

Talking To Your Children About Money

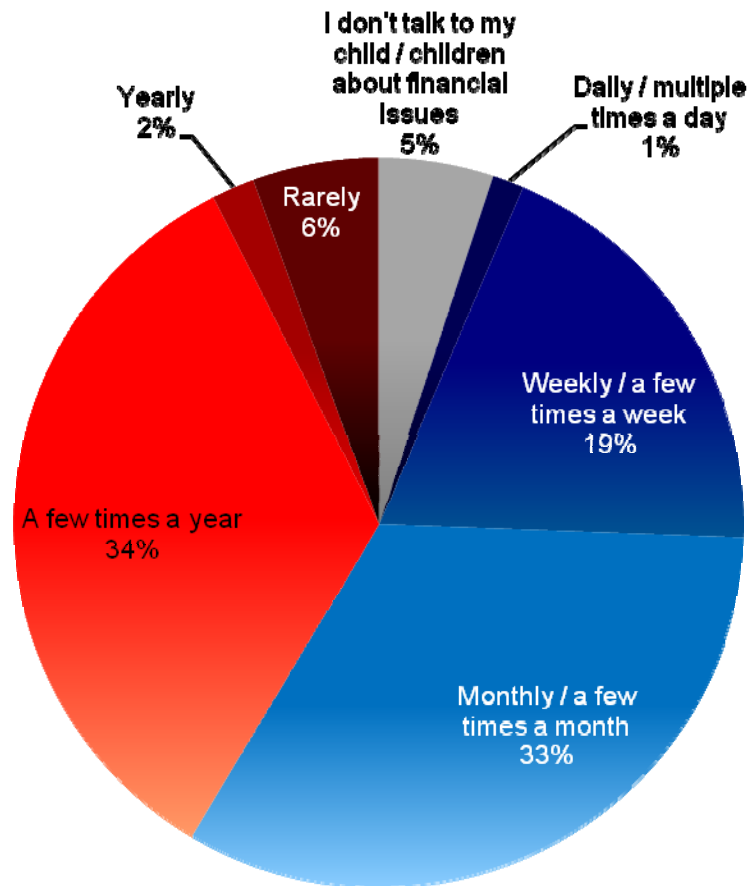
A survey of First Command Financial Advisors

Talking to children about finances can be a stressful and somewhat taboo topic. According to a recent survey by ING Direct, two out of five parents would rather talk to their kids about the dangers of drugs and alcohol than talk about money and three out of ten parents would rather talk to their kids about sex. However, neglecting to educate our children about financial matters can leave them unprepared and subject to financial difficulties as adults.

Fostering financial literacy in America is particularly important in light of the recent economic turmoil. According to Ted Beck, a member of The President's Advisory Council on Financial Literacy, the current financial crisis "is one of the greatest teachable moments that's ever happened."

First Command Financial Services, Inc., is seeking to shed light on this important subject by exploring the advice that the company's Financial Advisors deem most important for fostering financial literacy and responsibility in their own children. This report reflects the results of a recent survey of more than 340 First Command Financial Advisors. By highlighting the topics and advice they share with their own children, First Command Financial Advisors hope to encourage and support all parents looking to tackle the challenging topic of personal finance.

How often do you talk to your child / children about financial issues?

