



THE WALL STREET JOURNAL
WSJ.com

February 4, 2015, 6:15 AM ET

Why Financial Education Must Start at Home—but Often Doesn't



The author's children opening a savings account at the bank

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STACY FRANCIS: As parents, we agonize over how to best support our children to be successful. We spend many of our waking moments making sure they eat healthily, exercise and have the best opportunities in life available to them. But for all of this care and attention, we are missing the mark when it comes to preparing our children for a secure financial future. Basic money skills are some of the most important lessons we can teach our children, and this is happening neither at home nor at school.

Money Smart at Home: According to a survey released earlier this year by the investment management firm T. Rowe Price, 74% of parents admit to being reluctant to talk with their children about financial topics because they don't want their children to worry about money. For this reason, they do not share important money basics with their children that would help children to make smarter decisions and avoid costly mistakes in the future. Interestingly enough, studies prove that the more educated consumers are about budgeting, saving and investing, the higher their financial confidence soars!

Money Smarts at School: One in four parents said they are, "not good with money," so they don't think they should be the ones to teach their children about it. Nearly all parents, a whopping 87%, think that

children should learn about money in school. Leaving the teaching of financial smarts to the schools is just not savvy. The reality is that only 14 states require a course in personal finance and only 16 test students on economic concepts before graduation, according to the 2014, "Survey of the States" by the Council for Economic Education.

Parents are missing a huge opportunity to arm their children with money skills that will lead to a secure financial future. The best people to teach our children about money is us. Even if we are not confident in our money skills, finding teachable moments does not need to be hard, and we could learn a few things along the way.

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My Teachable Moment: Armed with all of this knowledge and motivation to put my children on the right financial track, I made an appointment at my local bank and took my 5 and 8 year olds to open their first savings account. I told them that this was a very special occasion and I made sure to have all the necessary documents such as their passports ready to ensure that the process flowed smoothly.

The financial representative graciously spent over 20 minutes explaining how bank accounts work, interest rates and withdrawal options. It was fun and positive. I encouraged Sebastian and Samantha to make the first deposit that same day, and asked if they had any candy or promotional products as a reminder of the positive experience. By the time we left our branch, the children and I were all smiles, and they asked when they could come back to deposit more money in their account.

Your Teachable Moment: Saving over spending is a life lesson that takes time to learn, and to open that first savings account is one of the best ways to instill this practice at an early age. Can you imagine what your life would be like if you knew more about money?

Stacy Francis is president and CEO of Francis Financial, a fee-only boutique wealth management and financial planning firm.

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