

Ep87: Teaching Children About Money

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PATTI BRENNAN: Hi everybody. I'm Patti Brennan. Welcome to the "Patti Brennan Show." Whether you have \$20 or \$20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives.

I want to say to all of you listening today, that introduction is intended, not just for you, but also your children. Today, we're going to be talking about when is the best time to introduce your kids or your grandchildren to money? How are you go about doing that? Are allowances still the thing to do, or is that out of vogue?

Joining me today is Sam Baez. Sam is a member of our portfolio department. He has two young children, ages four and seven. What I'd like you to listen for are some of the unique things that Sam is doing with his children.

I'll share with you a few of the things that I did with my four children as they were growing up and kind of give you the before, during, and after. I'm going to give it to you real as I always try to do.

Sam, thank you so much for joining me today.

SAM BAEZ: Of course. Thank you, Patti. Thanks for having me on the show.

PATTI: Absolutely. What do you think about the idea of an allowance? Do you give your kids an allowance?

SAM: You know, Patti, that's a great question. Speaking of being upfront and honest, I'm still kind of toying with it. I've experimented with a few different ways – that is to say, Sasha and I, have experimented with a few different ways of kind of rewarding them for chores and getting them funds so that they can learn about saving and putting money away.

Again, I mean, my kids are four and seven years old. They don't really have that many chores. They help organize the laundry every now and then, but there's not a whole lot of things that they can help with around the house quite yet.

PATTI: You know, that's what I found as well. Allowance, the concept sounds good. Teaches them



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about money. They begin to develop their own savings. At the same point. I never wanted it to be an entitlement, like, “Mom, where’s my allowance this week? You haven’t given me an allowance.”

At what point do you tie it to the chores? I think it is important to kind of show that that reward for effort. It is an interesting dilemma. I found, for whatever it’s worth, and I hope it’s worth something, that when there were chores to be done I would basically introduce the task at hand.

“I need your help. If you can help me to get this done, then there is a benefit for you. I’m going to give you a certain amount of money, 10 bucks.” What was really interesting about it, Sam is as this kind of developed over time when they did a really good job. Believe me, Sam, it does happen!

When the kids actually exceed expectations, I would take a look at the laundry or the floor they swept and I would really make an effort to point out that they did a great job. It was really funny because what I would say is, “OK. You are going to earn \$10, but let me tell you, you did such a good job. You are totally in bonus territory!”

SAM: Oh, oh my goodness, Patti, I love that idea and I feel like you’ve kind of solved my issue with the allowance. I didn’t want to tie it to contributing to the family. At the same time, I wanted to make sure that they were rewarded for working, maybe doing a task that they’re not used to doing or necessarily expected to do.

That idea of recognizing good work and rewarding them for it, that’s how we get paid as adults. I think it’s a great way to introduce it, especially, since I think my biggest fear was having them do kind of a lackluster job and just having the handout. “All right. The dishes are kind of done. Can I have my \$10?”

PATTI: That’s a really good point. Hey, if they’re not doing what you asked them to do the way that you are expecting them to do well, you know what, welcome to America. You’re not going to get full payment for it. That’s important for them to understand. Ultimately, it’s not just the task, it’s the quality of the task.

I will tell you a funny story. Again, I always put it in the perspective of mom and dad are really busy. We both are working during the day. We don’t have time to do a lot of the things that we really need to get done.

One fall we had a leaf project. We had to rake all the leaves. I remember so vividly my two daughters kind of huddling up together as they were kind of pulling the rakes together and said, “You know, if we do a really good job, maybe we’ll be in bonus territory.”

It was hilarious. Let me tell you something, they did a great job, and guess what? They



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also got a bonus. They immediately saw that if they did a good job, they knew the pattern, and they were rewarded for those extra efforts. It was fun – and the leaves were raked!

They were probably 12, 13 years old. They weren't little kids at the time, but they were young enough to really appreciate the bonus territory.

SAM: I think it's great that they got to communicate. It got to the point where it's not only you talking to your kids about working and making money. They were talking to each other about it and how they could do an even better job.

They're almost teaching each other, having conversations with each other which is what I'm starting to see that with my oldest, Zander, who's seven. He's having conversations with my youngest, Zoe, who is four. It is really neat to see them kind of have those conversations and experiences and exchanges together.

PATTI: As you were talking, I was reminded of when Kmart was still open. Our big night out was going to Kmart. I'd let the four kids walk up and down the aisles.

We had two rules. The two rules were number one, stick like glue. The reason for that rule was because my third child, dear Carolyn Brennan would randomly wander off.

I can't tell you, Sam, how many times we lost Carrie. It is unbelievable. The gray hair I have is because of my third child. Stick like glue was number one and then number two was no begging.

SAM: No. Yeah.