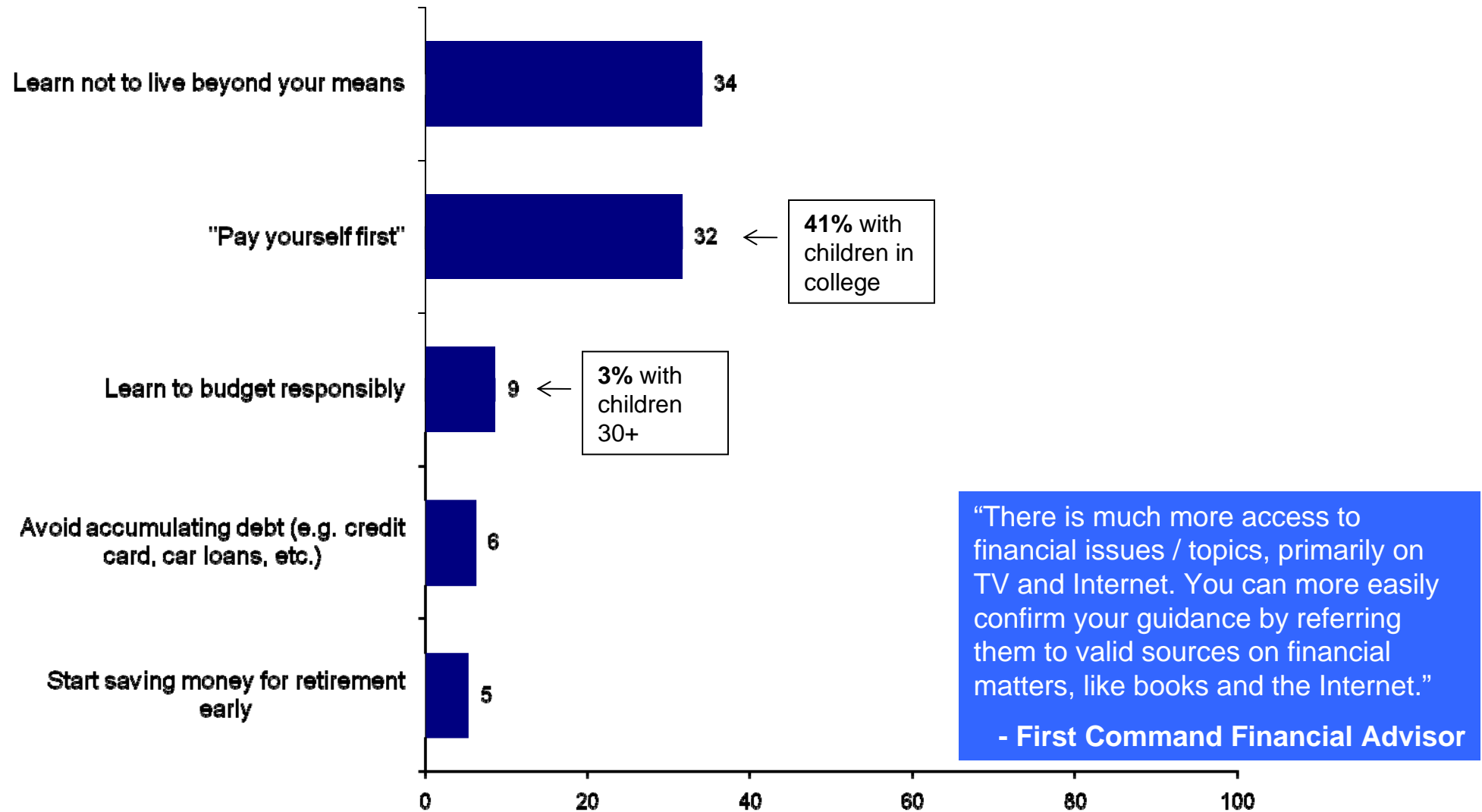


“When I was growing up, the economy wasn't in crisis so it wasn't talked about as much. People didn't want to know where they stood because they knew they were okay. Nowadays, it's everywhere. You turn on the TV and the news is riddled with stories of this company going bankrupt or this family needing money for food. It is so appropriate to talk to children early and tell them how important it is to save first and spend second. It's saving what's left after spending that helped Americans get where they are today. Maybe if parents of my generation had taken more of their children aside and taught them valuable lessons early, then less people would be in debt and spend within their means.”

