I WISH: MULTI GENERATIONAL REGRETS AND REFLECTIONS ON TEACHING CHILDREN ABOUT MONEY

BOLLIPELLI SHYAM GOUD
Department of Sociology
Osmania University
lokeshrathod4748@gmail.com

ABSTRACT

Millennials are struggling to meet current financial challenges. As we strive to improve financial capability in future generations, it is important that we look to the primary source of financial education: parents. This qualitative, multigenerational study explored what Millennials and their parents and grandparents (N = 153) wish they had been taught about finances by their parents, as well as what parents and grandparents wish they had taught their children. Thematic content coding of the interviews revealed three core "I Wish" themes: "Practical Knowledge," "Financial Stewardship," and "Open Communication." These findings can assist researchers, family life educators, financial educators, parents, and future parents to enhance the financial education provided by parents in the home.

Keywords:-*Financial socialization · Financial education · Parenting · Family finance · Millennials · Emerging adults · Qualitative*

Introduction

We have a societal-level problem: Today's emerging adults (Millennials) are struggling with financial literacy (Lusardi et al. 2010). They are wrestling to acquire the necessary financial capabilities and are significantly delaying transitioning from financial dependence to financial independence (Xiao et al. 2014). Financial independence is an essential cri-terion for entering adulthood (Arnett 2000), and Millennials' delay of adulthood has a potentially deleterious effect on the economy and on society as a whole.

The heart of this problem is that Millennials lack essential financial knowledge. Numerous studies have found that higher levels of financial knowledge are associated with more positive financial behaviors and financial well-being (Hilgert et al. 2003; Hira 2012; Huston 2012). The key to remedy this lack of financial knowledge is by providing financial education: the earlier in life, the better. Much of the current financial education research has been focused on financial education programs in public schools (Sherraden et al. 2011). As is evident by the financial struggle experienced by Millennials, however, these financial education programs are not solutions in and of themselves. Perhaps it is important to shift the primary financial education focus from academic-based programs and classes to what has been proven to be a more influential source: parents (Grinstein-Weiss et al. 2012; Jorgensen and Savla 2010). Studies have indicated that parental modeling and teach-ing has been associated with the most positive, impactful, and long-lasting financial attitudes and behaviors of emerging adults (Jorgensen and Savla 2010; Kim and Chatterjee 2013). Financial education should be of particular importance to parents, mainly because they are often the ones who end up paying, literally, for the lack of financial capability and independence of their children. According to Settersten and Ray (2010), on average, families spend about 10% of their annual income supporting children between the ages of 18–21. What do Millennials wish their parents had taught them about finances? The purpose of this paper is to begin to explore this question. Our study utilized a sample of 128 students, 18 of their parents, and 7 of their grandparents. Participants were interviewed regarding their retrospective perceptions of what their parents taught them about finances, and, for parents and grandparents, what they taught their children about finances. Although the interviews were initially strengths-based, we began to notice that many respondents would express "I wish…" statements indicating what they wish their parents had taught them (or what they wish they had taught their children) but unfortunately did not. After noticing this interesting pattern, we began asking about regrets more purposefully in the interviews. Our intention in exploring this topic is certainly not to censure parents and highlight their shortcomings related to their financial education methods, but instead to inform them, researchers, and financial educators by bringing to light some of the reasons Millennials may lack financial capability and independence.

Literature Review

There is a growing concern regarding financial literacy and financial behavior among the rising generation (Babiarz and Robb 2014; Lusardi et al. 2010). Traditionally, there has seemed to be a learning curve regarding financial literacy for the young as they learn from financial mistakes and experience. However, financial difficulties and harmful practices seem to be increasing, particularly among emerging adults (Clarke et al. 2005; Jorgensen and Savla 2010; Lusardi et al. 2010). Financial competency test scores continue to decline (Jorgensen and Savla 2010), national student loan debt continues to increase (Reed and Cochrane 2012), and emerging adults are the fastest growing group of bankruptcy filers (US Congress Senate Committee on Banking, Housing, and Urban Affairs 2002). A review of literature presents a strong case that par-ents have played a vital role in their children's financial capability (Chowa and Despard 2014 ; Clarke et al. 2005; Jorgensen and Savla 2010; Kim et al. 2011; Lusardi et al. 2010). Studies have shown that parents have a significant influence on their children's financial knowledge (Tang and Peter 2015), financial attitudes (Jorgensen and Savla 2010), and financial behaviors (Grinstein-Weiss et al. 2012, 2011). Serido and colleagues (2010) found that quality financial communication from parents not only led to higher financial well-being but was also associated with higher psychological and personal well-being. Emerging adults reported that they felt more prepared for financial responsibilities if they were modeled in the home (Clarke et al. 2005), however, one study showed that parents may believe that it was not their responsibility to teach finances to their children (Jor-gensen and Savla 2010). The discrepancies found within the Millennial generation's financial capability may be largely mitigated for future generations through correct parental modeling and teaching, but parents need to first be educated on the responsibility they have to teach their children about finances as well as what financial principles to teach their children. Social learning theory (Bandura and Walters 1963) pro-vides some explanation for why parents play such a large role in their children's financial beliefs and behaviors. Children learn financial practices and attitudes by watching their parents use money and then imitating what they observe. This social learning approach is reflected in Gudmunson and Danes' (2011) family financial socialization model, which suggests that family processes influence financial behavior and wellbeing. Behavioristic approaches to learning theory would also add that children and emerging adults learn financial principles through experience, dealing with rewards and punishments for their personal financial decisions (Otto 2013) . Sadly, without much financial modeling or overt financial teaching in the home (Clarke et al. 2005), many emerging adults are having to gain financial literacy the "hard way," i.e., through behaviorist means. Finally, cognitive developmental structuralist theory argues that developmental stages can be observed in a child's economic thinking (Otto 2013). This suggests that emerging adults may not be fully developed in their economic thinking, offering insight as to why they are struggling financially. These theories add valuable pieces to the puzzle of Millennials' economic behavior.

