Six Steps Can Curb Your Kids' Materialism

PERSONAL
RON LIEBER

Children are ever-changing beings, but when it comes to money and materialism, too many parents think that their older offspring are not malleable at all.

So a few years back, a couple of parents who happen to be two of the nation's leading experts on these topics got curious about whether an intervention that focused on money and materialism might turn children ages 10 to 17 around. They devised a sort of financial de-lousing process and set up an experiment to see if it would work.

One protagonist in this story is Tim Kasser, a psychology professor at Knox College and the author of "The High Price of Materialism." His work over the years has helped cement, via social science, the gut feelings many of us have about the negative effects of covetousness on our psychological well-being.

The other main character is Nathan Dungan, who runs a financial consulting and education firm called Share Save Spend for families and others who want to get smarter about money conversations. I've met them both over the years and model some of my own parenting after the way they raise their own children.

Along with a handful of colleagues, the pair found a group of 71 families in which the children scored high (that is, badly) on a series of materialism tests. Half of them got no treatment at all, so they served as a randomly assigned control group. Mr. Dungan put the rest of the children through a series of drills, over several sessions, that included allowance tracking, a focus on giving, and continuing family conversations about the connection between money and values.

The intervention worked. By the end of the eight-week process, the children who passed through the program saw their materialism scores decrease and saw marked increases in self-esteem. Moreover, the effects were lasting; eight months later, the changes were sticking. Instagram envy and the like had not marred their psyches permanently.

Key to the findings, however, was the fact that out in the real world, parents would have to lead the process themselves, since Mr. Dungan could not come and sit at the head of their dinner tables.

Six steps appear to be essential for any parent who wants to try to replicate the process at home.

The first one is foundational: A regular allowance and a place to put it. The amount of the allowance doesn't matter so much, as it will depend on what expenses you're asking a child to pay for. As to where to put it, a few jars are fine, or you can

Lessons focus on family conversations about money and giving.

use apps to track it electronically. What's critical is dividing the money into three categories: spending, saving and giving. This, after all, is how most grownups begin to sort their financial lives, so it makes sense to set kids up this way.

Family conversations about money are the next step. If you're tempted to tell children that financial matters are none of their business, please don't. It's not true, as your income and expenses impact them. Plus, talking about how you make these decisions will teach them plenty about tradeoffs.

Use discussion cards if that helps or bring things up casually when you see an opening, but make these talks regular family events.

The third step follows directly from the second, and it's to draw a clear line between wants and needs. Quite often this is a continuum or will depend on the category, as your family may live in a modest home but spend a lot on vacations and other experiences. Explain why. The process is healthy for adults too, particularly couples who bicker about spending and have not stopped to define precisely the things that are most important to them.

Step four is keeping score, not just of what your children spend but what drives them to spend, save or give, and how they feel about it afterward. Mr. Dungan and Dr. Kasser are both involved with the Campaign for a Commercial Free Childhood, so they come with their own strong feelings about how marketers get inside children's heads. Dr. Kasser and his sons sometimes watch television commercials just to provide their own mocking scripts and commentary in real time.

Step five involves seeking out a money mentor of sorts. Are there people in your family's orbit who have done a great job of keeping their emotions in check when it comes to their financial affairs? They don't have to be rich. In fact, people with modest incomes may have more to teach about how to figure out what sort of spending and giving is most fulfilling.

Finally, figure out a way to keep the money conversations alive in the years to come. This need not feel forced. It can be as simple as reminding yourself to narrate your own tricky financial decisions to your children when the opportunity arises.

Or, check in with them about the bigger purchases they've made. How did they feel about them afterward? And, perhaps most important, what will they do differently the next time?

ANDREW RODRIGUEZ/THE NEW YORK TIMES

For Some, Paper Is Better

YOUR MONEY
ANN CARRNS

Despite a push by financial institutions to switch customers to digital statements, the traditional hard-copy paper version may work better for some people, a new report finds.

In particular, older, less educated and lower-income consumers who lack fast Internet connections at home may benefit from paper statements, the National Consumer Law Center says.

"There's a sense that everyone's connected, and paper is old-fashioned," said Chi Chi Wu, the primary author of the report. But, she said, big gaps in Internet access may hurt the ability of some consumers to use digital statements.

Even consumers who know the Internet may simply prefer paper, because statement notifications can easily be overlooked in a deluge of email, Ms. Wu said.

Some research shows that individual preferences for paper or digital options vary, depending on the task. A 2015 study of a major utility conducted for the inspector general of the United States Postal Service found that while most customers prefer to pay bills online, they overwhelmingly prefer to receive their bills in the mail, both as a reminder to pay and as a preferred format for record keeping.

Online access to bank account and credit card information is often recommended as a way to spot unauthorized charges quickly. But electronic statements may have drawbacks. A 2015 report from the Consumer Financial Protection Bureau found that half of the credit card holders who chose electronic statements did not open or review them.

Banks prefer digital statements because they help save on printing and mailing costs. Under federal law, banks must obtain consent from consumers to deliver statements electronically. But banks are sometimes aggressive in encouraging customers to opt out of receiving paper statements, the report said.

