

Tough talk about tough times: How parents can talk to kids about the economy

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Their close friend recently lost his job in pharmaceutical sales, and several neighbors are reluctantly putting their houses up for sale. So Jen and [Peter Singer](#) decided to discuss the economy with their 10- and 11-year-old sons in much the same way as they talked about Jen's diagnosis last year with non-Hodgkins lymphoma.

"We told them the truth," says [Jen Singer](#), author of "You're a Good Mom (And Your Kids Aren't So Bad Either.)" "As a family, we are really feeling the pinch and we need to cut back, and we shared this with our sons. But we told them we don't have to sell our house and that we'll be all right. We don't want their fears to grow much bigger than the reality of the situation is."

Kids may not understand the subprime and leveraged mortgages, but they know something's just not right with the world. Often, kids don't raise anxiety-producing concerns with a parent, says [Richard Gallagher](#), director of the [Parenting Institute](#) at the [NYU Child Study Center](#). Since your child may be stressing about your financial situation without you knowing it, now's a good time to open the lines of communication, experts say.

How much you share is obviously a personal decision, but parents should take into account the child's age. Generally, kids 6 and above are old enough to share in a family discussion of the economy.

Since young children - 6 up to tweens - are primarily concerned with how the economic situation affects them, be positive, calm and reassuring. The message that you want to send is that they will always be secure and taken care of, Gallagher says.

"Let them know about any possible changes that may occur, such as cutting back at Christmas or not taking a vacation," he says. "Tell them that you will always be able to make sure they are fed, clothed, have a school to go to and a place to live."

Even if your job is secure, your child probably knows someone at school whose parent is out of work. It's up to a parent to help your child stop stressing about the situation, and to understand that your family will survive the current economic woes.

"Reassure your child that you are all in this together as a family, and that you will be okay," says [Susan Newman](#), social psychologist and the author of "The Book of No: 250 Ways to Say It - and Mean It." "Look at it as an opportunity. We have become a culture that just gives in to our children. The current economy is an opportunity for parents who have been saying yes to say no, and teach their children how to deal with disappointment - which, of course, they will face when they are older."

If your child is in elementary or even middle school, there is no need to go over your balance sheets or say you have X number of dollars in the bank. Put the discussion into terms they understand. When [Craig](#)

[Silverman](#), a retirement planning specialist at AXA Equitable Advisors, had a discussion with his 11-year-old son, David, he related it to illness.

"I explained that the economy has the flu, and the government is giving them medicine," he says. "I said that hopefully the medicine will work, but that we just have to be patient and wait."

No matter what the circumstances, now's the time to keep family life as normal as possible. Kids feel it when the house is a pressure cooker, so try to maintain family dinner hours and bedtime story routines.

It's not uncommon, when parents lose a job or a house, that they become so stressed out they pay less attention to the child. "Then in addition to the monetary loss, there is a relationship loss," Gallagher says. "Parents may stop providing time and support to their child, and they become less available to the child, so in some ways that is a double loss."

With older kids, you can segue into a discussion of the economy by watching and discussing the news together, or by reading news articles about it together. Some kids may just say they don't want to hear about it, and that they only care about whether or not they will still be able to go to college. Here, too, the reassurance factor is important. Your child should understand that you will work on getting them a good college education, Gallagher says.

With older kids, you can get into more of a discussion of the economy - and think of it as a learning opportunity for both of you.

"Talk to your teen about cycles, and how this is a cycle that will rebound and become a very opposite cycle, but that we don't know when," says [Bonnie Harris](#), a counselor and director of a consulting business called Connective Parenting. "It's so difficult for most of us to understand how this happening. Explaining why the government didn't see this coming can be a little touchy, depending what your politics are. Above all, be very specific about what it means to you and how it will affect your own family. This is a huge concern for kids."

It's also important to be a good role model. Take your child to the store, ask him to help you find items for which you can use coupons, and tell him to shop for the sale items. Set a good example by being a saver, and by not making impulse purchases.

There is no time like the present to instill good saving habits in your kid. [Jim Kaplan](#)'s 11-year-old daughter already has a brokerage account. He set it up for her when she was 10. "We talk about the different stocks and why it might make sense to hold on to something for a while," says Kaplan, who runs his own private wealth management firm. "This teaches her patience and a little bit about investing."

He believes the best way to get kids to learn about money and savings is to set up an allowance properly. He gives Emma a monthly allowance that has to cover everything from clothes to [iTunes](#) to the snacks she buys with her friends. "An allowance helps her to think more reflectively," Kaplan says. "It teaches her that if I spend my money on this, I might not have enough for that. It teaches her about postponing gratification, and she learns some budgeting skills, too."

If your child's feeling sorry for herself, sometimes it helps to present it as a larger picture, Newman says. Tell them that everyone's cutting back, which can take a little bit of the sting out of it.

"Kids, especially teenagers, don't want to be different," Newman says. "They want to be like everyone else."