

# Dollars and Sense: Talking to your Children about the Economy

In this time of extreme economic stress, it is difficult to leave the problems of the economy off the kitchen table. Fears about mortgages, college tuition, retirement, and day-to-day expenses haunt the halls of many family homes. Children are no doubt noticing the increased stress of their parents during the financial crisis and may be experiencing their own stress as a result.

“Children are extremely resilient,” says psychologist Dr. David Palmiter, “However, they are keenly aware of tension in the household, whether it is from the financial situation or from other familial problems. It is important to be honest with your children, yet only share information that you think they can handle.”

While open communication between parents and their children is the foundation of a healthy relationship, parents should not overburden their children. Instead, address problems at age-appropriate levels. For example, what a parent might tell a younger child about the family’s financial situation is different than what they might tell an adolescent; young children may interpret the situation as more dire than it actually is. Older children and teens will be more exposed to the news—discussing their understanding of the economy and its implication on the family can be reassuring.

How parents phrase their worries about the financial situation influences a child’s interpretation. Younger children may take overheard statements such as “we’re going to the poor house” literally and thus internalize fears about losing their home. Talking to your children and asking them their thoughts and ideas will help clear up any misunderstandings, ease their anxieties, and reduce their stress.

Families can also use their financial situation as an opportunity to manage their children’s expectations for material goods. Teaching your children about budgeting, perhaps by setting up a “savings account” for their pocket money, or by allocating a certain amount for charity, will help them better understand that an Xbox or an iPod might not be feasible for the holidays this year. Furthermore, these times offer an opportunity to focus on the positive aspects, and prioritizing what’s important—relationships with loved ones and friends, the family’s health—can lessen children’s fears and reinforce family values.

Pay attention to signals that your child may experience: sleep and appetite changes, nightmares or avoidance of situations or people. Parents who use healthy stress-relieving behaviors set a good example for children. Taking a family walk after dinner or playing a board game in the evening are not only positive alternatives to distract oneself from the news, but also inexpensive activities that foster bonding time.

Being proactive about managing your family’s stress and continuing life as usual, despite what’s happening on Wall Street or Main Street, will help make a psychologically healthy home even in a time of economic unrest.

[Click here for tips about managing your stress in tough economic times](#)

[Click here for tips on kids and resilience](#)

Special thanks to APA members Dr. David Palmiter, Dr. Mary Alvord, and Dr. Nabil Hassan El Ghoroury for their help with this article.

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