Q & A

¶ Can a bank charge me a fee for a paper statement?
Although banks are required to provide periodic statements, some charge a fee for providing them on paper. Citizens Bank, for instance, charges $2 for a paper statement, and adds an extra $1 for a statement with check images. U.S. Bank's basic checking account charges a monthly maintenance fee of $6.95 when the customer chooses online statements, but the fee is $8.95 for paper statements. The consumer law center is urging federal regulators to prohibit banks from charging for a document that is required by law.

¶ If I give consent to receive electronic statements, can I change my mind?
Yes. You may contact your bank or card issuer to change your preference.

Options for Aging in Place

RETIRING
JOHN F. WASIK

Hybrid developments offer advancing care as retirees' needs change.

Is it possible to have it all in retirement? That's what so-called continuing care retirement communities promise.

These hybrids offer independent-living apartments along with assisted-living support, home care, a nursing home and often specialized memory care, all within one complex. The idea is for a resident to "age in place" and obtain additional services as that person becomes more frail and dependent, without having to move.

Healthy, engaged retirees are drawn to continuing care communities. As they downsize, they look ahead to when they might need help with everyday activities and have health problems or mental disabilities. But there are important issues to consider first.

The major drawback in evaluating continuing care communities is the complexity of their contracts. Some may require a deposit of up to $1 million, while others may charge only monthly fees. Refunds may be difficult to obtain and depend upon the length of stay and other requirements. Contract details have to be read carefully and financial statements reviewed.

While 80 percent of continuing care communities are run by nonprofit religious and fraternal groups, it's difficult to compare facilities side by side since there is no national, government-sponsored rating system. There are nearly 2,000 continuing care retirement communities in the United States.

There are different ways to finance a stay in a continuing care retirement community. The majority require a "buy-in" or large, lump-sum entrance fee for a "Life Care" contract, mostly as a financial reserve for future care. Often, part of the upfront payment is refunded to the estate after the resident dies. Such facilities usually charge additional monthly fees, which cover food, maintenance, cleaning and other services. Health care or home care expenses are also extra, sometimes paid for out of the deposit.

Another model — "fee for service" — does not require a lump-sum buy-in, although these facilities may require rental deposits. They also cover essential services like room and board and may hire outside contractors for home care. And most offer some form of "benevolence care" for those who run out of money.

The average buy-in amount is about $250,000, said Stephen Maag of LeadingAge, a trade group.

Thirty states have regulations that govern continuing care retirement communities. But the independent living sections rarely have rigorous oversight. What happens if a facility goes bankrupt, as about 20 companies have? While it's rare for anyone to be evicted, there is a continuing problem with financial disclosure, experts said.

"Get as much financial information as you can," said Katherine C. Pearson, a professor at of the Dickinson School of Law of Pennsylvania State University. "This is not an impulse buy."

MATT ROTH FOR THE NEW YORK TIMES

GROWING OLD TOGETHER **Continuing-care communities offer facilities from independent-living apartments to a nursing home and more, in one complex.**

In Politics and Investing, Look to the Long Term

SKETCH GUY
CARL RICHARDS

"What's the deal with American politics right now?"

This is an odd question for me to try to answer. But it's the question I hear most often when I travel to other countries.

I'm as shocked as everyone else by what is going on. But as I have thought about it, I keep coming back to this insight from the investing guru Benjamin Graham: "In the short run, the market is a voting machine, but in the long run, it is a weighing machine."

The same logic holds true for democracy. The results we see represent nothing more than the collective feelings of all those humans — at that moment. At any given time we're voting for stocks or politicians based on imperfect information and a complex set of mental and emotional biases. These are all things that make it incredibly difficult to reach a rational decision.

But in the midst of all this angst, we can better navigate the messy short term by considering what we want to happen long term. In the long term, we know that markets and elections become the weighing machines Mr. Graham described. They smooth out the extreme emotions of any one moment and reflect the underlying value of our bigger systems, capitalism and democracy.

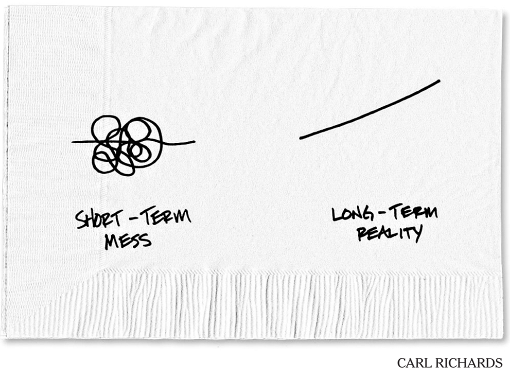
We need to find a way to balance the emotion we're feeling right now with what we'd like to see decades from now. I know that it makes a big difference when it comes to investing, and it stands to reason that it applies to politics.

When Winston Churchill said, "Democracy is the worst form of government ever created by the mind of man, except for all the others," he could have been talking about investing in free capital markets, too. All of the fear and risk and volatility add up to the worst possible way to reach financial goals ever created — except for all the others. Still, our investing and electoral systems make more sense when we nudge ourselves into looking past short-term emotions and biases.

We need to remember that in our democratic republic, even a four- or eight-year presidency is still short term. We owe it to ourselves and to the bigger systems to balance how we're feeling in the short term against what we'd like to see a decade or two from now.

In the short term, markets will continue to move, politics will continue to look like a circus, and we'll continue to be human and make decisions based on how we feel.

But in the long term, history has proved that both the markets and our political system will stretch to accommodate most of our feelings.



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