

Study highlights importance of parents talking to kids about money

April 29 2014, by Matt Shipman

(Phys.org) —A new study from North Carolina State University and the University of Texas finds that children pay close attention to issues related to money, and that parents should make an effort to talk with their children to ensure that kids don't develop misconceptions about finance.

"We wanted to know what [kids](#) are learning, or not learning, about money from their [parents](#)," says Dr. Lynsey Romo, an assistant professor of communication at NC State and lead author of a paper on the research. "This is one of the first studies to look at what young school-age [children](#) know about money. The only other studies we've seen that address this issue focused on some [high school](#) and mostly [college students](#)."

The researchers conducted interviews with 136 children between the ages of eight and 17, with an average age of 10.5. Fifty-seven percent of the children were boys; 43 percent were girls.

"Broadly speaking, we found that parents were most likely to talk with their kids about saving, spending and earning," Romo says. The children said they felt their parents talked about these subjects to prepare kids for the future.

The children also reported that some subjects were largely "off-limits," including family finances, parental income, investments and debt. For the most part, the children said they weren't sure why parents didn't want

to talk about these subjects. However, some children said they thought parents didn't want to discuss these topics because parents were afraid of scaring their children, or of having the children brag about their family's finances or compare their financial circumstances with other families.

"The takeaway here is that even young kids are aware of financial issues, regardless of whether parents talk with them about money," Romo says. "And if parents aren't talking with their kids about subjects like family finances or debt, the kids are drawing their own conclusions – which may not be accurate. Even if parents don't want to discuss family finances with their children, it may be worthwhile to explain why they don't want to discuss that topic."

The study also found that, while parents often didn't talk about investments, they were statistically far more likely to talk to their sons about investing than they were to talk to their daughters about the subject. Similarly, parents were more likely to talk to boys about debt.

More information: The paper, "Money Matters: Children's Perceptions of Parent-Child Financial Disclosure," is published online in the journal *Communication Research Reports*.

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