PATTI: The reason for that second one was because kids are kids, they're going to push the envelope. They're going to ask for things. As we were going down the different aisles, they'd say, "Mommy, can I have this?" Or "Daddy, can I have that?"

That was the rule, no begging because if they continued to do that. We weren't going to go to Kmart anymore, and they really liked going to Kmart.

No begging. The message to them at the time was not we can't afford something. Very important. I did not want them to feel insecure. I wanted them to understand that we just don't choose to spend our money on that toy.

I would remind them that they have a lot of toys that they don't use. Why would I want to put more money into something like that? It's wasteful and I don't want to waste their future. Because ultimately when they grow up, if we can save this money, they're going to be the beneficiaries of that discipline. Stick like glue, no begging.



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SAM: I like those rules. I'm going to have to implement the stick like glue. I tend to lead with no begging.

PATTI: You also do something kind of interesting - really interesting. Tell me about the wallet.

SAM: Absolutely. It's interesting. Your family trip was Kmart. Ours is Target. The kids love Target. They want to go to the red store with a little doggy. How's that for marketing?

PATTI: Fantastic.

SAM: It's from a young age, and to your point, as far as getting them ready for going to a store. They're going to want to ask for toys. I'm preparing them ahead of time, I gave Zander a wallet at a very young age. Two - three years old.

Not that he knew what it was and not that he knew what it was about. He very quickly learned anytime we'd go to Target or the Dollar General, wherever we went, I'd say, "Zander, grab your wallet, we're going to the store". He very quickly started to make that connection.

PATTI: Can I just interject something as a sidebar? There is a person in our office. Her name is Diane. She ribs Sam all the time about this wallet thing. It's hilarious - she doesn't understand that it works.

It really works.

SAM: She did not think it was a great idea. I gave a three-year-old a wallet, but she loves it now. She respects it now. He pulls it out. He talks about it. He counts the money. I think she saw that, at least for now, it's working.

PATTI: Now here's a question. Does Zoe have a purse?

SAM: Zoe has a purse.

PATTI: Wow.

SAM: Zoe has a purse, and she is stingy with that purse. We will go to Target. She'll want to make deals about, "OK. Well, if I let you play with it, can you help me buy it?"

PATTI: No kidding.

SAM: At four years old. Four years old Patti. It's amazing, again, just to be able to have these conversations. I think being able to have the conversations is everything. I may be alone in this, but when we go to places like Target, we often go Dutch, I'll pay for my stuff, the



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kids pay for their stuff.

The people behind us in line, they may not love it. Some of them think it's very cute, some think like, "I'm going to have to wait longer." I will check out, and then Zander or Zoe will check out.

They each want something; those are three different checkouts.

I want them to experience that exchange that I'm giving them my money. I may get some change back. That whole transaction, I want them to get used to that because very few things in this world are free.

PATTI: It's interesting when you say that. It sort of reminds me going back to the allowance concept. The allowance is fine and tying money to chores and activities is fine. I think that we want to also be conscious of tying money too much to activities because sometimes we're going to do things just for the sake of doing them.

I think that's also a kind of a fine balance in all of this. Yes, we're going to go to church and we're going to work in the church store, and we're not going to be compensated for that, but they need help.

That's also part of, I think, our role as a community, as part of a family, to also talk about contributing as a family.

SAM: Without a doubt.

PATTI: I think that there's pros and cons to all of this.

Let's talk about some of the strategies, whether they be games or anything else that can be used to teach the kids about money.

SAM: Sure. I can go into one of my personal favorites. These are two, one when they were very young, and one that I'm kind of implementing more with Zander now, not so much with Zoe yet, but eventually she'll get there.

The first one is for their first birthday, they get four piggy banks. One piggy bank is for pennies. One piggy bank is for nickels. One piggy bank is for dimes. One is piggy bank is for quarters. Just so they could recognize the difference between the four different types of coins. The ones that have value more than the other.

PATTI: I'm just thinking, I sure hope when they grow up, we still have coins.

SAM: Yeah, right.



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PATTI: You got to get them crypto, Ethereum.

All the different types of currency. Oh my goodness. What is this world coming to? But I digress. Let's go back to your piggy banks. I love this.

SAM: I'm glad you interjected with that because now that they've been introduced to dollar bills, and \$5 bills, and \$20 bills they don't care about coins.

PATTI: They really are smart kids.

SAM: Yeah. That was at a young age, I think, a great way for them to start differentiating between them, and just kind of seeing how their mind works the way that they would approach it. I remember my most recent memory with Zoe is I remember she had a bunch of pennies, some quarters, and some nickels, and we went to the dollar store to get some candy.

I want them to be able to look at it and see what the price is and pay for it. It was a 25 cent piece of gum, and she did not want to give 25 pennies because it's a lot of pennies. They're thinking out of it as quantity, and Zander was the one who explained to her it's the same thing.