- First Command Financial Advisor

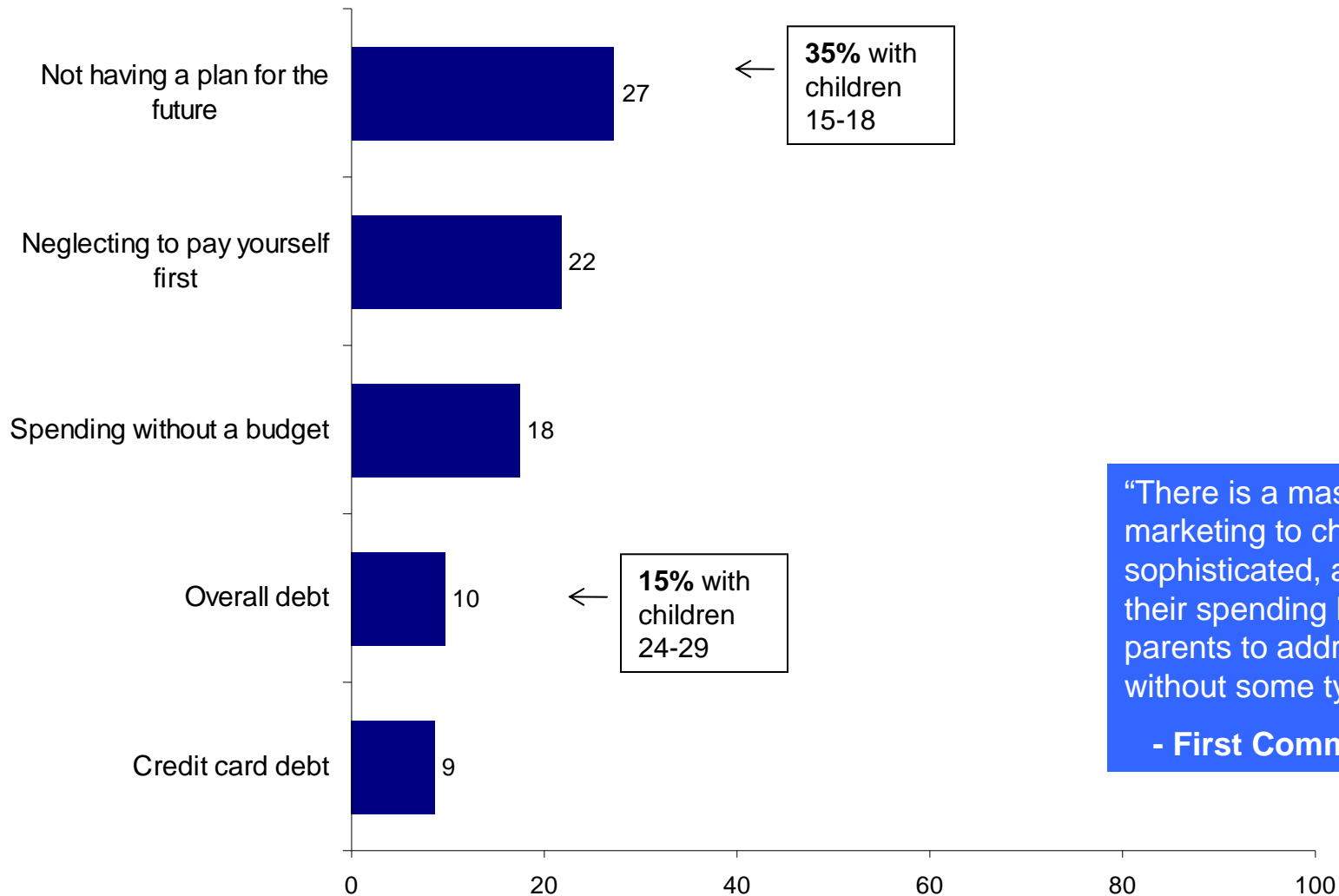
FC03: How often do you talk to your child / children about financial issues? | Among those with children |

Single best piece of financial advice you would give your child / children



FC07kids: What is the single best piece of financial advice you would give to **your** child / children regardless of age? Please choose only one. | Among those with children

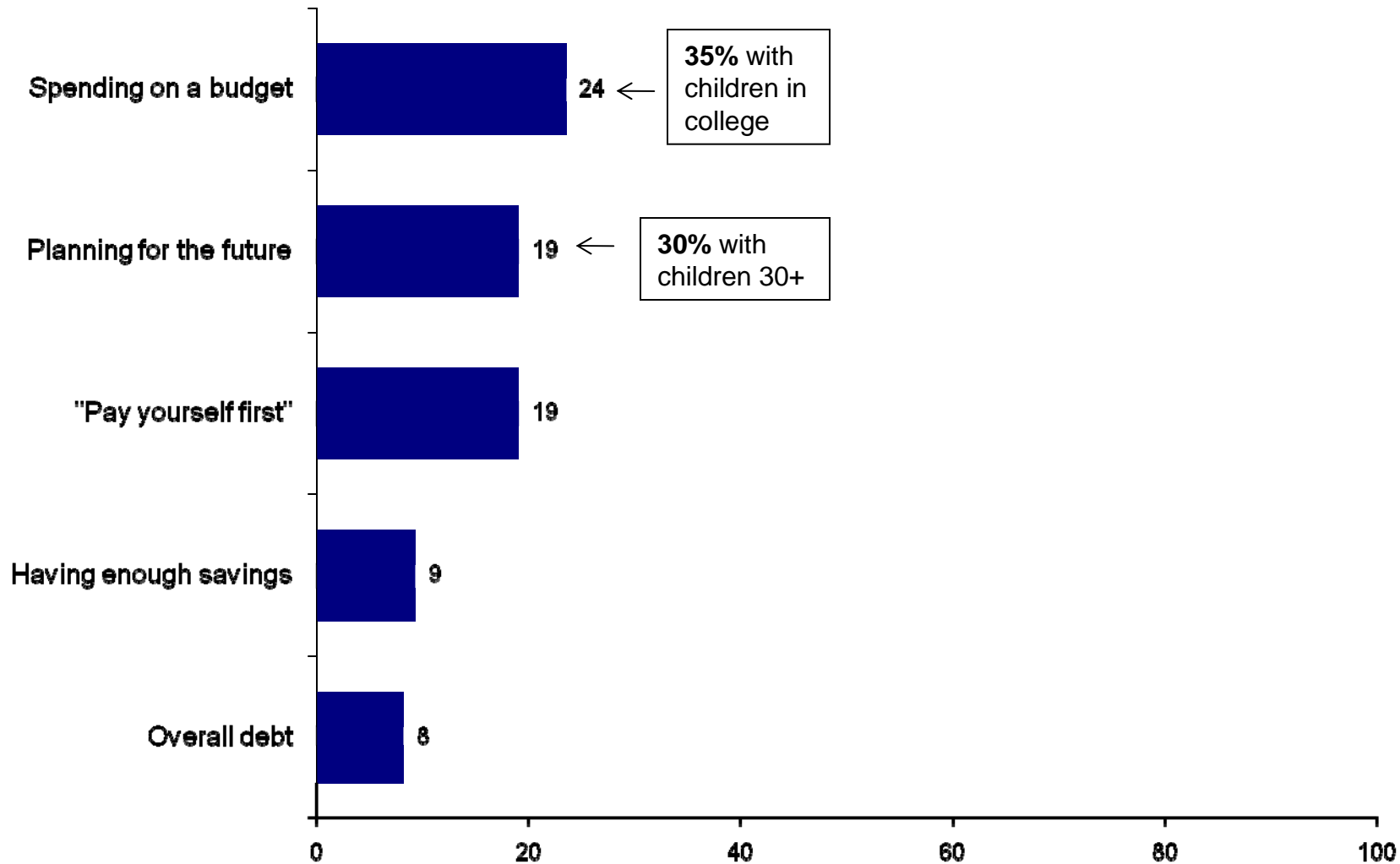
Single worst financial mistake you would emphasize to your child / children



