

**W**hat's with the nun in the living room? This touch of irreverence led to peals of laughter. At the hugely successful Women of Vision fundraiser in early May, featured speaker Maria Shriver made this comment about the esteemed Mother Teresa. She pointed out that as a young teen, she didn't fully appreciate or understand the benefits of her privileged life.

Living in Orange County, we're surrounded by wealth and many parents are concerned about the impact on their children. While we've all heard of privileged children growing into accomplished adults like Shriver, we've also heard of pampered and spoiled young adults. Children suffering from "affluenza" often feel entitled and don't have the satisfaction of earning a paycheck for their own work. They often lack self-confidence and motiva-

learn to manage budget and cashflow. Consider paying them to do your books as well. Discuss how you set priorities for spending.

Letting children plan your next family vacation teaches leadership and negotiation skills and computer and comparison-shopping skills as they consider options for transportation and accommodations.

Give them a chunk of money to invest. Discuss stocks, bonds, mutual funds, performance, and benchmarks. Have them present what they've learned at a family meeting and keep the profits.

Help them buy a home by making the down payment (and possibly co-signing). Let them do the research and negotiation. You can split the profits equally when the home is sold or have them pay back the "down" plus a mutually agreed upon interest rate.

Agree that you will match whatever amount they come up with for a new home, new car, or graduate school.

Introduce them to philanthropy. Let them know how and why you support certain charities. Give them a sum (e.g. \$5,000) and have them research where to donate that money.

Reward values-based behavior. Your values might be education, philanthropy and financial responsibility. For example, Tom and Sue set up a discretionary trust so that at completion of a four-year accredited college program with B grades or above, their daughter would receive a lump sum. And if she worked part time while in college, the trustee distributes to her an amount equal to her gross income that month.

Loan or give them money to start an IRA or to fund their 401 (k) at work.

Involve teens and young adults when you are making a decision about a major purchase (e.g. new car, home, rental property). Discuss the pros and cons and how financing or leasing works if you'll use either.

A key point in good financial parenting is to stand by emotionally, but stand back financially. Teach your children all you can but let them make mistakes. Be supportive, but don't take control. Living in the midst of affluence as we do, it is especially important to do all we can to help our children handle the responsibilities of wealth. ☺

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## Lessons in Financial Parenting

tion. Carl Sandberg said it so well: "Money buys everything except love, personality, freedom, immortality, silence, peace."

As parents and grandparents, we often spare no expense to provide the "best" for our children and grandchildren. Despite our good intentions, when we provide our children with all they want, we create a disconnect between effort and reward.

For children of affluence, their feelings of entitlement are almost a natural byproduct of too much generosity by their parents. The irony is that the more children are given, the less they appreciate. Providing the opportunity for them to earn and learn is something quite different – and that is what good financial parenting is about.

Here are some ideas to help your children handle the responsibilities of wealth:

Have your son/daughter go to [www.myfico.com](http://www.myfico.com) and check his/her own credit score. Have them get yours as well and review for errors or ID fraud. Discuss why knowing a FICO score is important for getting a loan or a home and what can be done to improve the score.

Give them Quicken software so they can

