficult for an individual to gain consumer self-confidence without being given the necessary opportunities for learning responsibility that come from handling money on one’s own. Indeed, (LeBaron et al., 2018a) found that “experiential learning” was a common method that multiple generations cited as important to their parents’ lessons about finances. Kim et al. (2011) and Kim and Chatterjee (2013) have found that opportunities for responsibility, such as receiving an allowance and having a bank account, predict positive financial attitudes as well as financial well-being. Additionally, LeBaron et al. (2018b) found that Millennials wish they had been given more “financial stewardship” as children.

It is compelling that Millennials, the generation apparently saturated in materialism and entitlement (Credo, Lanier, Matherne, & Cox, 2016), would emphasize the importance of giving children financial responsibility. Perhaps, being children of Baby Boomers (who were raised by children of the Great Depression) who wanted so desperately to give their children a better childhood than their own, many Millennials feel that they were sheltered from financial responsibility as children and are now reaping the consequences of their lack of financial experience. Perhaps Millennials’ sense of entitlement stems in part from this sheltered environment in which they were not given sufficient opportunities to manage money and therefore became both financially incapable and entitled. This would support the explanation that some participants experienced a lack of “Opportunities for Responsibility” in their own childhoods and hope to change this for their future children. In contrast, perhaps other Millennials were given opportunities

to manage money, feel confident in their financial abilities, and thus want to incorporate this into teaching their own future children.

The third theme, “The Value of Hard Work,” also echoes the results of previous research. LeBaron et al. (2018a) found that “work ethic” was one of the four most often reported financial principles that parents taught their children. Using an allowance to teach children about hard work gives them the opportunity to learn how to manage their money (Harris, 2000), and can help children make a connection between working and earning. Connecting this theme to the previous theme of “Opportunities for Responsibility,” these two themes suggest that Millennials value hard work not only as an end in and of itself but also as a means to obtain their own money to manage. It is possible that some Millennials mentioned this principle because they were not taught to work hard and they now find themselves reaping the consequences. It is also possible that some Millennials mentioned this principle because their parents did teach them the value of hard work and it has blessed their financial lives.

Finally, “The Process of Saving” is perhaps the theme most strongly supported by previous research. There has been a substantial amount of research conducted on the importance of saving, budgeting, avoiding debt, and so on. Research shows that children who learn more about the process of saving will make more intelligent financial decisions in life (Jorgensen, 2008). Additionally, their improved financial literacy may contribute to improved self-esteem and increased psychological, physical, and emotional well-being (Jorgensen, 2008). LeBaron et al. (2018a) identified “money management,” which includes the process of saving, as one of the four most important financial principles for parents to teach their children. As emphasized earlier, it is possible that participants wished their parents had taught them more about the process of saving, or perhaps they felt well prepared for saving in adulthood. In any case, the Millennials interviewed clearly felt that the process of saving is critical knowledge for parents to teach their children.

It may be of interest for readers to know that the fourth and fifth authors on this article (who are professors) served in an advisory capacity throughout the research process. However, the data collection, transcription, analysis, data reporting, and writing of the present article were all done by undergraduate Millennials. Thus, the keys findings of the

present study represent a “for us, by us” approach that is driven in part by concern for our own future children. We hope it will make a difference.

Limitations

When interpreting these themes and the reason for their emergence, it is important to consider the limitations associated with this study. Perhaps the most limiting factor is the sample, which consisted of college students (ages 18–30) enrolled in family finance classes. It could be that these students opted to take a family finance class because they were not taught sufficiently by their parents and felt the need to supplement their financial education. In contrast, perhaps these students are particularly interested in finances and have a significant amount of financial knowledge compared to their peers. In any case, it is very probable that the financial perceptions and experiences of these students may differ from those of their peers. Understandably, it is difficult to ascertain precisely how the sample has impacted the results of this study. Caution should be taken when generalizing these findings to all Millennials.

Another potential limitation is the fact that this study focuses on the perceptions of one particular generation: Millennials. It is possible that optimal financial education for the rising generation may differ from the needs identified by Millennials. However, we believe that the ideas represented by the four themes would be beneficial to the financial education of all generations.

Implications

There are implications of this study. First and foremost, this research can inform current and future parents about what and how to teach their children about finances. We feel these findings could help current parents recognize the potential gaps in how and what they are teaching their children and illuminate potential course corrections. These findings could also illuminate current parents’ successes and encourage them to continue teaching their children well. This research can also inform Millennials and others who may be preparing for family life. We believe these themes provide a framework to begin thinking about the financial education process in their future families.

We also believe this research is relevant to financial counselors, planners, and therapists as they work with individuals struggling in any way financially. Although their

clients may be adults, the financial education methods and principles presented here would likely apply. Financial counselors and planners could more frequently use real-life examples of family finances in their instruction. Perhaps having clients practice money management exercises with small amounts of money, pretend or real, could aid in fostering financial responsibility. Adults may need further assistance in developing a good work ethic, and they may need instruction on the process of saving.

Additionally, we believe this research can assist financial educators and family life educators as they work with individuals and families. By implementing these findings and principles into curricula, educators can help parents understand how to teach their children more effectively. Although these results are most directly related to parental financial education, they may be helpful in high school and post-secondary financial education courses as well. For example, educators could incorporate a unit on the process of saving and teach their students how to create and live by a budget. Assignments could encourage students to practice what they have learned, thereby giving them opportunities for responsibility.

Finally, we hope that these themes will be used as variables in quantitative research that further explores their presence and impact. Specifically, we propose that future research include longitudinal data, which would track the use of parental financial education methods and principles and link those with children's financial behavior outcomes as emerging adults. Important outcomes to explore include financial capability and financial independence as well as potential nonfinancial outcomes such as prosocial behavior, marital readiness, and so on. Potential mediating or moderating variables that may be worth exploring include parent-child attachment, gender, class, and many other possibilities for a richer understanding of parental financial education. Our exploratory research is just a piece of the puzzle. Finally, we join Hensley (2015) in calling for a greater collaboration between practitioners and researchers in respect to financial education. We encourage financial educators to involve parents in their programs (Chowa & Despard, 2014; van Campenhout, 2015).

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