“There is a massive amount of marketing to children that is sophisticated, and peer pressure drives their spending habits. It is difficult for parents to address these issues without some type of training.”
 - First Command Financial Advisor

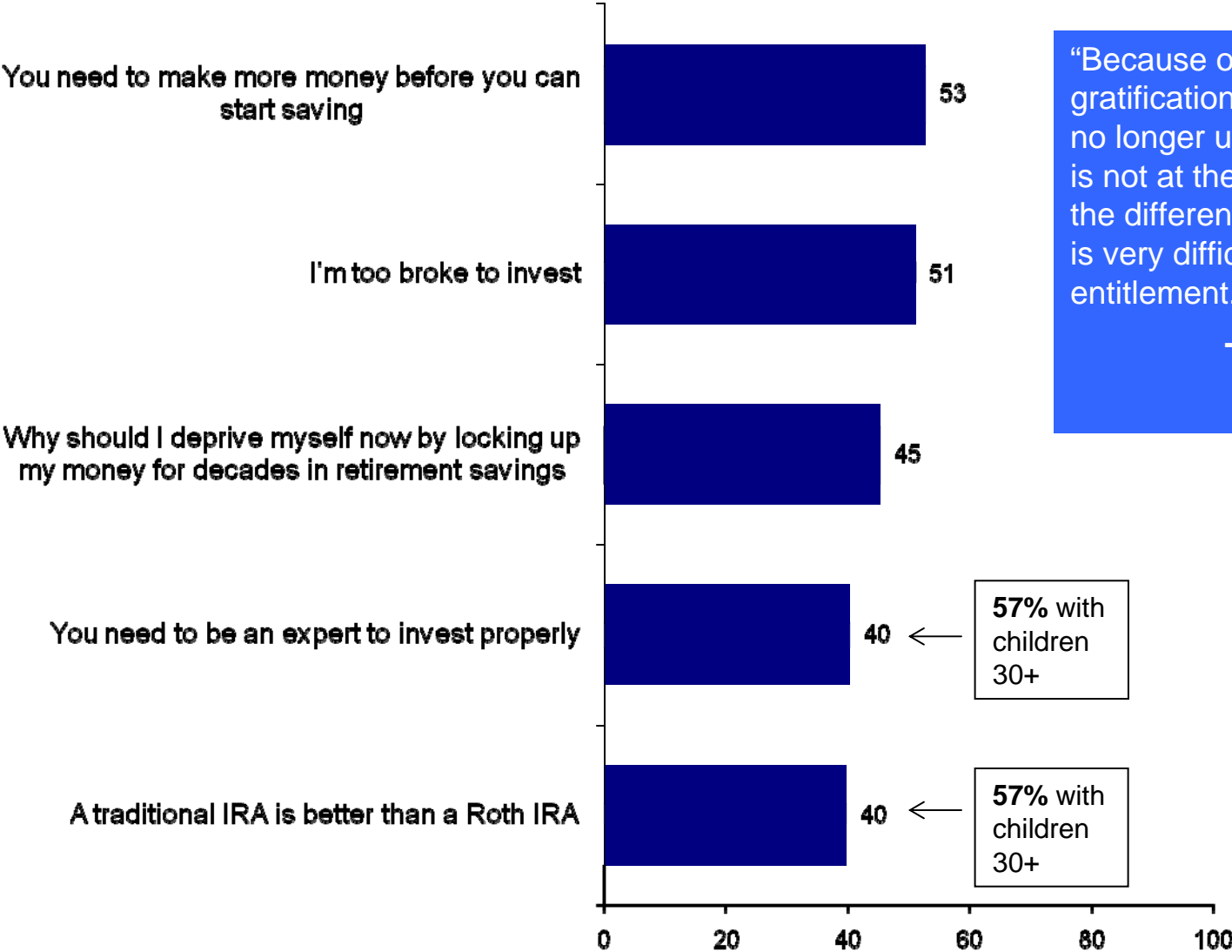
FC10kids: What would you emphasize to your child / children – regardless of age – as being the worst financial mistake. Please choose only one. | Among those with children

