

You Can't Always Get What You Want: Talking With Children About Wealth and Entitlement

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Many wealth management clients often encounter the same issue — they want to know how to prevent their children from becoming entitled. Specifically, they're concerned that their children will rely on family wealth instead of forging their own paths to success and will lack an understanding of money beyond how to spend it.

Parents can become resentful because they're already witnessing entitlement in their children. We've talked to parents who are hurt and confused because they thought they were creating self-sufficiency, but their children are behaving in the opposite manner. Moreover, parents may inadvertently seed entitlement in their children even as they're trying to avoid it.

These experiences and concerns are so prevalent that we decided to research the topic further, consulting with therapists, a parenting coach and an early education specialist. Below are five consistently identified principles to help parents create more self-reliant children and sidestep the entitlement trap. The most encouraging takeaway: It's never too late to start this work with your children.

Rewards that aren't material

Nearly every parent encounters a time when they use extrinsic rewards to make a child feel better or to incentivize them. Conversely, we all have things that we'd like to have, whether it's a nice car, a bigger home or a beautiful piece of jewelry. However, as Madeline Levine says in *The Price of Privilege*, "We don't necessarily contribute to our children's emotional problems when we buy them cars or expensive clothes or high-end vacations; we contribute when they believe by observing our behavior or our values that these are the things that matter most in life."

Material things aren't the root source of the entitled behavior. Instead, they facilitate the false belief that getting something will make us feel a certain way — important, accomplished, respected, validated. When things replace authentic emotion and connection, children can easily prioritize the material reward over the value of what they've done. Finding ways to validate your child and build their self-esteem without using material items helps build confidence.

For instance, if your child worked hard all semester to earn excellent grades, then an appropriate reward might be spending a day off with you. The child worked hard, and now he or she gets to relax, have fun and hear from you how much you appreciate their work and dedication. The reward isn't necessarily material, and the focus is on your child's effort and commitment.

Connecting money and values

Money and values are closely related. For many parents, money represents hard work, responsibility, achievement and smart decisions. Part of helping children understand the value that money represents is simply talking about it. Openly discuss what you see as the value of money and the reasons for your spending choices. Such conversations help your child respect money management rather than assume that having money is about "getting stuff." These can be ongoing discussions, and your insights here are precious. For example, consider sharing with your child a time in which you purchased something that you thought would make you happy, only to realize that a fancy watch or expensive pair of shoes didn't offer that much fulfillment.

As a bonus, the prospect of a spending discussion may prompt you to understand your values better. Spend time with your partner to discuss the values that truly define your family; some examples are work ethic, self-sufficiency, kindness and empathy. Come up with five that resonate and put them in writing. Then talk about what these values mean to you, the experiences you've had that informed them and what you want for your children. These are meaningful conversations, and you'll come away with a framework for evaluating your family's spending habits.

If your child makes a financial request of you, then these same values provide a touchstone for your answer. As the parent, you can refer to what you've discussed and determine whether your child's ask fits within your family values — or is well outside. For instance, perhaps your child regularly wants money to make daily purchases within an app. If your family values include responsibility and prioritizing tangible goods over virtual items, then you can say so. Creating this essential financial foundation makes it easy to make consistent decisions around financial contributions to your children — and helps redirect entitled behavior toward a more productive end.

Opening lines of communication

Creating an open dialogue around money also helps build understanding in your children about what money means — and what it doesn't mean — and how your family views its wealth. It's natural for kids to have questions about how much you make or how much money you have. Before you answer, ask what makes them wonder. You might uncover some underlying assumptions that your child has about your family's wealth or status.

Often, you may find that your child's ideas can be far from your version of reality. You may even be baffled about how they arrived at a given conclusion. Refrain from judgment and focus on creating a collaborative dialogue around these issues. If you find a mismatch between your family values and your child's assumptions, address it. You may also encounter an opportunity to examine your own unspoken behavior around money — messages you may have unintentionally sent. These honest interactions are all part of the learning process, and they can happen at any age, whether your children are in preschool or adults.

You've accumulated your wealth based on your hard work and financial decisions. Having ongoing conversations about what you gained from your experiences, what you've learned about money and challenges you've overcome provides context to your values and deepens your children's respect for them.

The struggle is real (and often it's good)

Sometimes parents who have worked hard, made sacrifices and struggled to create their wealth want to protect their children from experiencing negative challenges. If you have the means to do so, why not? It's a natural inclination for parents, but it's not always the best approach. While well-intended, jumping in to solve a child's problem or shield them from having to problem-solve themselves can imply a lack of confidence in your child's abilities to tackle their issues. They can't grow a skill without having their own experiences.

For parents, allowing a child to struggle, brainstorm solutions, try and even fail is a challenge. However, stepping back and offering emotional support during their struggle can solidify their sense of accomplishment and resiliency. These are skills that everyone needs to thrive in the adult world.

To be sure, some of your child's "struggles" may stem from wanting something that you don't want to buy. Again, this is when you can lean on your family values. Perhaps it's a new car or even, for adult children, a new home. In some cases, the thing may be wildly out of reach — maybe they want a Bentley or access to a plane. Allow your kids to voice what they want without shame. Then encourage them to think of ways they could obtain the item on their own. By doing so, you encourage their creativity and work ethic while holding the line on your financial participation. It's a great opportunity to remind them of their capability to be creative and problem solve.

If they pursue their plan, they'll get a big confidence boost. Alternatively, your children may realize that they don't want the thing as badly as they thought, once they understand what's required to get it. The latter is invaluable for helping children become more discerning with their spending — and deciphering the connection between work, money and the things that they buy.

Self-worth beyond net worth

Talking about values, understanding that things don't always bring happiness, and working for what you want all contribute to helping your child to feel confident in themselves and their ability to accomplish great things on their own. The resulting experiences can propel children toward a deep level of self-worth that's independent of financial worth.

But what happens when you've done all of the above, and you remain at a crossroads? Perhaps your child is insistent about wanting something or frustrated with your lack of help. As a parent, step back and understand where your child is coming from in these moments. It's easy to assume that a child's desire for something is a direct reflection of a lack of appreciation or a desire to keep buying stuff. In reality, it is often that the child is feeling insecure in some way. They may feel judged by their peers, or they may think that shopping or presents confirms your love for them. Whatever the insecurity, identifying the source and providing reassurance are paramount.

Consider asking some of these questions regarding your child's persistent requests:

- Why is this important to you?
- How do you think you will feel if you get this?
- What will happen if you don't get it?

As Mick Jagger said, "You can't always get what you want. But if you try sometimes, well you might find, you get what you need." You can be a source of reassurance, education and guidance for your child without giving in financially. Certainly, things can be alluring, intoxicating and momentarily fulfilling. As adults, we recognize that nice things are nice to have. However, merely handing things to your children does not build the kind of grit, understanding and savvy you want to see in them as adults.

The goal is respect for money, not reverence. You are likely to be pleasantly surprised to see what your children can accomplish on their own and delighted to see the confidence that it builds in both of you. If you have questions or need guidance, First Republic is here. We believe helping families navigate the communication around their wealth and values is the most important work we do, and we'll gladly support you on this journey.

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