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MANNERS & MISDEMEANORS

Whenever I hear the word *allowance*, my mind wanders back to when I was 14 and I'm walking into the executive dining room of the old Chase Manhattan Bank headquarters. The occasion is lunch with my father. The dining room has the look and feel of a men's club, albeit one floating in the clouds above Lower Manhattan. Waiters in livery. Starched white tablecloths. Business conducted in whispers. It is a sweltering August day, yet my father is cool, clinical, his jet black hair pomaded, his khaki suit pressed crisp.

"So, you will be off to St. Paul's in a few weeks, and you will need an allowance," he says. "I've decided to give you \$35 per month."

My mind quickly calculates what \$35 equals when divided into Rolling Stones albums and Fluffernutters at the school snack bar. QED: I'm in for an austere existence.

"Forty-five," I respond. "C'mon, Dad, \$45 would be fair."

"How do you figure?" he asks. I then proceed to explain, line item by line item, what my projected expenses will be.

"All right, \$40," he says before returning to his shrimp cocktail in a way that indicates that the matter is closed. Years later my father will tell me this ritual was his way of teaching me to make a business case for myself. It was a valuable lesson, in hindsight, but at the time these get-togethers were stressful.

My wife and I approach teaching our children about money in a different way. There are some constants—our 13-year-old son receives \$13 per week in allowance—but we live in a different world, with some unique challenges. One is teaching



fueled by Instagram, reality TV, and pop culture? To put it simply: When I was nine my favorite movie was *The Sting*, in which the heroes are grifters just trying to make a score during the Great Depression. In contrast, my nine-year-old's favorite movie is *Crazy Rich Asians*.

When it comes to allowance, there are two schools of thought. There are people who believe in paying kids for chores, and those who feel that once kids hit grade school, they should receive some money of their own on a weekly basis just for being their awesome selves. We went the latter route after talking to a couple of pros.

"You should give them a weekly allowance that has the sole purpose of teaching your child about money management. Most kids want everything they

see. But if they have a finite amount to spend, they learn quickly about impulse-buy regret, saving, and being thoughtful about purchases," says developmental psychologist Bronwyn Charlton, co-founder of the Seedlings Group. An allowance should be divided into three categories: spend, save, donate. "The spend jar can be spent on anything they want," she says. "The save jar is to teach about saving and delayed gratification. It sets them up for success."

The donate jar comes into play once kids are eight and older. Charlton recommends that parents use it to get their children excited about tangible ways they can help others in need.

Treating allowance as an educational tool is how my other guru in these matters has been approaching it with his three kids. "The two key lessons you want them

MODERN DILEMMAS

DADDY, ARE WE RICH?

They finally asked. For an allowance, too. We have new answers to age old questions about kids and money.

By John Brodie

the value of a dollar in a nearly cashless society in which cravings can be sated by using the Amazon or Seamless apps on Mommy's iPhone. The second wrinkle is a subtler one, and redolent of my own hang-ups: How do you cultivate a sense of thrift, modesty, and taste when your children are growing up in a blingocracy

to learn are, first, how to differentiate between nonessential desires and needs, and, second, how to budget across categories: skipping Starbucks for a few weeks so they can afford a ticket to a concert," says Jack Otter, associate publisher of *Barron's* and the author of *Worth It...Not Worth It?*. He feels the ultimate goal of an allowance is to raise children who can create (and live within) a budget on a semester-by-semester basis once they are off at college. "And that's no small accomplishment when you think about how many adults find living within a budget a challenge," he adds.

Donate jars and the power of saving seem to be manageable goals. The slightly trickier one is not being seduced by glitz. The other day my 13-year-old son and I were having lunch—not in the old Chase Manhattan headquarters but at Hale and Hearty. He's an old soul, someone who puts the lion's share of his allowance into savings. In his mind his fellow eighth graders fall into two camps: normal and "hype-beasts," the latter being inspired by the streetwear website of the same name to spend lots of their parents' money on such brands as Supreme, Kith, and Off-White.

"One of my friends gets dropped off by a car and driver even though he lives, like, five blocks from school," he says, mildly amused.

*How do you cultivate
a sense of thrift,
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I told him that when I was in eighth grade there was only one guy in our class who had a car and driver, and he was embarrassed enough to have the driver drop him off a few blocks from school, so he could arrive on foot like the rest of us.

Debunking the idea that status comes from being driven in a Porsche SUV or carrying a logoed Louis Vuitton knapsack requires some sensitivity; experts say that you need to be prepared for the day your child asks, "Are we rich?" According to Charlton, a good response is: "You can define rich in many different ways: money, happiness, friends, or love." And

then explain that different people spend their money in different ways, so you can't always tell if a person is rich from what you see.

The proof was in the pudding the other day as my daughter and I were leaving our apartment on the Upper East Side. We had ridden down in the elevator with a friendly gentleman who is often leaving for work at the same time that we are racing to school. As Alexandra and I stepped out of the building, she overheard the doorman saying, "Can I get you a cab, Mr. Rockefeller?"

She squeezed my hand and whispered conspiratorially, "Daddy, there's a Rockefeller who lives in our building, and he looks normal—you know, just like Granddaddy." I explained that there are many different ways that rich people live, and sometimes they just live like normal people and you don't even know it.

She seemed to take this in and then said, "I bet I know where he's going."

"Where?"

"Rockefeller Center. Because he owns it." The remainder of that walk to school was spent on an explanation of the history of that New York landmark and how the Rockefellers came to sell it long before she was born. It was one moment in an ongoing education. «

Money Talks *Experts on how to turn an embarrassing question into a teachable moment. By Olivia Martin*

“It’s a question that causes a lot of parents anxiety, but it can be a teachable moment. First, ask why they’re asking. Second, realize that the child might just be looking for a simple yes or no answer. It’s an ongoing conversation that can happen when a child is four, seven, 16, and you can discuss it differently each time. Once my son asked, ‘Why don’t we have a convertible?’ and my wife said, ‘Everyone has a pot of money; some have bigger pots and others have smaller pots, but the parents have to decide what is important to spend that money on. We think education is important,

so we spend our money on private school. We think giving back to the community is important, so we donate to homeless shelters. When you have your pot of money, you can decide what’s important to you.” —Harold S. Koplewicz, MD, president and medical director, Child Mind Institute

“If they think to ask, the answer is almost certainly yes: rich in family, friends, opportunity, teachers who care about you. And, yes, rich in resources, if you live in the U.S. and your household has a six-figure income. It is true that you are rich by almost any

reasonable definition, and we should stop pretending that it isn’t and stop treating the word as a pejorative. I like to embrace the question to spur a conversation about what it means to have enough and as a form of gratitude—an inspiration to do good work in the world.” —Ron Lieber, New York Times columnist and author of *The Opposite of Spoiled*

“Once I asked my mother how much money my father earned, and she let me have it. That was a vulgar question and none of my business. I don’t recall getting such an emphatic answer from her about

anything else. It would be nice to tell our children that we are fortunate to have what we have and that it is unfortunate that so many have so little. The extremes are too visible on both sides of the spectrum.” —Lisa Birnbach, author of *The Official Preppy Handbook*

“One approach would be something like, ‘Yes, we are rich in that we can meet all of our needs, but that also gives us the responsibility to help others. Let’s talk about some of the things we can do.’” —Christine L. Courtnege, managing director and wealth strategies adviser, U.S. Trust