With the increasing gap between where Millennials' financial knowledge should be and where it actually is, many researchers have taken a vested interest in this particular issue. A small but important niche of researchers focus on financial education taking place within families. This is important because it explores what parents are actually modeling for and teaching their children. For example, LeBaron and colleagues (2016) described four main principles that are essential to financial education within families: the importance of financial vision, hard work, money management knowledge (i.e. budgeting, saving, avoiding debt), and generosity. Additionally, Clarke and colleagues (2005) described the important yet different roles mothers and fathers play in modeling financial principles for their children, such as the principles of budgeting and saving for mothers and financial tasks for fathers.

Methods

This paper is part of a larger study, the *Whats and Hows of Family Financial $ocialization* project (LeBaron et al. 2016). The purpose of this multi-generational, qualitative project is to better understand what and how parents are teaching their children about finances.

Sample

The convenience sample for this study (*N* = 153 participants) included 128 undergraduate students (ages 18–30) enrolled in family finance classes at a private university in the Intermountain West, a public university in the Midwest, and a state university in the Southwest. Additionally, 18 parents and 7 grandparents of students were also interviewed, thereby providing reports and perspectives from three generations (college student, her/his parent, her/his grandparent). This resulted in a total of 7 student, parent, and grandparent triads, as well as 11 additional student and parent dyads. We felt this approach would be informative and valuable in addressing our research question, considering Handel's (1996) observation that "No [single] member of any family is a sufficient source of information for that family" (p. 346).

Procedures

Qualitative interviews were conducted by trained team mem-bers either face-to-face or over-the-phone. All interviews were conducted in a research office on a university's campus, with the majority of interviews lasting 15–30 min. Inter-view questions asked participants specifically what finan-cial principles were taught by their parents and how those principles were taught. All interviews began with variations of two open-ended questions: (1) "What did your parents teach you about money?" and (2) "How did they teach you those things?" Follow-up questions were then asked to extract further information from the participant based on their responses. Parent and grandparent interviews generally ran slightly longer than the student interviews, usually last-ing between 30 and 60 min. In addition to the previous two questions, parent and grandparent interviews also focused on

(1)"What did you teach your children about money?" and

(2) "How did you teach those things?" Although the purpose of the interviews was initially to focus on beneficial principles and practices that were taught, the researchers began to notice that the participants were, without any prompting, making comments such as, "I wish my parents would have taught me more about ________." Because of this obvious trend in the interview phase, we began asking participants what they wish their parents would have taught them, and, for parents and grandparents, what they wish they would have taught their children.

All 150 interviews (one interview was composed of a married student pair, another both parents, and a third both grandparents) were recorded and transcribed verbatim. The data were then coded as explained in the next section.

Coding and Analyses

In order to produce "more valid, reliable, and rigorous qualitative research" (Marks 2015, p. 494) we decided to use a team-based approach to qualitative data collection, analysis, and coding (for detailed explanation, see Marks 2015). The strategies which contributed to greater reliability include (a) developing a detailed audit trail for sampling, questionnaire usage, and qualitative coding that demonstrate and provide a "replicable method of inquiry" (p. 499); (b) building a qualitative research team that engages diverse team members; and

(c) coding the data in coding pairs with a focus on interrater reliability that allows for multiple voices but "tempers the idiosyncrasies [and biases] of any single member" (p. 502).

