

It Pays to Start Early

Talking to Your Kids About Money

Wealth is a force that, for good or ill, shapes our perceptions, actions, and ambitions. In this light, it's natural we want to help our children see how wealth can be a force for good in their lives. We want them to be compassionate, driven, and balanced as adults. And we want to lay a foundation they can use to build meaningful lives for themselves, based on sound and consistent values.

Introducing the “4 Hs”

The essential qualities we hope to instill in our children can be summarized by the “4 Hs.”

HAPPINESS

Happiness is a state of contentment and peace based on simple pleasures — and money can't buy it. It only comes from a sense of inner fulfillment.

HELPFULNESS

Helpfulness reflects a generous spirit, and a willingness to share private wealth for the common good. Such acts, big or small, not only aid recipients but enrich the giver's life, reinforcing the notion that wealth's true value is realized when it is shared.

HUNGER

Hunger (in this positive sense) is the spark of ambition. It encompasses resourcefulness and a relentless can-do attitude. Entrepreneurs demonstrate hunger by seeing challenges as opportunities and never settling.

HUMILITY

Humility characterizes those who refuse to let their own successes swell their heads. These natural leaders understand three main things: the journey never ends, learning is continuous, and accolades have no significance.

The Importance of Tailored Financial Education

Every family's relationship with wealth is different. For some, wealth is a recent byproduct of persistence and innovation. For others, wealth is tied to a legacy maintained and augmented over the generations. In every case, how we convey this relationship to our children should reflect our personal circumstances and values.

For example, that a successful “startup” family might emphasize risk-taking and creativity. Its “old money” counterpart, meanwhile, might focus on preservation and stewardship. Cultural and societal contexts — religion, national or regional origin, etc. — will also help you craft authentic approaches to financial education that resonate with your children.

With these preliminaries in view, let's consider the top three ways families can provide their children with effective education on their wealth and its relationship to their lives and relationships.

The Importance of Tailored Financial Education

Clear communication is the core of any good relationship. By fostering transparency and building trust, our children will form a clear understanding of financial realities — especially if we follow these three tips. . .

1. START EARLY

Money is a taboo topic in many households. It's essential to break this silence in the name of financial literacy. Engage your children in age-appropriate financial discussions early on, equipping them with the basic understanding that sets the stage for more complex conversations as they mature.

2. ADDRESS CHALLENGES HEAD-ON

Wealth can be a double-edged sword, sometimes entailing unrealistic expectations and skewed perceptions among people in society. It's crucial to prepare your children for these challenges. Discuss how people might treat them differently due to their financial status or expect certain behaviors simply because of their background.

3. SHARE YOUR STORY

Your own financial journey offers invaluable lessons. Sharing stories of the struggles you faced, the risks you took, and sacrifices you made provides real-world context for ongoing education. It instills values like perseverance and gratitude, and it reminds them that behind every fortune there is a story of perseverance worthy of their understanding and respect.

Let Your Children Learn About Finances First-Hand

By creating opportunities for our children to interact with, manage, and understand money, we prepare them for some of the real-world financial challenges they'll confront as adults. To this end, we encourage families to consider these options.

FINANCIAL RESPONSIBILITIES

Introducing financial responsibilities, like giving them an allowance, and teaching them to budget their income, can be pivotal. As they make choices on spending, saving, and donating, they learn to prioritize and appreciate the value of money.

COLLECTIVE EFFORTS

Collaborative projects, whether a family business or a community project, can teach children about the power of teamwork. Experiencing firsthand how collective efforts can lead to success, they learn the importance of collaboration, delegation, and sharing responsibility.

PHILANTHROPY AND COMMUNITY SERVICE

Philanthropy is about more than donating cash. It's about making real differences in other people's lives. Whether the mechanism is volunteering at a local shelter, organizing fundraisers, or supporting global initiatives, the result is an experience that builds a sense of mission in our children, which underlines the central concept that wealth can make a positive difference to society as a whole.

Lead by Example

Actions speak louder than words. While it's important to teach our children theories behind wealth management and ethics, it's through our actions, behaviors, and decisions that they truly learn. Among the best ways to teach by example include:

BEING GENUINE

Children are keen observers. Every action we take — from the way we treat service staff to how we handle business deals — gets absorbed. By displaying respect, honesty, and fairness in all dealings, our children learn how to conduct themselves in life.

VALUING EXPERIENCES OVER THINGS

It's easy to indulge in the material pleasures wealth offers, but focusing on experiences—like learning new skills, or enjoying culture —enriches our lives in more profound ways than mere indulgence. Demonstrating a

preference for meaningful experiences over transient pleasures helps children understand the lasting value of memories.

STEWARDSHIP OF INHERITED WEALTH

Teach your children that inherited wealth is a responsibility as well as a privilege. Reinforce the idea that they are custodians of a legacy, responsible for preserving, growing, and leveraging their inheritance for the good of society and future generations.

A Timely Reminder

Aptly, the twentieth-century poet and satirist Richard Amour once wrote,

“

That money talks. . . I'll not deny. I heard it once, it said goodbye.

”

For our purposes, his lines are as much a sobering reminder as a humorous observation. As we impart the lessons of wealth, it's vital to instill a similarly grounded perspective in our children. No matter how much we have at the moment, our understanding of wealth's transience helps to define its true importance.

So, as we teach our children about their financial responsibilities, it's useful to remind them that the true value of wealth is a function of how it's used and appreciated.

Working with Professionals

Our children need help becoming responsible wealth owners. Advice from seasoned third parties adds new perspectives and arms them with tools and strategies tailored to their circumstances. Further to the advantages of working with professionals to educate our children about wealth —

- » Financial advisors can provide insights, help set realistic goals, and strategize for future growth. Encouraging our children to consult with experts helps them get a holistic view of wealth and fosters a mindset of continuous learning.
- » Because the world of finance is vast and intricate — encompassing everything from global markets to local tax regimes — professionals can help our children cut through all the background noise and make informed decisions to mitigate risks and recognize opportunities.
- » By partnering with professionals, our children can weather financial storms — which are inevitable — with confidence, knowing that setbacks can be opportunities for renewal.

In short, getting professionals involved with your children's financial education adds a layer of professionalism, ensuring that they are equipped to manage, grow, and use their wealth to enrich lives, including their own.

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