Parental Advice that is
“On The Money.”

Sound Advice from Jeff York

In the classic story of Alice in Wonderland, Alice turns to the Cheshire cat for advice when she reaches a fork in the road.
“Which one shall I take?” she asks.
“Where are you going?” he answers.
“Anywhere, as long as I get somewhere.”
“Then,“ the Cheshire Cat reasons, “It doesn’t matter which road you take, you are sure to end up somewhere.”

Financial planning is similar. If you don't know where you want to be, you certainly will be somewhere when you retire, but will it be where you want to be? This message is a difficult but critical sell to the Gen Y population, who as a group are in line to inherit literally billions in wealth over the next few decades as their baby boomer parents and grand parents transfer their accumulated wealth.

So, how do we impress upon the millennium generation the importance of financial planning, and financial responsibility when they as a group think they have all the information they need at their fingertips? It’s simple. Talk to them.

Here are five key things we should be talking to our children about, once we maneuver around their “I know it all already” barrier.

Financial Goal Setting – The classic question of what do you want to be when you grow up is much more difficult to answer for many young adults at age 21, than it was when they were 12. They are more focused on the financial aspects of a profession at 21, versus the excitement of a career at 12. Financially speaking, they need to set some specific goals, and develop a plan to get there as they get older. This can assist in all of their career choices, as it provides a focal point.

The Eighth Wonder of the World - The Power of Compounding. This is a powerful tool that can really demonstrate to the Gen Y population how much starting early can pay off. Time is money, and the sooner you start saving, the less you’ll have to work. Saving a small portion of every paycheck into a retirement account will add up progressively into a very large number over time.

Credit - Bad vs. Good – I recently spoke with a new graduate from a well respected University in California who did not know how a credit card worked. She knew how to use it, but not much else. Not only should we discuss what credit is and also what it isn’t, but the importance of paying off our credit cards and living within our means must be stressed as soon as our children become credit worthy.

Balancing a Checking Account - Today's youth don't look at balancing a checkbook in the traditional way. With the use of electronic payments and debit cards, it is all about "the now". If there appears to be money in the account, it must be in there. Even though they may not go through the standard steps of balancing their checkbooks to a statement, there are many things our children need to be aware of to protect themselves from fees and fraud. The time it takes to check their records regularly – at least month – is time well spent. Good luck with that one.

Education and Careers - Why is getting an education important and how can it impact your future income? Statistics show that the more education you have, the higher your income potential. Additionally, there are educational alternatives to college for those not on that path, options that will provide you with a marketable trade or skill. The key is to have a plan, or at the very least, the desire to develop one.

One thing the millennium generation will tell you is that it isn’t the technology that is important with respect to blogs, text messaging, widgets, and any of the other rapidly developing communication methods. It is the information being passed. So, take the time to do something extremely low tech with your children. Sit down and talk to them. Who knows, it may qualify you as their BFF.