



# The 3 Keys to Raising Money Savvy Adults

How to give your  
kids the "*wealth  
rules*" they  
need to grow  
up happy, healthy,  
wealthy and wise.

by Elisabeth Donati



Creative Wealth Intl.  
LLC

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## **THREE KEYS TO RAISING MONEY SAVVY ADULTS**

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unique financial education programs for kids and adults.

NOTE: To download a 60 minutes audio that goes into greater detail, click this URL:

[http://www.creativewealthintl.org/teleseminarstuff/Three\\_Keys.wav](http://www.creativewealthintl.org/teleseminarstuff/Three_Keys.wav)

You may be thinking to yourself, “Is there something simple I can do to make sure my kids don’t move back home after they move out?” In other words, is there a way to make sure they grow up to be financially self-reliant and fully capable of taking care of themselves?

I’m here to tell you that 'Yes, there’s some relatively simple things you can do to ensure that your kids leave your home knowing what to do with that green stuff they will be in charge of making, managing and multiplying in the future.

Most of us know there's a real problem in this country, as well as world-wide, in terms of the amount of financial education taught in schools. There's many reasons for this. First, it's very difficult to ask someone (the teacher) to teach a topic that they know little or nothing about.

Teachers are notorious for not understanding money and finances and part of that comes from the fact that they teach for the love of it so the money is an after thought much of the time. And it can be embarrassing and uncomfortable to not be practicing what you're preaching.

The second reason that financial literacy isn't taught in schools regularly is because teachers simply have no time to teach relevant topics to students anymore. The No Child Left Behind Act has literally left most children behind. Teachers are forced now to 'teach to the test' and it's

making America's schools far further and further behind in terms of student education in the world. And the simple fact that our children are being forced to take so many tests is causing serious damage in terms of how our children grow up and view themselves. Rather than be curious, creative, deep thinkers and problem solvers, they are getting good at taking tests. The sad thing is that a huge percentage of our children are NOT good at taking tests.

If you'd like to read a great book on learning and the environment, Darla Hanniford's *Smart Moves* is amazing. Here's what Wikipedia says about her book:

*Smart Moves is a 1995 book by Carla Hannaford in which she looks at the body's role in thinking and learning. She examines the body-mind-environment (stress) relationships, and how it affects child and adult's normal everyday lives. Carla Hannaford invents the term SOSOH (Stressed Out, Survival-Oriented Humans) for people having learning disabilities or attention difficulties. She argues that ADD, ADHD, and all other learning problems are related to stress, as stress produces survival-oriented behavior that inhibits learning. Smart Moves puts forward approaches to help learning. Some of them are:*

- *Dietary awareness, drink enough water, less sugar intake, etc*
- *Help the brain to perceive events less stressful by doing physical exercises*
- *Create a less stressful environment for people with learning difficulties*

Another reason that children aren't taught about money in school is because schools say there just isn't enough money. But that's hard to believe because there are literally hundreds of free financial literacy programs available (even though most of them are boring, unlike Camp Millionaire!).

OK, so let's look at why children aren't learning about money at home? There's a couple of reasons for this. First, and foremost, is the simple fact that a large percentage of our adult

population doesn't have a clue what to do with money themselves. How on earth then are they going to teach it to someone else.

The second reason is that parents are very uncomfortable talking to their kids about money. Because we view money in this culture as a source of accomplishment, betterment, success and more, it has stopped being what it really is...a tool to reach your dreams and help others reach theirs.

Parents say they would rather talk to their kids about sex or drugs than money. Something is seriously wrong with this picture. You'll see below that 'talking' your kids about money is one of the main ways to teach them about money.

And lastly, parents don't teach their kids about money because they are too ashamed of their own situations. They would rather avoid the entire situation than bring their children into it. This has life-long damaging ramifications, especially if there's fighting between caretakers about money.

Bottom line...most children aren't learning about money at home or at school. And since you can't control what they learn in school to any degree, it's up to YOU, the parent or guardian to fix this.

Want some additional reasons to teach your kids about money? Read on.

More young adults are not only leaving college these days because of financial problems (student loan and credit card debt) but they are also moving back home after they graduate because they simply don't make enough money to go it on their own. College students are also committing suicide because of this same debt! Why is this happening?

There are many reasons, but the primary cause is simply that kids don't have a clue what to do with their money, or the money they are borrowing from the credit cards they are getting. Most of them are very good at spending money, but it's a rare 20-something that understands the dangers of credit card abuse or the power of saving and investing. Most don't understand the basic concepts of saving and spending, let alone the power of leverage, creating businesses and

investing in assets to produce passive income. Heck, for that matter, as I already mentioned, most adults don't understand these concepts either.

Before moving on, I want you to imagine this scenario...

