

Multi-Generational Modeling of Money Management

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Ralph Waldo Emerson famously penned, “Your actions speak so loudly, I cannot hear what you are saying.” Whether parents act intentionally or not, children observe and often imitate what their parents model (Bandura, 1977). Research has shown that parents are the most influential source on children’s financial learning (Grinstein-Weiss, Spader, Yeo, Key, & Books Freeze, 2012; Pinto, Parente, & Mansfield, 2005; Shim, Barber, Card, Xiao, & Serido, 2010), and one of the main ways children learn about money from their parents is through modeling (Clarke, Heaton, Israelsen, & Eggett, 2005; LeBaron, Hill, Rosa, Schmutz, & Spencer, 2016; Otto, 2013). Despite the importance of parental modeling to children’s financial socialization, little research has examined what financial behaviors are being modeled by parents. The purpose of this paper is to begin this exploration. This qualitative, multigenerational study explored what Millennials and their parents and grandparents (N = 115) remember their parents modeling as well as those that parents and grandparents report modeling to their children. Thematic content coding of the interviews revealed three core “Modeling” themes: “Earning Money Wisely” encompassed how children learned the importance of hard work by observing their parents work hard to make a living. “Managing Money Wisely” included the subthemes “Avoid/Get out of Debt,” “Budget,” and “Save/Invest.” Children learned how to manage money wisely by observing their parents’ example. Finally, “Spending Money Wisely” included the subthemes “Be Frugal,” “Be Generous,” and “Sacrifice for Children.” Children learned to spend their money wisely by watching how their parents spent their money. We hope that our findings will aid 1) researchers in understanding the impact of financial modeling, 2) financial educators in enhancing family financial socialization, and 3) parents in modeling positive financial behaviors for their children.

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