How to Talk to Children and Grandchildren About Money.

Picture an excited grandfather gifting his teenage grandkids a carefully wrapped package of silver dollar coins that he had collected over the years. This happened last December, and the teenagers' questions were fascinating as it highlights just how much has changed with financial technology. While the fundamental financial lessons remain largely the same, Gen Z (1997-2013) and Gen Alpha (2010-2024) bring unique perspectives and values to the financial discussion.

One teenager held the box of coins and asked questions:

> *"How do I buy things with the coins?"*
> *"How do I put these coins in a bank?"*
> *"Will the value grow over time? How do I invest them?"*

She was asking, "How so I spend, save, or grow this money?" Based on her digital world, the physical coins were curious.

Gen Z and Gen Alpha have grown up in a digital world dominated by social media and smartphones that function like credit cards for payments. They've also entered a financial world where companies are far more likely to decline cash payments than to have minimums for paying with credit or debit. Gen Alpha will be the first generation emerging into an adult world of AI and voice assistants. We still don't know how this will shift their financial perspectives.

Each generation, going back hundreds of years, has faced a different financial reality and perspective, but the technological impact on personal finance is accelerating this evolution. The gap between how parents and kids think and feel about money is as great as it has ever been.

So, how do we talk to children and young adults about money?

1) **Focus on what makes their experiences unique:** The next generation (Gen Z) tends to be pragmatic about their money. Growing up during the economic uncertainty of 2008 and COVID-19, prioritizing mental health and well-being is a key part to financial decisions.

   Ask: *"How do you think your generation sees money differently than mine did at your age?"* or *"How do you think your upbringing has shaped how you think about money?"*

2) **Open the door to talk about money:** Use short-attention approaches such as gamification and short quizzes, like Financial Virtues, shared by your financial professional. Gen Z in particular likes to understand "what type of spender or investor" they are. Both Gen Alpha and they learn through experience in their native environment that is online, digital, and entertaining. Your financial advisor can provide you with some of these fun tools to help open the conversation. Ask your Financial Professional for a survey link to share!

   Ask: *"I just tried this fun quiz that shows how you make money decisions. It's kind of like a personality quiz, but for your financial style. I actually learned something really interesting about myself. Want to try it and see what it says about you?"*

3) **Connect money to their values:** If your young adult wants to take a trip, understand and align the financial lesson to their travel goal. With investing, discuss and listen to which investments might be aligned with a cause they care about. Focus discussion points on companies, products, and even celebrities that they know and care about. Why are they important and how does that translate to financial value?

   Ask: *"What's a brand, product, or company you really like? What makes you trust or support them?" or "How do you decide whether something is worth your money? What matters most: price, brand, quality, values?"*

4) **Talk about career paths:** The younger generations are trending more entrepreneurial and are projected to change jobs more times in their lifetime than Baby Boomers or GenX. They see social media personalities who are self-made millionaires. The next generations are looking for more flexibility and purpose, but this has big implications for long-term financial planning.

   Their career paths will be less linear, with greater uncertainty for health and retirement benefits and more choices to sacrifice income growth for quality of life or values-based reasons. If they are unlikely to pursue careers in the same manner as their parents, it's important to engage with them on those career paths and help them walk through the financial implications. Conveying judgments about career paths will likely be unproductive. Instead, ask them questions that force them to think through the consequences, good and bad, of their decisions. Then help them do their own research to paint a realistic picture of what financial future scenarios might emerge. Financial professionals can also help to provide best strategies for different career paths or approaches, which in turn convey support while helping them recognize realities

Ask: *"What do you think would be more important in a career: loving the work or making a lot of money?" or "Is there a job someone has that you think is really cool or meaningful?" or "What would you want your day-to-day life to look like as an adult?"*

5) **Introduce them to a Financial Professional:** Managing cashflow and downside risk is a crucial concern for the next generation. This presents another great opportunity to introduce a financial professional as a friendly resource to provide valuable insights. Helping the next generation understand savings and spending in an environment with inconsistent cashflow is quite different from the days when many parents graduated from college and started a steady job with the goal of retirement.

   Ask: *"Would you be interested in talking to someone who works with money for a living, just to ask questions or learn how it works?" or "If you could ask a money expert one question, what would it be?"*

6) **Talk to them about your experiences with money:** Younger Gen Z and Gen Alpha members will have missed the financial crisis and the major layoffs and unemployment that followed. They would have been young enough during the short COVID-19 downturn to have not internalized how unemployment can disrupt financial health and planning. While older generations grew up with the risk of unemployment endemic to their financial thinking, Gen Z and Gen Alpha might assume that the next opportunity, and the financial security that comes with it, will be right around the corner.

   Their stock markets have steadily risen with only short-term disruption. House prices continued to increase. Bitcoin has grown and grown with very little functional use as a currency. This lack of salience, combined with an entrepreneurial mindset, might lead Gen Z and Gen Alpha to overly optimistic and financially risky approaches. Talk to them about your own experiences: the surprises, the planning that worked, and the planning that didn't. You want to help them understand that economic downturns, unemployment, and failures were historically common, and likely to happen again, but it's important to not communicate these as "uphill both ways" stories. Combine the historical good with the bad. The goal is not to communicate that the world is dangerous, but rather that both good and bad things happen and that we can take actions to help plan for that.

Ask: *"I want to tell you about some money choices I made when I was your age. Some I'm proud of and some I learned from. Would you like to hear?"*

How can we better communicate with younger generations about the importance of financial planning and knowledge?

This is the same problem that has faced earlier generations, and many of the same principles apply. It's more effective to ask questions and provide resources to help them recognize and own this knowledge, then support them by answering questions. It's helpful to engage other experts, such as financial professionals, to give them a resource they won't view as an authority. It's important to remember that we were all young once, and to imagine ourselves in their positions. Finally, we need to remember that their experiences and culture and thought processes aren't the same as ours. Try to engage in ways that are relevant to them, whether through examples and values they care about or through understanding their goals and being a partner in achieving them. Foundational skills around spending, savings, giving, and investing money are all important knowledge to help younger generations thrive in the future. They just won't learn about them in the same way that their parents did and need to prepare for using these skills in a vastly different future.