Your son (or daughter) comes to you one day and says, "Mom, I have decided I really want to grow up and become a major league ball player." You say, "Wow, that's cool. Good for you." And you go back to doing what you were doing. Your child looks at you and asks, "So, would it be possible for you to get me a ball to throw?" You say, "Maybe later." He says, "Well, how about a glove and a bat?" You respond, "Nah, I don't think so." He's a bit frustrated at this point and asks, "OK, but can you at least teach me the rules?" You say, "Oh, you can learn the rules later." Now he is really angry; he's fuming inside and feels stuck. Finally he gets really mad and yells, "But MOM, how am I ever going to become a great ball player if I don't have a ball, bat or glove to practice with and I don't know the rules?"

This is what parents do, most unknowingly, to their children everyday in regard to money. We raise them into adults but rarely give them the equipment they need to practice with, or the rules they need to win, The Money Game!

Let's look at the three simple steps you can take to empower your children with the tools, knowledge and practice they need to grow up and become financially free.

FIRST, you must set the best example possible you can for your child. Because human beings learn best by example, it is critical that you first examine what you're teaching your children through your actions because they really do speak louder than words. How can you expect your child to save and invest if you don't? How can you expect your child to grow up with a healthy understanding of money if you don't have a healthy understanding of money? How can you expect your children not to use credit cards if the only way they see you buy things is with a credit card?

The important thing to remember about this point is that children learn from us three ways: by what they see us do, by what they hear us say and through the experiences we put them in with

regard to money. In my book, *The Ultimate Allowance*, I go into these three learning avenues in detail. For now, just know that they are always watching and learning from you in ways you probably aren't even aware of.

If you're like many adults and don't understand the 'money thing' yet, you're not alone, but make a commitment to educate yourself, and sooner than later. If you don't know how to manage your money, or start investing, and can only take a guess at how you might create Passive Income, then you must start with yourself. There are books and seminars everywhere. You have no excuse but the excuses you make to let yourself off the hook. Often we say "We can't" when really we're saying, "We won't." A great place to start is a program called the Millionaire Mind Intensive. For more information, visit <http://www.peakpotentials.com/a/tofreedomandbeyond>.

If you're doing a great job, congrats. Ask yourself how else you might 'show' your kids about money with your daily routine and don't leave your kid's friends and the neighbor kids out of the equation. Often times, kids learn better from people other than their parents so look for opportunities to teach other kids also.

SECONDLY, talk to your kids about money. Take every opportunity you can to open up a line of conversation about family expenses, credit cards, debt, interest, investing, real estate, the stock market, financial beliefs, etc. 'Your thoughts, beliefs and attitudes' is one of our Money Camp principles. *Secrets of the Millionaire Mind*, a great book by T. Harv Eker is available on our website (<http://www.creativewealthintl.org>) and the adults in all of our programs rave about how it has changed their financial lives. It is also required reading for all of my coaching clients (Success Calls Coaching).

Some examples of when to talk to your kids about money are:

- When you take money out of the ATM, have a conversation about where the money comes from, why you can only take out so much, etc.

- When you pay for the groceries with your credit card to get points so the whole family can go on vacation, make sure they understand the importance of paying the bill off EVERY SINGLE MONTH!
- When you pay bills, let them help you write checks or pay the bills online. Teach them how to check the accuracy of each bill.
- When you deposit money into your bank, visit your investment advisor or accountant, take your child along.

The worst thing you can do is assume that someone else is going to teach your child about money, followed only by not talking to the child at all. What children learn from parents who don't talk about money is that talking about money isn't OK. A healthier way to look at money is simply as a tool to reach your dreams (another Creative Wealth Principle); it doesn't mean we're better or thinner or smarter than others. In *Camp Millionaire* and *Moving Out!*, kids of all ages learn that money is a powerful tool, and depending on how they use it, it can help them and others or injure themselves and others in ways they may never have imagined.

THIRDLY, I want you to consider giving your child an allowance, but not the kind you may be thinking of. In my new book, *The Ultimate Allowance*, I talk in detail about how to take the money you already spend ON your child supporting him or her and instead, run the money THROUGH your child. I've read that it takes an average of \$275,000 to raise a child through age 17. If you run even a portion of that money through your child, imagine the practice they're going to get before he or she leaves home. By making great choices, and not so great choices, they will learn the ins and outs of money management before they are out on their own and when the consequences of those poor choices aren't so damaging.

In summary, just remember that human beings learn best by example. Your children are watching every single thing you do with your money, listening to everything you say about money and internalizing all the experiences they are having with money, so pay attention to the example you are setting. This will usually help inspire you to be a better steward with money as well. I can't

tell you the number of parents who have told me that they have straightened up their financial act as a result of their children learning more about money.

Next, talk, talk, talk to them about anything and everything financial. It's the best investment you can make in your child's financial future and we promise it will 'pay off' in the end!

And finally, give them the tools they need to learn to use as early as you feel they can handle them and give them plenty of time to practice with the tools before the mistakes cost them too much.

You CAN turn your children into money savvy adults; and adults that go out into the world and do a lot of good for others. It's all in your hands. Congratulations on taking the first step!

Thank you, Elisabeth Donati

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