Better you get rid of those 25 pennies so you don't have to put them all back in your purse, that big coin and those 25 pennies are the same value.

PATTI: Wow.

SAM: It was a great lesson. She didn't care. She didn't want to give 25 pennies away. She used a quarter.

PATTI: Wow. That is so cool. Tell me about your percentage game.

SAM: The percentage game.

PATTI: This one blows me away. I've got to tell you, I am so impressed with you, Sam. The way you're doing this with your kids. By the way, I probably should have pointed out to you because there's so many great resources out there, but "Four Money Bears" is a great book. We did a podcast last year with the author, Mac Gardner.

It teaches kids about money, the purpose of money, etc. I'm going to tell all of you today and I'm just going to say to Sam, that he should write a book! This guy is just unbelievable. The things that he's done with his kids. This is one of those things that will evolve over time.



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Tell us about the percentage game.

SAM: Percentage game, my favorite game, and that thankfully, one of Zander's favorite games. We used to have a nice long commute, about an hour to work. We would find ways to pass the time. One of them was me asking him math questions.

The percentage game is I would tell him, "Hey Zander there's going to be 10 questions. If you get all 10 of these right, there's going to be a monetary reward for you." The questions are always, it's a round number, a couple hundred, let's say -- I always use speaking money terms.

I'll say, "Zander, what is three percent of 200?" Then he has...

PATTI: He would take \$200?

SAM: \$200. What's three percent of \$200.

PATTI: How old was he?

SAM: We started playing the game when he was about five. He was not that good at five. He is scary good now.

PATTI: How old is he now?

SAM: He's seven.

PATTI: Wow.

SAM: Yeah, it even surprises me. It's almost like a party trick. Sasha would be like, whenever a family member comes in, "Show them the money thing. Show them the money thing."

PATTI: Wow. That's fantastic.

SAM: It's fun. He loves it. Even after we get through the 10, he'd be like, "Dad hit me with another one."

PATTI: Hit me with another one, dad.

Oh, that is outstanding.

SAM: It's so much fun. We do it in the car. It's downtime right before bedtime. I love the idea of kind of going through this and getting his math brain working before bed. He goes to sleep and hopefully he's having wonderful math dreams.



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PATTI: He certainly is. Oh boy. Key Financial, here you come.

Wow. That's fantastic. I know that you do another thing that we also did and it's called the matching game.

SAM: Oh yeah.

PATTI: The matching game, at least the Brennan way, was we would match our kids' savings. If they saved \$50. We would match a certain percentage of it. Now \$50 is a lot of money for a young kid to save.

If they did it when they got their first job, we would match it. Kind of like the way a 401k gets matched. We wanted to give them that incentive to put away the money. How do you guys do it?

SAM: It's very similar Patti, it's a matching game. Again, at their age, they're not working. They don't really necessarily have an allowance yet. They do get money for their birthdays. They get money for Christmas. That tends to be larger amounts of money, money that they typically don't see.

Right away, we try to instill the concept with "All right, we encourage you to save a portion of this. I'm not saying you have to, it's your money, but if you save a portion of this, whatever you save, we will match you dollar for dollar. If you get \$50, you put away \$25, we'll give you \$25. Now you still have \$25 and you say 50 exactly what you brought in."

PATTI: Wow. That's fantastic.

SAM: They get that. I think waiting for them to bring up these questions or these curiosities maybe too late. I think we certainly underestimate how much they're willing to talk about and learn where money is concerned. Kids love learning new things and money included.

PATTI: You know, Sam, you've brought up a really important point. I'm going to share with you, and everybody watching and listening, something that's kind of personal. I think it's also an important kind of story in terms of how these things can be approached.

As many of you know, I'm one of seven kids. I was fifth of seven. When we were growing up, my mom was a stay-at-home mom. She had to stay at home with seven kids, right? My dad was working. When we were growing up, money was really tight.

If they had an argument, when they fought, it was always about money. As a young child, and even as we all grew up, we didn't know why they were fighting. We didn't know what the issues were with money. We also didn't know how to fix it.



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We just knew that mom and dad were really mad, and it was really uncomfortable, chaotic at times. I can just speak for myself, but I grew up feeling financially insecure. Go figure, right? I'm a financial planner.

Now, that's the way that I grew up. I was not taught money skills. I just had this kind of intangible, anxious feeling about money and how to make ends meet. Sam, did you grow up differently?

SAM: Yeah.

PATTI: Tell us about that.

SAM: I was very blessed to have two parents who were really, really focused on making sure that we were financially educated. We didn't have a lot of money growing up. I don't think my dad, even as I went all the way through high school - I don't think he ever made over \$24,000 a year.

You really have to budget to make that work if you don't want to take on debt. What we would do is once a month we would get together as a family and...