The research team divided into five coding pairs to analyze the data. Both members of each pair independently open coded each interview and then met together to review (line-by-line) their open codes in a check and balance sys-tem, resolving discrepancies as they arose. Composite interrater reliability was exceptionally high, slightly over 0.90, with discrepancies as incidents in which coding partners had varying independent coding and could not completely agree on a resolution. The coded excerpts were tracked using NVivo 11 qualitative software.

Findings

The following three themes represent many of the "I wish…" expressions from the 150 interviews of Millennials and their parents and grandparents. The first theme (Prac-tical Knowledge: "They never taught me how to budget") addresses financial information they reportedly wished they had taught or had been taught more thoroughly. Theme 2 (Financial Stewardship: "I didn't get tons of opportunities to budget my own money") addresses financial experiences, opportunities, and responsibilities many participants seemed to feel they had missed. The third and final theme (Open Communication: "I've never seen my parents' budget or heard them talk about it") captures apparent reports of squandered opportunities to teach via parental modeling of wise financial behavior and meta-discussion. Although parents and grandparents referenced all three themes, references to the latter two themes were less common.

Theme 1—Practical Knowledge: "They Never Taught Me How to Budget"

The analyzed data from our participants repeatedly featured reports that many seemed to wish their parents had taught them more practical financial knowledge such as how to budget, how to file taxes, and how to wisely save and invest money. This first and most common theme was mentioned 270 times, an average of 2.1 references per interview.

Theme 2—Financial Stewardship: "I Didn't Get Tons of Opportunities to Budget My Own Money"

The second recurring theme in the interview data was that participants wished they had given, and been given, more financial stewardship or responsibility. This theme was mentioned 81 times, an average of 0.6 references per interview. While less prevalent, some parents and grandparents correspondingly reported that they wish they had *given* more financial responsibility to their children during the formative years.

Specifically, participants reportedly wished they had been given chances to work for their own money, get a job, and save for their own purchases. They wished their parents had entrusted them with greater responsibility and flexibility regarding financial decisions early on so that they would be more comfortable and confident in making those decisions as emerging adults. For example, Colton (White male Millennial) expressed,

[My parents] set up [a bank] account for me…but I didn't quite know what was mine or what my responsibilities were exactly. So when I was making that transition from dependence to independence financially, it would've been nice to be the one [who had taken] the initiative…[I wish] they would have taught me how to establish my account or let me have the opportunity to do it by myself so I was fully responsible.

Theme 3—Open Communication: "I've Never Seen My Parents' Budget or Heard Them Talk About It"

The third and final theme we found captures participants' wishes that their parents had more openly communicated with them about the family's finances. This theme was mentioned 117 times, an average of 0.9 references per inter-view. Charlie (White male Millennial) said, "I wish [my parents] would have [been]…more open about the family finances because it was always just a big mystery." By contrast, parents and grandparents rarely mentioned that they wished they had been more open with their children—this "wish" was dominated by Millennials mentioning what they wish they had received. Millennials reportedly wished their parents had facilitated sit-down lessons or family councils to discuss the family's finances. They wished their parents had shared with them their budget, income vs. expenditures, retirement plan, debt, investments, etc. For example, Audrey (White female Millennial) said, "I wish I would have known more about how [my parents] pay taxes or [pay] the bills or how our family's finances were going—or even [our] debts and how we'd pay them]." Participants seemed to wish that finances had been more of an ongoing, open conversation over the years. They apparently felt that they could have been better prepared for their own financial futures had they learned about their parents' finances.

Discussion

The three principles presented here—teaching children more practical knowledge, giving them more financial stewardship or responsibility, and communicating more openly about finances with them—are the three main categories for what Millennials, parents, and grandparents wished their parents had taught them about finances, as well as what parents and grandparents wished they had taught their children (Table 1). These findings speak powerfully to how a lack of financial teaching in the home may be a contributing factor in the current financial challenges being faced by today's emerging adults. Critical consideration of these wishes gives insight into current parental challenges regarding financial teaching as well as directions for family life educators and future research. Practical knowledge was overall the most desired thing that participants wished that their parents had taught them. They wished they had been taught how to budget, to invest, and other "what's" and "how's" key to financial adulthood. Participants expressed that if they had been given more knowledge as children, they would be making fewer mistakes and be more financially stable as emerg-ing adults and adults. A few barriers were proposed for parents teaching children practical financial knowledge. One was that parents might think that their children would not understand the concepts, even if they did try to teach them. Additionally, parents might not understand cor-rect financial principles and practices themselves, which would inhibit their ability to teach them to their children. Parents might also excuse themselves from teaching prac-tical knowledge because they think that their children will be taught sufficient information in school or elsewhere. Parents may also be too infrequent in their teaching for children to really grasp an understanding of finances. Comparative to the infamous, uncomfortable "sex talk," parents may have the one-and-done mentality towards teaching their kids about finances.