What financial issues do you talk about with your child / children most often?



FC15: What financial issues do you talk about with your child / children MOST OFTEN? Choose only one. | Among those with children who talk about economic / financial issues with their children

Financial myths you would emphasize to your child / children as being not true



“Because of the ‘want it now’ or ‘instant gratification’ mentality that now exists...people no longer understand that everything they want is not at the ‘tip of their finger’...so explaining the difference between expectations vs. wants is very difficult. Kids today have a true feeling of entitlement.”
- First Command Financial Advisor

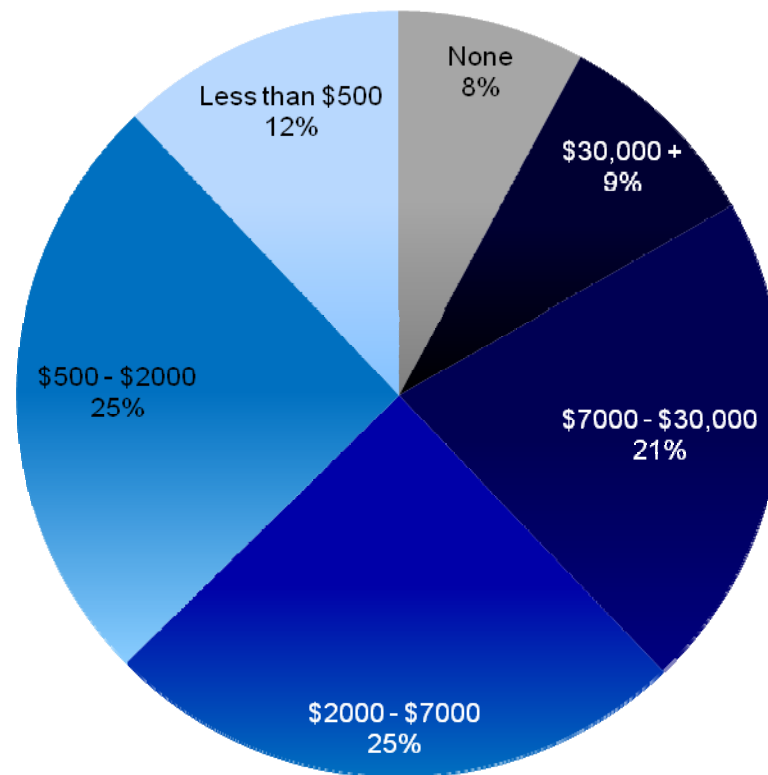
57% with children 30+

57% with children 30+

FC21kids: What financial myths would you emphasize to your child / children as being NOT TRUE? Choose all that apply. | Among those with children

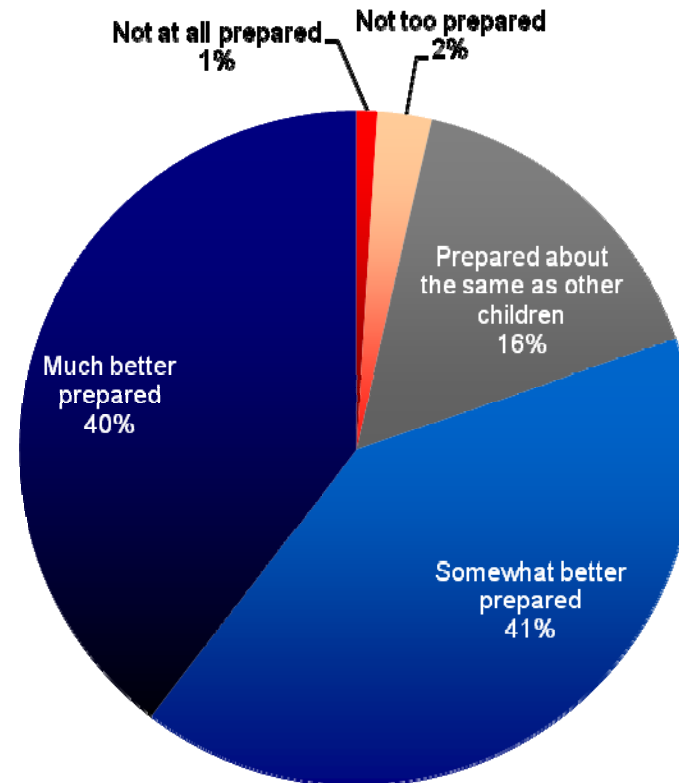
Approximate amount of money your *oldest child* has in savings