PATTI: If I may ask, how many kids were in your family?

SAM: Two. My sister and I. My father was the holder of the calculator. He never opened the statements because my mom was the math mind. He was there for moral support, and mom kind of ran the budget. Mom would say, "All right, we have \$2,000 this month."

To this day, and it never really stuck out to me when I was a kid, but I'll still remember. She would make a big deal about it. She would pound on the table and say \$500 goes to savings first. That leaves \$1,500 to pay bills, and then we'd go through it.

She would make this big announcement about we're saving this. Now let's move on and pay bills. She would give me a pile of bills. She'd give my sister a pile of bills.

PATTI: How old were you at this point, Sam?

SAM: I want to say I was in fourth or fifth grade when we started with the statements, and my sister was even younger than that. She was in third or fourth grade. We would go through and find the amount due. That was always tough. Until you learn how to do it... then all of a sudden it sticks out to you.

When you're a kid and you're looking at all these numbers and all these words, you're trying to find how much your bill actually is. I said we would find it on each bill. We'd add up our portion. My sister would add up her portion and we'd add it all together.



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How much is it? We have \$1,500 to pay bills. Let's say bills were \$1,400 when you added it all together. Good. We have a little excess. Then as a family, we would split whatever was left after the savings was met, the bills were paid. This is what's leftover. Let's call it \$100, \$25 each, and then we'd all go somewhere.

We'd do something nice. For me, what I remember the most is learning, in hindsight, it was learning because every statement is different.

PATTI: Yes, absolutely.

SAM: Just learning how to read those, where to find those, where to find the information, looking at APRs on credit cards. My mom's walking through this stuff in grade school with us.

PATTI: It's interesting because I often say when it comes to your financial affairs, automate your savings and pay your bills the old-fashioned way. I think that what has happened for a lot of people is you just kind of have automatic deductions out of the bank account.

I'm not sure that people have a really good grasp of where their cash flow is actually going. I think that sometimes there is a lot of, I hate to say it, waste. Venmo, you've got a Venmo, but what was that for? Was it all that important?

Sam, what your mom was teaching you was the importance of paying yourselves first. Before you pay the bank for the mortgage, before you pay the clothing store and the utility company, pay yourself first. My goodness, you're working your tail off, set that money aside - maybe not for who you are today, but for the person that you're going to become.

Because if you spend that money today, you're taking it away from that person. That's the beauty of what your mom and dad were teaching you.

SAM: Yeah, forever grateful for that. I think, in hindsight, I am convinced that she would do it all ahead of time. I used to think that I was actually helping her with the bills.

I know she had it all figured out to make sure the math was right.

PATTI: Wow.

SAM: When we were young, it really stuck with us and that stuck with us to this day.

PATTI: That is amazing. Now I just have to ask the question because I'm curious, and I don't know the answer. What does your sister do for a living?

SAM: My sister travels around the world, that's what she does now. She has done a lot of



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work for missions. She went to school to be a teacher. She's been to Cambodia, Vietnam, Switzerland, Germany, Poland, all over the place.

PATTI: Do you mind if I tell our viewers and our listeners, your family came from the Dominican Republic?

SAM: Dominican Republican. Anna and I are first-generation here in the states, and my wife Sasha was actually born in Trinidad and Tobago. Our kids are technically half-generation, first-generation here.

PATTI: Wow. Isn't that wonderful? Those principles that you've learned growing up from your mom and dad. I know you, Sam, and I know you're a Teddy bear. You are love. I know that you grew up in a family with so much love.

It doesn't surprise me, that your sister goes on mission trips and helps those who are underprivileged all over the world. You'll write your book and then have your mom and dad write their book.

Because I can't imagine a more wonderful way to grow up. It just goes to show you, folks, money doesn't buy everything.

SAM: Sure does not.

PATTI: It's the security, and the love, and the problem-solving that you grew up with, and the ability to work together as a family is just incredible. That's what we want in America today, families who solve the problems together.

Thank you so much for joining us today. I hope this has been helpful. Sam Baez, thank you for joining us. I just love you. I love everything about you. You're so smart. You care so much about not just your family, but our Key Financial family and the amazing things that you've brought up today.

For those of you who are listening, if you have any questions, please feel free to go to our website at keyfinancialinc.com. Ask us your questions, let us know. Does this resonate? Do you want to hear more? Do you want to hear from different people?

Because we've got lots of families here at Key Financial, and each one of us is dealing with this issue quite a bit differently. It's quite the topic here internally. In the meantime, I really appreciate you tuning in today. I hope you have a terrific week.

Join us again for our next podcast. If by the way, you have any other questions, go on the website because there's over 80 episodes on all kinds of topics. In the meantime, I hope you have a terrific day. Thanks so much for joining us.



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