

THE SCHOOL OF HARD KNOCKS

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The other evening I was watching a TV program about a single girl named Cindy who was endeavoring to buy a house in her hometown of Las Vegas. She had been living at home with her mother, stepfather and her 6 year-old half-sister. At 22 years of age she decided it was time to move out. She was pre-approved for \$200,000, which was a big surprise to me, considering her age and her profession. Accompanied by a friend and a real estate agent she found a great condo. Unfortunately, due to the sub-prime fiasco, she had to be re-approved down to \$170,000. Her response at missing out on the condo was, "You mean I can't have what I want? I just can't believe it!"

Immediately several questions came to my mind. The first was her response to something that she had been denied. When young kids are given everything they want, they develop an unrealistic view of life. Indulged children often have little idea about the value of money. There seems to be an endless supply - after all they get whatever they ask for! Cindy, in the above TV program, readily admitted she had extravagant taste without the budget to support it. We need to prepare our kids for the harsh realities related to money management. All Cindy could see was that she was denied something she wanted and she pouted like a young child.

My next thought was, having admitted that she couldn't manage a budget, how on earth was she going to make the repayments on such a large loan? Sadly, through this whole house buying process there appeared to be no parental input or support to help her make such a major decision. We need to show our kids how to manage money seriously from the time they are about eight to ten years old. One way we do this is by being effective financial role models ourselves. This means we create a budget and manage it well. We do not give our kids everything they ask for. We explain the value of money and how to save.

Saving money discourages their perceived need for immediate gratification – remember Cindy and her Champagne taste on a soda income? When kids understand the principle of denying themselves to get something of greater quality or cost, this becomes a valuable lesson for many areas of their lives. For example, those who attend college deny immediate income to attain qualifications that will give them greater rewards later. We need to teach our kids to see the big picture.

If we have developed and maintained positive communication with our kids, they will want to come and ask our advice when it comes to making serious decisions in life, no matter how old they are.

Yes, situations will always arise that we haven't prepared our kids for. The Bible says, "The rain falls on the just and the unjust." Disasters occur that are not always of our making. Some things we have to learn through experience – thus the term, "Learning through the school of hard knocks." However, while they are still at home, we can prepare our kids well by showing them how to make wise decisions, expose them to some consequences of poor choices and support them through the learning process. By preparing them well, our kids will have the tools to significantly reduce the effects of the "hard knocks" of life.

If you have any comments or questions on this subject, please do not hesitate to contact us at sally@forefrontfamilies.org. We invite you to also check out our website at www.forefrontfamilies.org and our blog site at www.forefrontfamilies.blogspot.com for further assistance.