Mean = \$10,589
Median = \$3,000



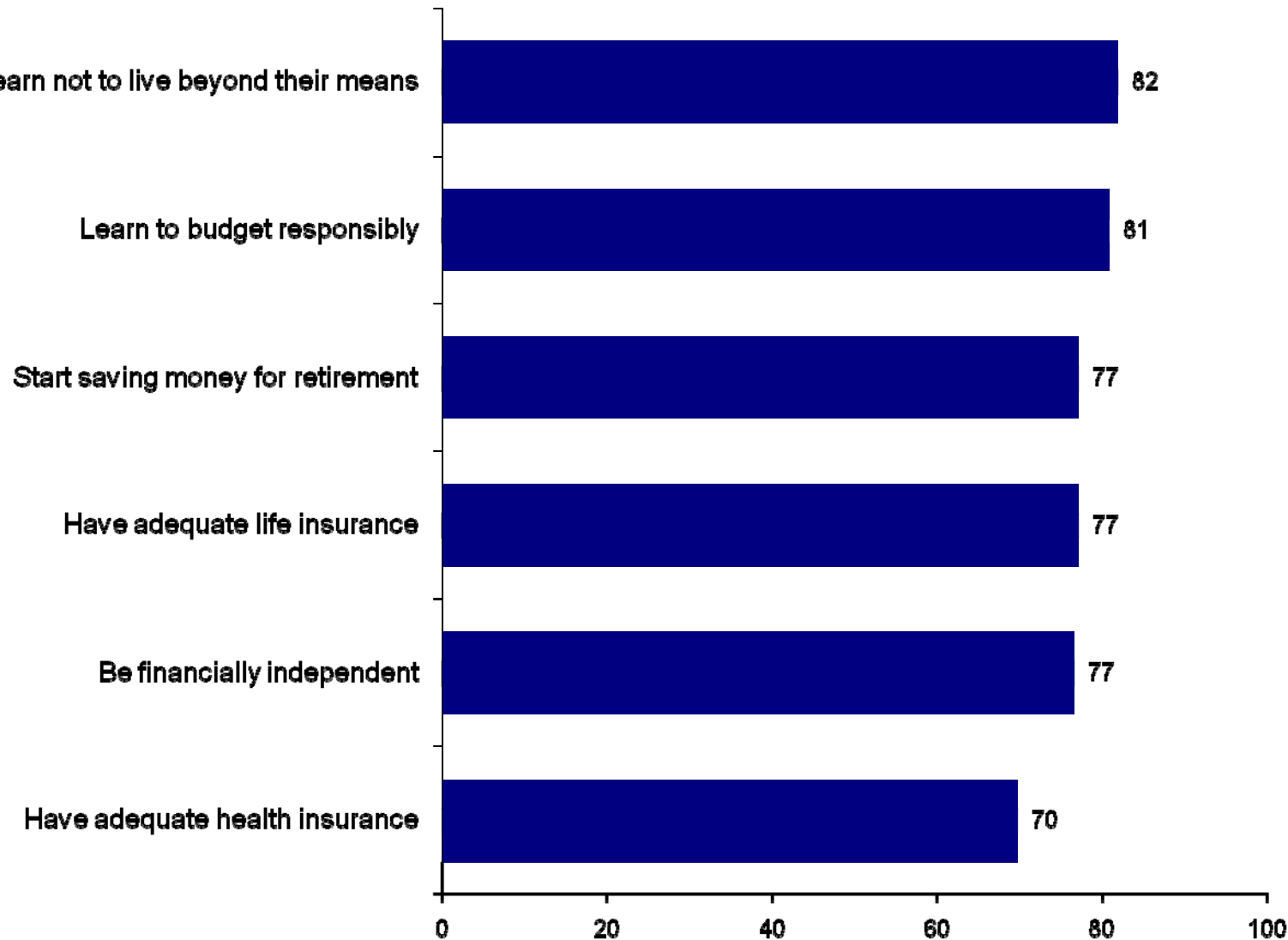
FC24: What is the approximate amount of money your *oldest child* has in savings? | Among those with children

Do you think your child / children are better prepared financially than other children?



