

Talking To Our Children About The Economic Crisis

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Everyone is affected by the current economic crisis. Parents, Grandparents, Teachers, Babysitters – and also children. How are our children affected by our financial downturns?

Our own stresses and worries are felt by our children. It's in what we say, and in what we do; as well as what we don't say and don't do. It's in the tenseness of our voice and the lack of patience we display. It's on the surface - and in the depths of our emotional tone.

Whether you've lost your job, you are worried that you will lose your job, or your savings are whittled away to next to nothing, we are all reeling from the blow to our economy. Now, in addition to worrying how you and your family will get through these financially challenging times, we also need to think about how are children are affected emotionally. We need to help our children understand and cope with the changes in our family's spending ability and lifestyle.

Children, even young children, are very perceptive. Our children are keen observers of our body language, our tone of voice, and our actions. They pick up on the unspoken emotions that permeate our homes. So, even though you may not be discussing the hit to your stock portfolio in front of your kids, they know that something is wrong. How can we talk to our children about what is going on? What do we tell them?

The answers to these questions depend on a number of factors. To begin, several basic principles hold true:

- Talking honestly about financial issues with your child brings concerns and worries out into the open. This is almost always a great relief for parent and child alike.
- Follow your child's cues. Answer his questions. Be careful not to overburden your child with too much information (TMI).
- Choose a time to talk when everyone is rested, fed and not rushed.

The specifics of how we discuss these issues with our children depends on the age and developmental stage of your child. Pre-schoolers (ages 3 to 5) will certainly know that Mommy or Daddy is in a bad mood, or is being less patient than usual. (And they often tell us so!) Preschoolers are verbal, and they are learning to use their words to communicate, rather than acting out their feelings in hitting or whining. We need to use our words, too. For example:

By answering our four year old's query, "Daddy why do you yell so much," with "I am feeling sad because I am no longer working at my job, and it is hard to be looking for a new one," is a good starting point for a discussion about money.

Children of this age do not need to know about the workings of the economy or lay-offs or the state of your 401K. That's an example of too much information. Just as parents need to be thoughtful and show self-restraint about not having intense marital arguments in front of their children (discussing a conflict is okay, though), we need to show similar restraint, consideration and thoughtfulness when talking about money. If we are out of control, we will frighten our children who don't have the life experience or emotional and intellectual skills to put it in context.

Elementary school-aged children can understand more about the world around them, and therefore a discussion with your nine year old can be more informative. You can say, "You may have noticed that I've been stressed lately, and that's because a lot of people are being laid off by their employers, and I'm concerned about losing my job." Again, a lot of information is not necessary. If your nine year old follows up with further questions, you answer them as best you can. It's important to validate feelings – your child's and your own, and to keep your tone of voice and emotional tone in check. The point is not to worry your child, but to give an explanation for something they are aware of already. You will also want to reassure them that the family will be okay.

Reassurance is very important as your children look to you to know that the world is a safe place and that they are safe and secure. Left to their own imaginations, children can construct frightening and ominous scenarios about why their parents and others are angry or upset, and often the explanations are personalized. Children tend to be somewhat egocentric (this is developmentally quite normal) and will blame themselves for problems that exist around them.

Pre-teen and teenage children can, of course, understand a lot more about finances and the economy, however they still need reassurance from you that you, the parent, are in charge and will ensure their security. Your fifteen year old may already be reading the New York Times, and could know more than you do about the intricacies of the Wall Street bail-out. What they really need to hear, then, is that you are on top of things, and that you will take care of them.

Elementary aged and older children will often want to "step up to the plate" and offer to help out. This can be an opportunity for your child to learn more about the management of money and finances, and a way for him to feel in control of a tenuous situation. You and your child can brainstorm some ideas for helping out. For example, one family who went out to dinner twice a week decided together to cut this back to once a week.

Another factor to consider when discussing these issues with your children is their temperament and personality. Does your child tend to be anxious or do things just roll off their shoulders; are they moody or stable in their moods? Understanding who your child is and how they respond to life events, stressors and change, is important. Children who tend to worry will need explicit reassurances while children who are less sensitive and anxious may not be absorbing as much of the tension.

The last - and perhaps most important factor - to think about is *you*. How do you deal with stress and money? What has been your own experience with safety and security? Parents need to be able to self-reflect to understand their own temperaments, personality, parenting style and family backgrounds in order to know how they communicate stress to their children. Perhaps you grew up with parents who were risk-averse and focused on the safe and narrow path, and raised you to be as well. Maybe you grew up in a home with a lot of financial stress and this sensitized you to security and risk.

Parental self-reflection is an important part of good parenting. The more we understand ourselves and the 'lens' with which we look at our children and the world around, the more effective and attuned we are as parents.

Clearly, this is a troubled time for us all. Parents need to consider the affect of the stress on our children to guide them and teach them well. Remember that your children look to you for information, for safety and security, and as a model to emulate. Crises are tough and they can bring out the best and the worst in us. This can also be a key opportunity to teach your child about the responsibilities of money and finances, and family. Make the conscious effort to mobilize your best self in dealing with this crisis. This will serve you and your children well in the years to come.