Limitations

We recognize that there are limitations to our study. Our themes may have arisen in the interviews simply because the students we interviewed had difficulty accurately remember-ing what their parents actually taught them because it was not then applicable to them. However, this limitation implies that parents need to be instructed in more effective ways to teach children financial principles and practices so that children will remember and be able to apply what is taught. Parents may also need more financial education themselves.

Another limitation is that our sample is primarily made up of college students enrolled in a family finance class. It is uncertain how much our findings can be generalized to all Millennials. Additionally, our sample of parents and grandparents was relatively small and findings may not be generalizable to all parents and grandparents of Millennials.

Though we do not claim full theoretical saturation for all of the themes reported by the students, we believe we are close. Indeed, we included student participants from three diverse universities to see if the themes would "hold" in a variety of environments. We found that the same themes emerged at all three locations. This is evidence of at least a moderate level of saturation among student participants. However, given our much smaller sample of parents and grandparents, it would be premature to make the same claim of saturation for them. Indeed, we think there is more to learn from them and encourage future research to include a larger parent/grandparent sample.

Implications

In addition to the obvious implications for parents them-selves, the three themes that emerged from this study can assist family life educators, particularly financial educators, in developing outreach programs and financial education curricula concerning parental financial education. Educators should not only advise parents on *what* and *how* to teach their children regarding finances; parents should also be encouraged to teach and talk about finances *more frequently*. If educators can help parents effectively and frequently teach and model financial principles, children may be better able to remember and apply the principles and practices they are taught. If parental financial education were to be improved, these "I wish" statements could turn into "I'm so glad" statements.

Conclusion

This paper begins to address a societal-level problem by bringing to light some of the reasons Millennials may lack financial capability and independence (i.e., lack of financial knowledge, financial stewardship, and open financial communication). We hope that parents might use these findings to be better financial educators to their children so that future generations will be better prepared for financial adulthood. Additionally, we hope that educators will assist parents in this effort. Every effort invested into the financial competence and independence of the rising generation will reap significant economic and communal rewards that will help to secure our financial future. We believe these efforts must start in families, where the greatest financial influence occurs. One final caveat: The purpose of this paper is not to condemn parents of today's emerging adults, but to help them. They have done their best. As Olivia (White female Millennial) said, "I hope to be half of the parents my parents are."

References

1. *Anderson, C., & Card, K. (2015). Effective practices of financial education for college students. College Student Journal, 49(2), 271–279.*
2. *Arnett, J. J. (2000). Emerging adulthood: A theory of development from the late teens through the twenties. American Psychologist, 55, 469–480. doi:10.1037//0003-066X.55.5.469.*
3. *Babiarz, P., & Robb, C. A. (2014). Financial literacy and emergency saving. Journal of Family and Economic Issues, 35(1), 40–50. doi:10.1007/s10834-013-9369-9.*
4. *Bandura, A., & Walters, R. (1963) . Social learning and personality development. New York: Holt, Rinehart, and Winston.*
5. *Britt, S. L., & Huston, S. J. (2012). The role of money arguments in marriage. Journal of Family and Economic Issues, 33, 464–476. doi:10.1007/s10834-012-9304-5.*
6. *Brougham, R. R., Jacobs -Lawson, J. M., Hershey, D. A., & Trujillo, K. M. (2011). Who pays your debt? An important question for understanding compulsive buying among American college stu-dents. International Journal of Consumer Studies, 35(1), 79–85. doi:10.1111/j.1470-6431.2010.00923.x.*
7. *Chowa, G. N., & Despard, M. R. (2014). The influence of parental financial socialization on youth's financial behavior: Evidence from Ghana. Journal of Family and Economic Issues, 35(3), 376–389. doi:10.1007/s10834-013-9377-9.*
8. *Clarke, M., Heaton, M., Israelsen, C., & Eggett, D. (2005). The acquisi-tion of family financial roles and responsibilities. Family & Con-sumer Sciences Research Journal, 33, 321–340. doi:10.1177/10 77727X04274117.*
9. *Dew, J. (2007). Two sides of the same coin? The differing roles of assets and consumer debt in marriage. Journal of Family and Economic Issues, 28, 89–104. doi:10.1007/s10834-006-9051-6.*
10. *Dew, J. (2011). The association between consumer debt and the likeli-hood of divorce. Journal of Family and Economic Issues, 32(4), 554–565. doi:10.1007/s10834-011-9274-z.*
11. *Grinstein-Weiss, M., Spader, J., Yeo, Y., Key, C., & Freeze, E. (2012). Loan performance among low-income households: Does prior parental teaching of money management matter? Social Work Research, 36(4), 257–270. doi:10.1093/swr/svs016.*