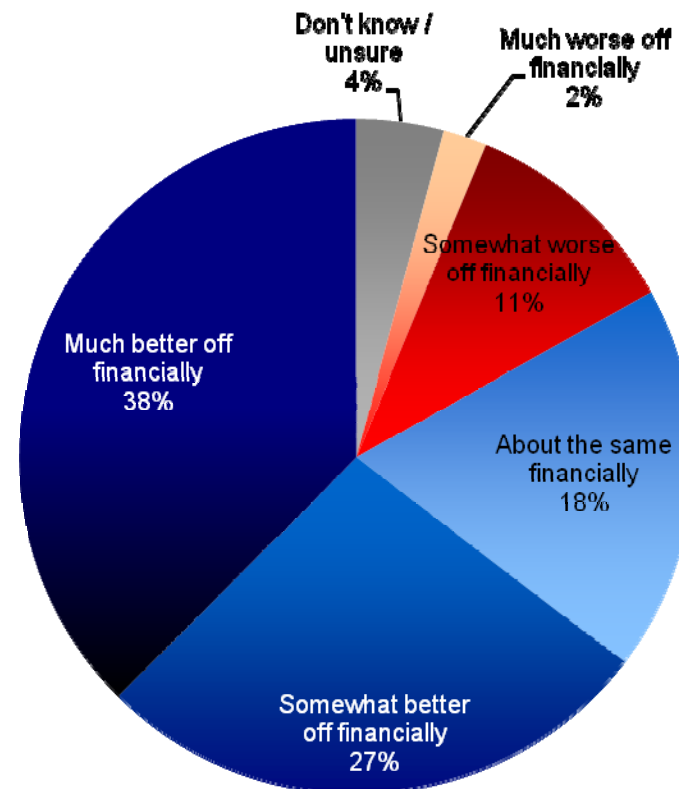
FC23: Do you think your child / children are better prepared financially than other children? | Among those with children

What financial aspirations do you have for your child / children as adults?



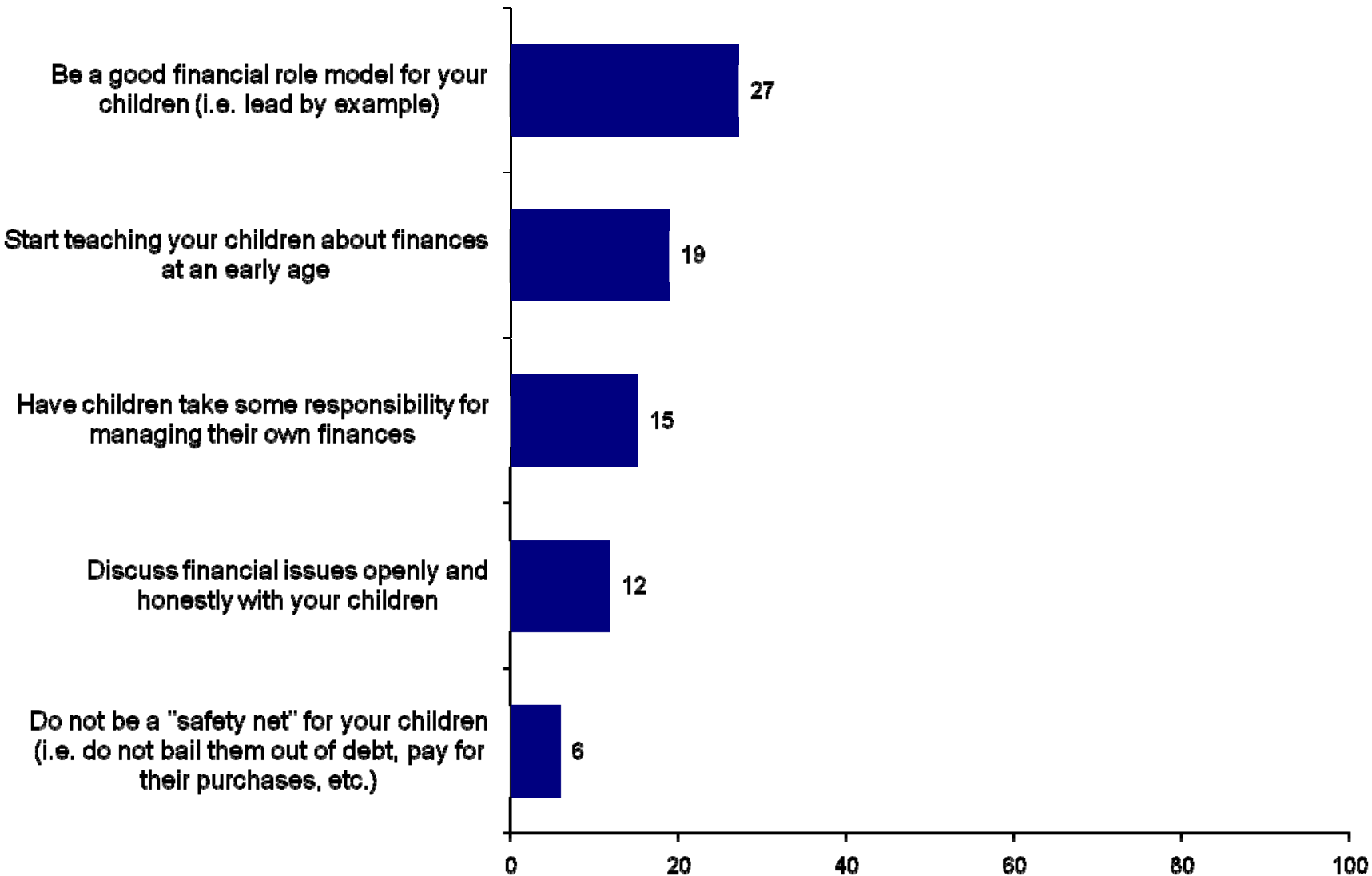
FC27: What financial aspirations do you have for your child / children as adults? | Choose all that apply. | Among those with children

