

Can you teach your kids to be rich?

Some characteristics of the wealthy are born, not bred. But there's plenty you can do to make your children smarter about money.

By [Abby Ellin](#)

If you're like most people, chances are you spend a lot of time thinking about your money. If you're a parent, you may spend even more time thinking about your kids' money -- or, rather, how to ensure they have some when they need it.

One of the great debates of parenting is whether it's possible to instill in kids the attitudes that will help them handle money well. Can you motivate a child to put his allowance into a savings account rather than spend it at the local toy store? Can you -- and should you -- inspire a child to dream of 10,000-square-foot homes and a sparkling new Porsche?

In short, can wealth be taught?

As in most nature/nurture debates, the jury's still out on this one. But there's a lot to think and talk about. Most experts believe the desire to amass wealth is the result of a friendly mixture of genes and gumption -- wherever that comes from. In other words, a lot of it is baked into the personality early on. On the other hand, experts also believe it is possible to teach your kids behaviors that will increase their wealth -- and that it's never too early to start. [▶ Best toys for minimoguls](#)

When kids have both the inner drive and encouragement in the right direction, get out your calculator because the sky's the limit.

"Can wealth be taught? Absolutely. Are people born with a wealthy mindset? Absolutely," says Dr. Gabriela Cora, president of the Executive Health & Wealth Institute, a corporate consultancy in Miami. "I believe someone who is born with the inner motivation to succeed -- and encounters a fertile environment that enables the potential for accumulating wealth -- will find extraordinary opportunities."

Cora has identified three key characteristics that she believes most wealthy people possess: risk-taking, creativity and perseverance. Although these traits do have a genetic component, they can also be coaxed along and brought to the forefront.

What's more, studies show that kids *want* to learn about money. According to Charles Schwab's annual Teens & Money survey, 89% of teens say they want to learn how to make their money grow.

Trouble is, a lot of kids aren't getting the financial coaching they need. According to the Schwab survey, fewer than one in three respondents believe their parents or guardians are making sure their teens learn the basics of smart money management. And only five states require financial education, reports the National Council on Economic Education.

"What we all need to work on together -- and, I believe, rather urgently -- is elevating economics, including personal finance, to be the fourth 'R' in education: reading, 'riting and 'rithmetic . . . and the real world," says Gary H. Stern, president of the

Federal Reserve Bank of Minneapolis and chairman of the education council.

Frank McKinney echoes that sentiment. McKinney is a 43-year-old self-made millionaire who dabbles in ultra-high-end real estate for the mega-rich in Palm Beach County, Fla. He is actively teaching his 9-year-old daughter, Laura, about managing wealth. He tries to exhibit the behaviors he wants her to mimic.

"You can't tell a kid to 'Do as I say, not as I do,'" he says. McKinney feels it's crucial for kids to see parents budgeting -- both time and money -- as well as socking money away and not spending gobs of money on unnecessary items. [▶ Debt is a 4-letter word](#)

So, for example, he maintains a "priority sheet" in order to keep his life balanced and on track. And Laura, in turn, keeps one for herself. The two are working together on the concept of risk vs. security. For instance, Laura has some McDonald's stock; together they've been discussing whether she should hang on to the stock and potentially make a lot of money or sell the stock now and invest the proceeds in a totally safe account.

The elder McKinney includes his daughter in business events. His latest project is building the most expensive "green-certified" home ever built -- a \$29 million spread in Manalapan, Fla. Laura was at his side throughout the groundbreaking

ceremony. She is also active in his philanthropic endeavors.

"She clearly understands my commitment: To whom much is entrusted, much will be expected," he says.

The McKinneys make sure that family plans reinforce the right priorities. On Christmas morning, they first go to church as a family; only later do they come back and open up gifts, to make sure the emphasis is on the holiday and not on the presents.

Former minister Steve Miller has tried to impart similar lessons to his seven sons, who range in age from 13 to 27.

Miller and his wife, Sheri, felt it was important to show their kids how to watch expenses. They try to set a good example by living way beneath their means.

"Just like talking to your kids about sex, I believe there should be many discussions, not just one biggie," says Miller, founder of Legacy Educational Resources, a nonprofit outside Atlanta offering information on personal money management (www.enjoyyourmoney.org).

And the Millers put their guidance into practice. Three years ago, each of their children received a \$5,000 inheritance. Rather than spending the money individually, however, the entire family decided to invest in foreclosure houses. "That way everyone gets

to learn a skill and you get to see your money grow," says Miller. So far, they have bought and sold five houses together. Every time they profit from the sale of a house, they go out to a steakhouse to celebrate.

The Millers have gotten used to thinking about the consequences of money decisions.

"I tell them that they can't compulsively buy all the latest fashions and get ahead financially," Miller says. "When one of my sons felt the pressure, as a sixth-grader, to purchase an outrageously expensive tennis shoe, I calmly told him that I'd pay up to \$35, the price for a normal tennis shoe of good quality. If he wanted to upgrade to the 'coolest shoe,' he could pay the difference from his own money." [Talking with your kids about money](#)

Not surprisingly, his son made do with the cheaper shoe and has avoided outrageously priced designer clothes ever since.

Of course, not all of the Miller sons share their father's savvy financial instincts. Some are big savers and simply need guidance on how to manage and invest their increasing wealth; others would rather empty their pockets in one splurge. Some are ambitious; others work as little as possible -- just enough to keep food in their mouths. What this means is that Miller must coach each one separately, tailoring his financial discussions to their individual needs.

Nan Andrews Amish, a business consultant in San Francisco, believes that the best thing a parent can do is to make finances relevant to a child's world.

"Buying stocks may not make sense for many kids, but trading baseball cards or saving for that computer may," she says. "Trading on eBay may, (or) paying attention to trends in shopping may. When they're old enough, tracking paper portfolios with an incentive can build interest."

Most parents understand that they shouldn't force their own ambitions on a child. If young Jane dreams of being a letter carrier, police officer or peace broker, psychologists say, encourage her to follow her passion -- all the while teaching her the basics of money.

That's exactly what Miller did with his son Benji, now 19. Benji was never a straight-A student, but he loved cars. At 12 he began taking auto mechanics classes; by age 18 he had finished a one-year certificate in mechanics. After a few months he got a job at a shop and began making about \$500 a week. Granted, it doesn't sound like a lot of money -- but he lives at home and has no expenses. His father told him that if he invested his money he could live at home rent-free.

"By 24 -- a time when most kids have debt -- he will have accumulated \$140,000, and that's by being a mechanic," Miller says.

For her part, Dr. Cora believes the best thing a parent can do to teach kids about wealth is to expose them to the habits of mind that lead to success.

"Teach them to think like an entrepreneur -- to create new opportunities, rather than to just think about money," she says.

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