Do you think your child / children will be better off financially in the future than you are, or worse off?



FC26: Do you think your child / children will be better off financially in the future than you are, or worse off? | Among those with children

Single best piece of advice you would give parents who want to teach their children about financial issues



FC25: What is the single best piece of advice you would give parents who want to teach their children about financial issues? Please choose only one.

Quotes from First Command Financial Advisors

Why do you think it's easier to talk to children / your child/children about financial issues?

"More financial responsibility has been given to children, although that hasn't necessarily resulted in better decision making."

"Adults are becoming more aware of their need to budget and save and pass that along to their children, rather than keeping 'money' a secret."

"When I was growing up, the economy wasn't in crisis so it wasn't talked about as much. People didn't want to know where they stood because they knew they were okay. Nowadays, it's everywhere. You turn on the TV and the news is riddled with stories of this company going bankrupt or this family needing money for food. It is so appropriate to talk to children early and tell them how important it is to save first and spend second. It's saving what's left after spending that helped Americans get where they are today. Maybe if parents of my generation had taken more of their children aside and taught them valuable lessons early, then less people would be in debt and spend within their means."

"The issue(s) are a common topic of discussion. In the news, at family reunions, etc. In the past it was 'crass' to bring up the topic of finances. Now, no longer. Even in the movies and TV my children see others not much older than they are, with "all the toys". My children want to know how to have those things also."

"There is much more access to financial issues / topics, primarily on TV and Internet. You can more easily confirm your guidance by referring them to valid sources on financial matters, like books and the Internet."

Why do you think its harder to talk to your children / child/children about financial issues?

"The current generation has more of a 'we need/want it now' urge than previous generations who knew it would take time to fill all of our wants and avoid excess debt."

"There is a massive amount of marketing to children that is sophisticated, and peer pressure drives their spending habits. It is difficult for parents to address these issues without some type of training."

"Because of the 'want it now' or 'instant gratification' mentality that now exists. Based on the information age...people no longer understand that everything they want is not at the 'tip of their finger'...so explaining the difference between expectations vs. wants is very difficult. Kids today have a true feeling of entitlement."

Quotes

What is the best financial advice for teenagers?

“Develop a buying plan/spending plan for an item.”

“Learn to spend less money than you make and you’ll be okay.”

“Let them (teenagers) manage the family checkbook for a year under the parents’ supervision.”

“Start a financial plan early in life.”

What is the best financial advice for college kids?

“Be aware of college loan balances and the timeline to pay them back.”

“Set up your mid- and long-term goals and build a plan to get there.”

Single best piece of advice?

“Have a realistic and reasonable plan and stick to it and adjust it as necessary.”

Worst financial mistakes that teenagers make?

“Expectations to have – right away – what the parents have worked long and hard for.”

“They don’t properly differentiate between ‘needs’ and ‘wants.’”

Worst financial mistakes that college kids make?

“Needs vs. wants. They get caught up in the moment.”

Single best piece of advice for parents?

“Having them take responsibility has to be coupled with being a good financial role model.”

“Achieve ‘freedom’ and a purpose-filled life.”

“Work with a trusted advisor.”

“Work with a trusted professional.”

Research Design

Survey

15-minute interview with First Command Financial Advisors

First Command sent out 475 survey invitations and 343 advisors participated in the survey (Response Rate: 72%)

Margin of error: +/- 2.8%

Primary Objectives:

Gain insight into the advice financial advisors would give their own children.

Understand the worst financial mistakes that children make overall, and at different life stages.

Discover what advice advisors would give parents who want to teach their own children about financial issues.

Learn the financial myths that advisors emphasize as being *not true* to their own children.

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